
ITALTILE LIMITED
Incorporated in the Republic of South Africa
(Registration number: 1955/000558/06)
Share code: ITE ISIN: ZAE000099123
("Italtile" or "Group")

VOLUNTARY SALES UPDATE

This sales update pertains to the five-month period from 1 July 2023 to 30 November 2023 ("**Review Period**") compared to the prior corresponding period from 1 July 2022 to 30 November 2022 ("**Prior Period**").

TRADING CONDITIONS

Consumer confidence in the construction and building sector remained subdued during the Review Period. Homeowners' investment sentiment and spend continued to be constrained by sustained adverse social and economic conditions and higher living costs, interest rates and inflation, which drove up building costs and impacted on affordability of products, installations and new build projects.

The generally softer retail demand and over-stocked position of many wholesalers in the industry continued to impact negatively on sales in the manufacturing businesses, specifically Ceramic Industries Proprietary Limited ("**Ceramic Industries**").

Competition and margin pressure intensified across the industry, with opportunistic importers sacrificing margin to gain market share.

SALES PERFORMANCE

System-wide retail turnover reported by our brands, CTM, Italtile Retail and TopT, declined by 2,9% compared to the Prior Period.

Sales reported by the integrated import supply chain businesses were consequently impacted by the weaker Group retail sales.

Combined manufacturing sales reported by Ceramic Industries and Ezee Tile Adhesive Manufacturers Proprietary Limited ("**Ezee Tile**"), to both Group and third-party customers, decreased by 5,9% compared to the Prior Period.

As cautioned in the Group's year-end results announcement published on SENS on 28 August 2023, in the absence of strong sales volumes and optimal use of manufacturing capacity, the business's cost base and profitability will be negatively affected.

OUTLOOK

It is anticipated that the weak economic growth and difficult trading conditions experienced during the Review Period will persist for the remainder of the financial year to 30 June 2024. Notwithstanding muted consumer sentiment and strained disposable income, management will continue to focus on the growth levers within the Group's control and influence, with continued innovation and investment in delivering industry-leading products and an unsurpassed shopping experience for customers.

The above information has not been reviewed and reported on by the Group's external auditors.

Johannesburg
11 December 2023

Sponsor
Merchantec Capital