

ITALTILE
LIMITED

2024

INTEGRATED ANNUAL REPORT



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For further information, please visit our website on
www.italtile.com

OUR BUSINESS OVERVIEW

RETAIL STORES

Situated on high-visibility sites and online, their comprehensive offerings position them as one-stop solution destinations, with ranges including ceramic and porcelain wall and floor tiles, sanitaryware, bathroom furniture, taps, fittings, laminate and vinyl flooring, lighting, home-finishing products and tools.



INTEGRATED SUPPLY CHAIN

Retail operations are supported by an integrated supply chain comprising:

MANUFACTURING OPERATIONS

Ceramic Industries – manufacturer of glazed porcelain floor tiles, ceramic wall and floor tiles, vitreous china sanitaryware and acrylic baths and shower trays.

Ezee Tile – manufacturer of grout, adhesives, paint and related products.



IMPORT OPERATIONS

International Tap Distributors – importer and distributor of brassware and accessories.

Cedar Point Trading – importer and distributor of laminate and vinyl flooring, bathroom furniture, shower enclosures, accessories, sanitaryware, décor and other home-finishing products.

Distribution Centre – importer of product and provider of logistics and warehousing.



SUPPORT SERVICES

Information technology ("IT"), e-commerce, human resources ("HR"), finance/administration, marketing, and internal audit.

PROPERTY INVESTMENT PORTFOLIO

Underpins the retail operation by locating stores on high profile, easily accessible sites and maintaining and upgrading premises to ensure an optimum shopping environment. Manufacturing operations comprise well-maintained state-of-the-art factories supplied with raw materials sourced from productive quarries in close proximity to the factories.

Associate investment

EasyLife Kitchens ("ELK") – a leading installer and manufacturer of kitchen, bathroom, vanity, built-in-cupboards, bar and storage design. The Group owns a 30% stake in ELK. The investment is in line with the Group's goal to provide customers with complete specialist solutions in home finishing.



ABOUT OUR REPORT

REPORTING SCOPE AND BOUNDARY

This Integrated Annual Report ("IAR") provides information relating to Italtile's strategy and business model, operating context, material risks and opportunities, governance, sustainability and operational performance for the period 1 July 2023 to 30 June 2024.

We also consider the risks, opportunities and outcomes of our business activities on the various stakeholders who are affected by what we do.

These stakeholders and their interests are described on pages 67 to 69. In addition, we have published annual financial statements ("AFS"). The reporting process for all our reports has been guided by the principles and requirements contained in IFRS[®] Accounting Standards ("IFRS Accounting Standards"), the IIRC's International <IR> Framework, the Global Reporting Initiative Standards, the King IV[™]* Report on Corporate Governance for South Africa 2016 ("King IV"), the Listings Requirements of the JSE Limited ("JSE"), and the Companies Act (No 71 of 2008) as amended ("Companies Act").

ASSURANCE ON REPORT CONTENT

Reporting element	Assurance status and provider
IAR	Reviewed by the directors and management but has not been externally assured.
Financial information	All summarised financial information is extracted from the annual financial statements, audited by PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon.
Selected non-financial performance metrics	Accredited service providers and agencies have verified selected non-financial performance metrics contained in the report, including our carbon footprint and the Broad-Based Black Economic Empowerment ("B-BBEE") rating.
All other non-financial performance information	Management has verified the processes for measuring all other non-financial information.

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OUR APPROACH TO MATERIALITY

This report provides information that we believe is of material interest to current and prospective investors, and to any other stakeholder who wishes to make an informed assessment of Italtile's ability to generate value over the short, medium and long term. We have sought to ensure that all the information in this report relates to matters that have a material bearing on value creation at Italtile. Understanding our business and our business model (pages 1 to 23) forms the basis for appreciating how Italtile creates value, and identifying those issues impacting value. Our ability to create value is determined by the quality of our response to our operating context (page 66), the priority risks and opportunities facing our business (page 70), and the material interests of our key stakeholders (page 67). Making an informed assessment of the quality of our response requires an appreciation of our strategy (page 30), our performance (pages 32 to 57), the Italtile Limited Board of directors ("Board") (page 4), and our governance practices (page 108).

ABOUT THE FORWARD LOOKING INFORMATION CONTAINED IN THIS REPORT

This report contains certain forward looking statements which relate to the possible future performance and financial position of the Group. All forward looking statements are solely based on the views and considerations of the directors. These statements involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future. The Group does not undertake to update or revise any of these forward looking statements publicly, whether to reflect new information, future events or otherwise. These forward looking statements have not been reviewed or reported on by the Group's external auditor. The Group neither accepts any responsibility for any loss arising from the use of information contained in this report, nor undertakes to publicly update or revise any of its forward looking statements.

STATEMENT OF RESPONSIBILITY FOR THE IAR

The Board acknowledges its responsibility to ensure the integrity of this IAR, and has applied its collective mind in the preparation thereof. In the Board's opinion, the report addresses all material issues and fairly presents the Group's integrated performance.

On behalf of the Board



L R Langenhoven
Chairperson



L A Foxcroft
Chief Executive Officer

20 September 2024



ITALTILE AT A GLANCE

Founded in **1969**, Italtile Limited is a proudly South African **manufacturer, franchisor and retailer** of tiles, bathroomware and other related home-finishing products. The Group's retail brands are **CTM, Italtile and TopT** represented by **208 stores** in South Africa and the rest of Africa.

The retail operation is strategically supported by a **vertically integrated supply chain**.

We have installed capacity to manufacture **52 million m²** of tiles and **2 million** pieces of sanitaryware annually.

Our total **system-wide turnover** for the period was **R11,5 billion**, and our **market capitalisation** is in excess of **R14 billion**.

Our tile factories rank **among the most energy efficient** in the world. We generated **8 038 MWh** of solar power for the period. We target continued reduction of our carbon footprint through extensive Group-wide initiatives.

We are a **B-BBEE level 2** contributor. Our Group **CSI and Foundation** spend was **R114 million**.

Our manufacturers are **Ceramic Industries** comprising **seven** factories in South Africa and one in Australia, and **Ezee Tile** with **six** factories in South Africa and **three** in the rest of Africa.

Our import businesses are **International Tap Distributors, Cedar Point and Distribution Centre**, with facilities in KZN, Gauteng and the Western Cape.

Our **property** portfolio is valued in excess of **R3,9 billion**.

We partner with **25 franchisees** and have **3 183 employees** (including those employed by franchisees).



FINANCIAL HIGHLIGHTS



System-wide turnover
R11,5 billion

2023: R11,5 billion

▼ **8%**

Ordinary dividend per share
49,0 cents

2023: 53,0 cents

▼ **11%**

Trading profit
R2,1 billion

2023: R2,3 billion

▲ **100%**

Special dividend per share
78,0 cents

2023: nil cents

▼ **8%**

Earnings per share
122,1 cents

2023: 132,6 cents

▲ **140%**

Total dividend per share
127,0 cents

2023: 53,0 cents

▼ **7%**

Headline earnings per share
123,0 cents

2023: 132,3 cents

▲ **10%**

Net asset value per share
707,5 cents

2023: 641,8 cents

▼ **4%**

Store network
208

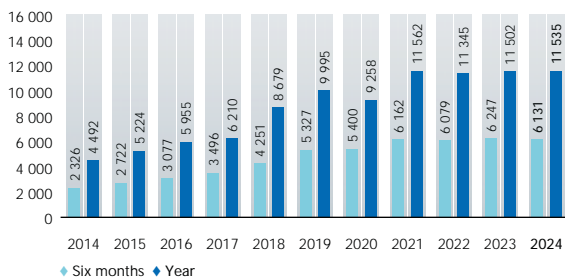
2023: 216

▲ **76%**

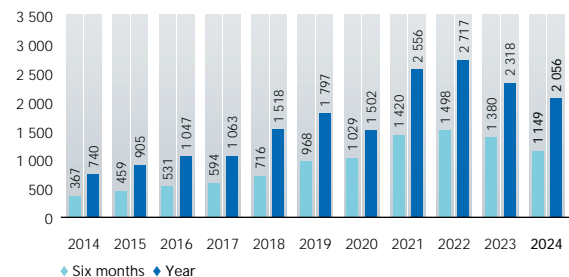
Cash and cash equivalents
R1,8 billion

2023: R1,0 billion

System-wide turnover (Rm)



Trading profit (Rm)



THIS IS ITALTILE

Founder-led businesses, by their nature, are entrepreneurial and innovative, have clarity of vision, an aversion to bureaucracy, a predisposition for action and a keen cash focus. These tenets have proved invaluable as we navigate the weak consumer demand and unprecedented levels of competition evident in both the manufacturing and retail sectors.

OUR BOARD OF DIRECTORS

Board Committee key

■ Audit and Risk
 ■ Social and Ethics
 ■ Remuneration
 ■ Nominations
 C Chairperson

* By invitation

Luciana Ravazzotti Langenhoven
(55)



Title	Qualifications, skills and experience	Board Committee membership
Chairperson Appointed: 2018	Luciana has 35 years of experience with the Group, having worked in various roles in the South African business. She was also involved in the establishment of the Group's Ceramic Industries' Centaurus factory in Australia. Luciana is a non-executive director on the board of Centaurus Pty Ltd in Australia (appointed in 2000) and Chairman of Ceramic Industries (Pty) Ltd (appointed to the board in 2006). Luciana was appointed as Non-executive Chairperson of Italtile Ltd with effect from 1 July 2023.	* ■ ■ C

Giovanni Ravazzotti
(81)



Non-executive director and founding member	Founder, in 1969, of the Italtile Group.	■ ■
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Lance Foxcroft
(52)



Chief Executive Officer Appointed: 2022	BSc Eng (Physical Metallurgy) <i>Cum Laude</i> , BSc Hons IT Lance served as CEO-designate from 1 July 2021 and was appointed CEO on 1 January 2022. He was formerly CEO of Ceramic Industries. Lance joined Ceramic in 2003 and held a range of senior management positions in the business prior to his appointment as CEO in 2014.	* ■ *
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Susan du Toit
(51)



Lead independent non-executive director Appointed: 2009	CA(SA), MCom (Financial Management) Susan is a Chartered Accountant (SA) and has held a number of positions within Ernst & Young ("EY") culminating in the position as lead audit partner on a number of entities listed on the JSE. Susan also held the position of team leader for a group of audit partners at EY. Susan currently serves as Chairperson of the board of Eureka DIY Solutions (Pty) Ltd.	■ ■ ■
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Jan Potgieter
(55)



Non-executive director Appointed: 2014	BCompt (Hons), CA(SA), Advanced Management Programme (INSEAD) Jan served as CEO of Italtile from 2016 to 2021, prior to that he held the position of Chief Operating Officer ("COO") from 2014. He retired from his executive role in December 2021. He is a Chartered Accountant (SA) and has extensive senior-level experience in the retail and supply chain sectors, having served as CEO and formerly Financial Director of Massdiscounters (a division of Massmart). He also served as a business manager at Clover SA and spent eight years at SABMiller in senior financial roles. Jan currently serves as a non-executive director on the boards of Fortress REIT Limited, The Foschini Group Limited and Motus Holdings Limited.	
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Brand Pretorius
(76)



Title	Qualifications, skills and experience	Board Committee membership
Independent non-executive director Appointed: 2011	MCom Business Economics Brand is a well-known and respected businessman in South Africa, particularly in the motor industry where he held the position of Managing Director for Toyota SA for eight years and that of CEO of McCarthy Limited from 1999 to his retirement in 2011. Brand currently serves as a non-executive director on the board of InvoTech.	

Brandon Wood
(42)



Chief Operating Officer Appointed: 2013	BAcc, CA(SA) Brandon is a Chartered Accountant (SA) and prior to joining the Group, was an audit manager at EY. He joined Italtile in 2010 as Group Financial Manager and was appointed as CFO in 2013, a position he served in for five years. From 2018, Brandon served as Executive Director: Commercial and Supply Chain and Executive Director: Retail, prior to being reappointed as CFO in 2020. Brandon was appointed as Chief Operating Officer with effect from 1 July 2024.	
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Lamar Booysen
(37)



Chief Financial Officer Appointed: 2024	BCom (Accounting) <i>Cum Laude</i> : CA(SA) Lamar is a Chartered Accountant (SA). He joined the Group as Finance Executive in 2023. Prior to that, he held senior financial positions in the telecommunications industry, most recently at a JSE-listed company. Lamar completed his articles at PricewaterhouseCoopers Inc. in 2013.	
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Lushane Prezens
(47)



Independent non-executive director Appointed: 2021	BBusSc, CA(SA) Lushane is a Chartered Accountant (SA) having completed her articles at PricewaterhouseCoopers Inc. She has 17 years of experience in investment banking, specifically in mergers and acquisitions and capital raisings at Morgan Stanley, J.P.Morgan and Fidelis Partners. She currently has her own advisory and consulting business. She serves as a non-executive director of Ceramic Industries (Pty) Ltd.	
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Nkateko Khoza
(48)



Independent non-executive director Appointed: 2018	BCom, MBA Nkateko is the CEO of Dzana Investments, a venture founded by her father, Dr Reuel Khoza. Dzana Investments is a holding company with interests in mining, property, energy, education, health and the information and communications technology sector. She was formerly associate director at Deloitte Consulting where she was responsible for business development and client service.	
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Alex Motshwanetsi Mathole
(52)



Independent non-executive director Appointed: 2022	B.Luris, LLB Alex was admitted as an attorney in 1997 and has extensive experience in legal, governance, and regulatory and conduct risk management. From 2014 to 2021 Alex was Chief Compliance Officer for the FirstRand group. Prior to that, she was Regulatory and Corporate Affairs Group Executive at Tiger Brands Limited. She has also served as executive director and General Counsel for Siemens in Africa, and as an independent non-executive board member for Pick n Pay Stores Limited until August 2020. Alex is currently the Managing Director and founder of Justings (Pty) Ltd, a business that provides regulatory and conduct risk management advisory services.	
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OUR EXECUTIVE LEADERSHIP

CERAMIC INDUSTRIES

Gerard Maartens



Designation
Ceramic Industries CEO

Joined the Group:
2012

Qualifications

Mechatronics Technician; Mechanical Engineering Certificate; Information Technology Certificate; Senior Management Development Certificate; BA (Business Management)

CTM

Paul Isaacs



Designation
CTM Executive

Joined the Group:
1996

Qualifications

Senior Management Development Programme Certificate; Financial Management course; MBA

TOPT

Karabo Theledi



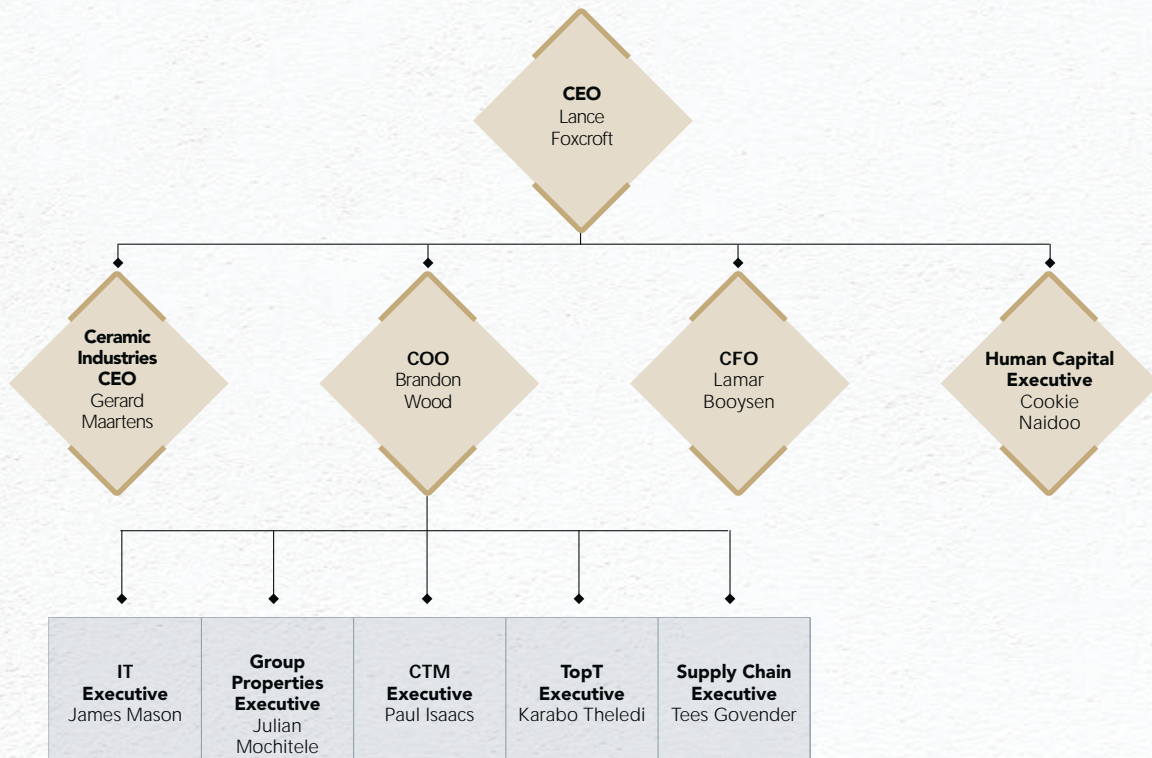
Designation
TopT Executive

Joined the Group:
2018

Qualifications

BCom (Economics); Postgraduate Diploma in Project Management; MBA

Italtile Group Executive Committee



SUPPLY CHAIN
Tees Govender



Designation
Supply Chain
Executive

**Joined the
Group:**
2000

Qualifications
Diploma in Business Studies

**PROPERTY
PORTFOLIO**
Julian Mochitele



Designation
Group
Properties
Executive

**Joined the
Group:**
2015

Qualifications
BTech (Finance and Accounting)

**INFORMATION
SERVICES**
James Mason



Designation
IT Executive

**Joined the
Group:**
2012

Qualifications
Diploma IT; Diploma in Programme Management Development;
Postgraduate in Business Management; MBA

**MANAGEMENT
SERVICES:
HUMAN
CAPITAL**
Cookie Naidoo



Designation
Human Capital
Executive

**Joined the
Group:**
2018

Qualifications
Honours degree (Major in Financial Management and HR)
and Diploma in Strategic HR



OUR PURPOSE

Italtile is a South African group invested in a portfolio of differentiated, complementary, focused retail formats and manufacturing facilities focused on operational excellence.

The Group actively seeks opportunities to vertically integrate the supply chain to improve price competitiveness for our customers. Collaboration throughout the organisation and our culture of continued improvement in performance will drive market share gains.

Strategic clarity; principle-driven; ethical leadership; cost-effective technology; and customer and staff-centred partnerships form the essence of who we are.

We deliver superior return on funds employed to our shareholders.

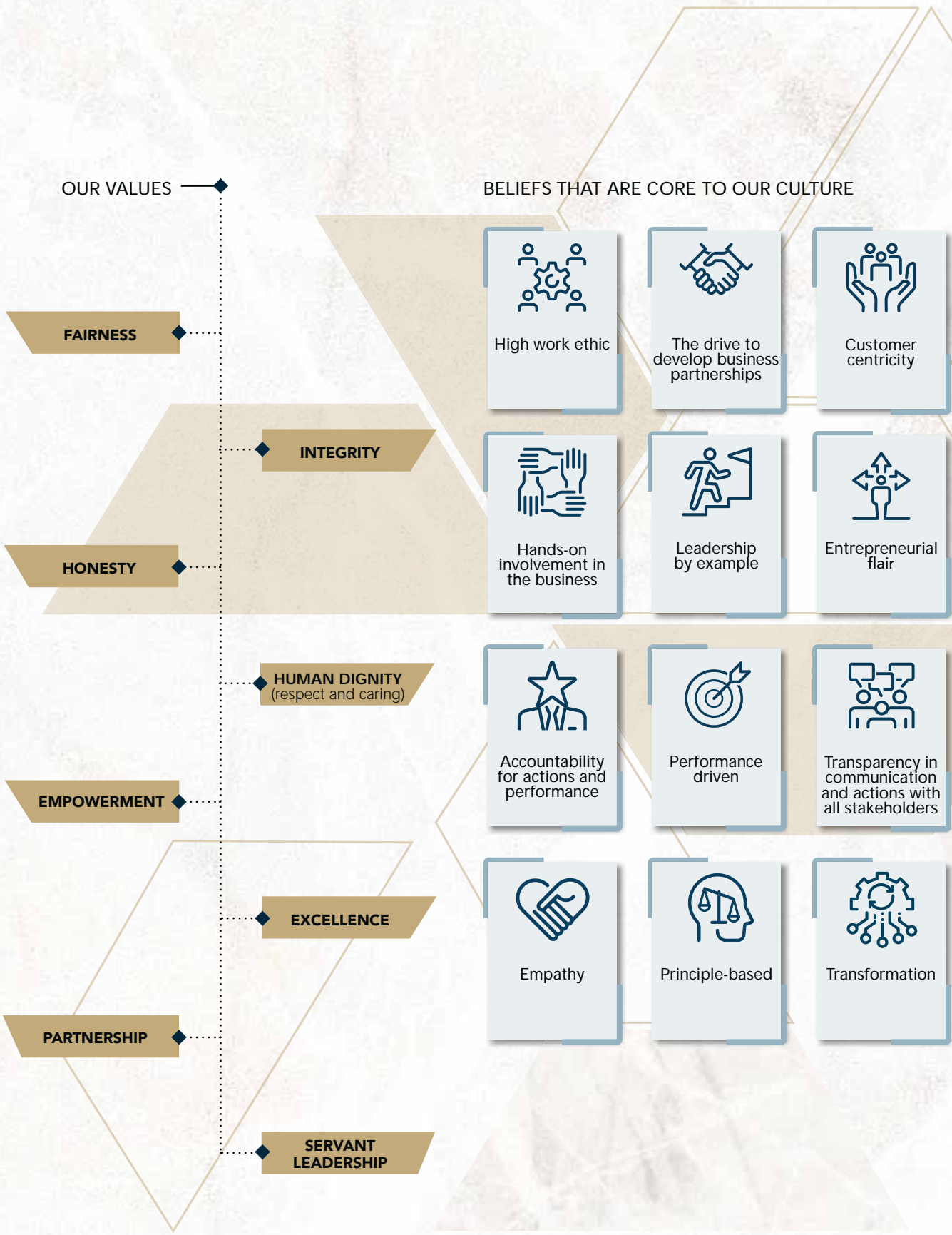
We fight for the right of our customers to have a beautiful home.

Our mission and definition of victory

- To be **Africa's leading retailer of tiles, sanitaryware and ancillary products**
- To **grow market share**
- To be an **employer of choice**
- To **build our leadership and succession pipeline**
- To be viewed by our suppliers as ethical and **tough but fair**
- To be recognised as **compassionate and caring through meaningful measurable CSI initiatives**
- To be **innovative and strive for continuous improvement**
- To capitalise on the ever-accelerating pace of **technological innovation for the benefit of customers and shareholders**
- To **progress the imperative of transformation**
- To be a **globally competitive manufacturer of tiles, baths and sanitaryware**
- To be our customers' **number one choice** in the merchandise categories we plan to own
- To remain a **cash positive business** and maintain a dividend cover of two-and-a-half times
- To ensure **quality of earnings** by driving free cash flow
- To grow the business sustainably, while **minimising our impact on the natural environment**



OUR VALUES AND BELIEFS



OUR TIMELINE AND MILESTONES

1969

Italtile Founded by Giovanni Ravazzotti in Alberton



1971

Italtile's first **Cape Town** store opens.
Italtile's first **Durban** store opens.



1972

Italtile's first **Johannesburg** store opens.

1976



Samca Floor tile factory opens.

1981

Samca introduces single-firing monocotura tiles using the clay dry-milling process.

Italtile moves into new premises in Alberton.



1983

Launch of the first cash-and-carry concept CTM store in Roodepoort.

The second store opens in Stikland, Cape Town.

1986

Acquisition of **Betta Sanitaryware** from a consortium of banks.

1988

Acquisition of **NCI Ceramics**.
Italtile listed on the Johannesburg Stock Exchange.



1989

Italtile moves head office to Randburg.

Samca Wall tile factory opens.



1991

The management information system is upgraded and all Italtile Centres are linked by computer.

1992



Formation of **Ceramic Industries (Pty) Ltd.**

Ceramic Industries listed on the JSE.

Established CTM Franchising division.

1993

The roll out of stores continues with the launch of the boutique store in **Tokai**.

1994

The launch of the **CTM Mastertile Club**.



Italtile transfers its JSE listing from the building and construction sector to the retail sector.



1995

CTM Roodepoort becomes the first store to turn over **R1 million**.

The entire organisation participates for its first full year in the staff profit share scheme.

1996

Acquisition of **Vitro Tile Factory**.

CTM **Pretoria** becomes the first store to achieve a turnover of **R2 million**.

CTM begins its successful TV advertising campaign with **Bob and Nige**.



2000

Italtile moves head office to its current location in Bryanston.

Commencement of trading in Australia.

Introduction of high-pressure casting at Betta.

SAP is introduced to CTM Strijdom Park.

OUR TIMELINE AND MILESTONES CONTINUED

◆ 2001

Closure of NCI Tiles – production moves to Vitro factory.

◆ 2002

R1 billion system-wide turnover reached.



Opening of Pegasus factory.

◆ 2003

Introduction of CTM joint-venture (“JV”) model.

Italtile displays its passion for tiles with the 1,1 m x 2,2 m replica of Botticelli’s Primavera which was made using kaolin clay and fired as a single tile in a roller kiln.

◆ 2004



INTERNATIONAL TAP DISTRIBUTORS
EXPERIENCE WATER’S INSPIRATION

Acquisition of controlling interest in International Tap Distributors (Pty) Ltd.

Acquisition of controlling interest in Early Works (Pty) Ltd.
Centaurus factory opens.



◆ 2005

Formation of Penates Logistics (Pty) Ltd.

◆ 2006

Acquisition of Sphinx. Ceramic Industries and support centre moves to the Clay Quarry.

Penates builds the International Tap Distributors (“ITD”) robotic warehouse, showrooms and the Forum Auditorium.

◆ 2007

Expansion of Pegasus and Centaurus to double production volumes.

◆ 2008

Expansion of Betta. Aquarius factory opens.

Italtile launches the TopT brand.



◆ 2009



Italtile acquires a minority stake in Ezee Tile.

Penates builds the Tiling Training Academy in Boksburg.

Italtile Commercial division is established.



Cedar Point Trading is formed.

◆ 2010

Italtile appoints an Environment Officer to work with the Properties division to reduce the Group’s carbon footprint.

2012

Italtile acquires 20% of Ceramic Industries.

Ceramic is delisted from the JSE.

CTM's internet shopping facility is upgraded to a fully functional operating online trading store.

2013

Retail stores in Australia are sold to management.

2014

Italtile introduces the equity-settled staff share scheme.

2015

System-wide turnover reaches the **R5 billion** milestone.

2016

The store properties in Australia are sold.

New-generation stores for Italtile and CTM open.

Gryphon tile factory opens.

Italtile Foundation Trust established.

2018

Establishment of **Ceramic and Italtile Foundation**.



Acquisition of a controlling stake in **Ceramic Industries** and **Ezee Tile**

2019



Italtile celebrates **50 years** of achievement.

2020

EcoTec environmentally friendly tiles launched.

Acquisition of a 25,1% stake in **Easylife Kitchens**.



2021

R290 million profit share earned by staff.

2022

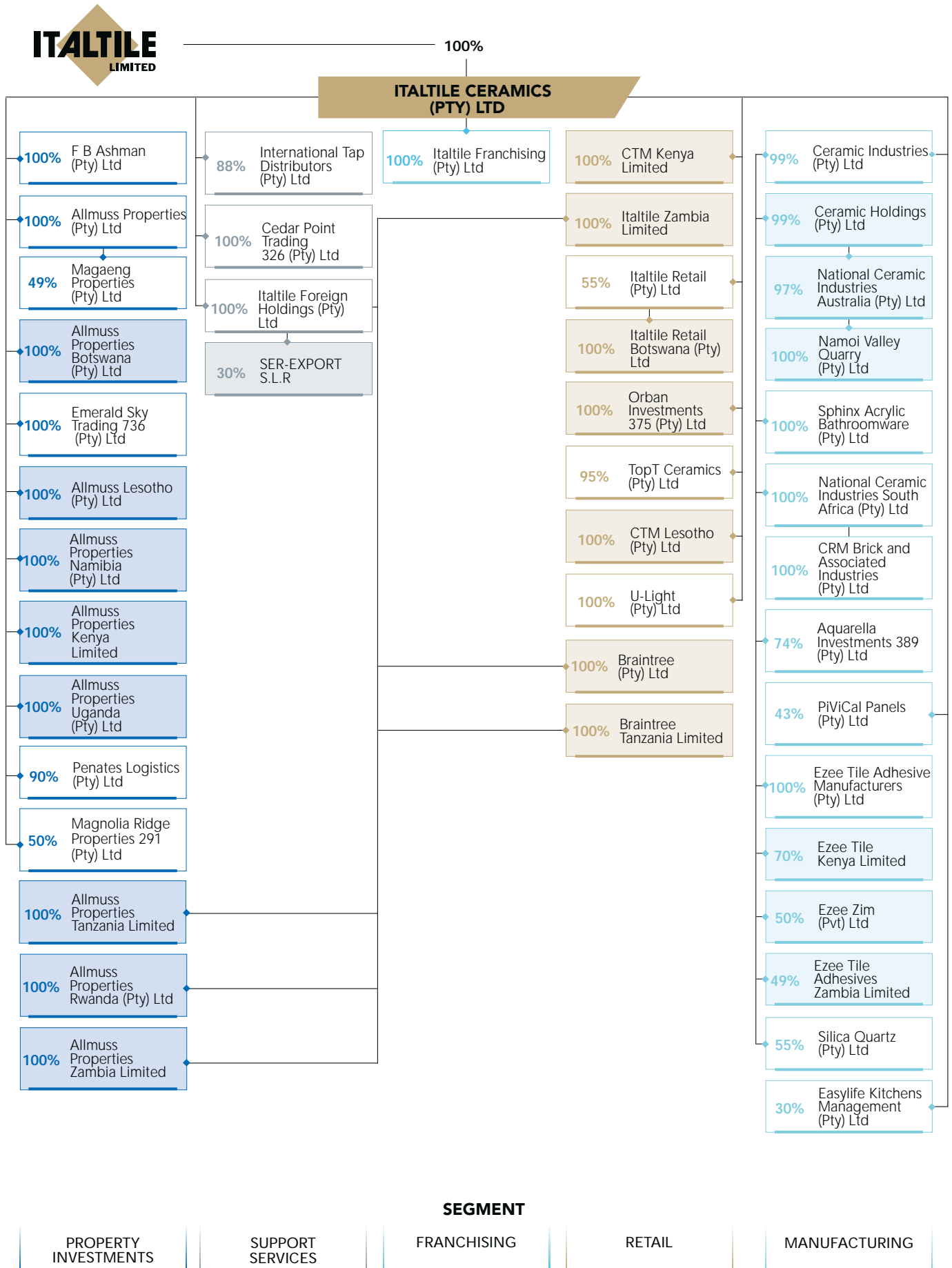
Samca+ floor tile factory is launched.

2023

Ezee Tile commissions flagship plant in **Vulcania, Gauteng**.

Italtile introduces new staff share scheme.

OUR GROUP STRUCTURE



Note: shaded blocks indicate companies incorporated outside of South Africa.

WHAT SETS US APART

- ◆ **Strategic portfolio of strong retail brands** that appeal to customers across the **income spectrum**.
- ◆ **Flat, low-cost** organisational structure comprising strong teams and **unique individuals** intimately involved in the operations.
- ◆ **Strong partnerships** with employees, **equity partners** and **entrepreneurial franchisees**.
- ◆ **Extensive property portfolio** which comprises **high profile, well-maintained, inspirational stores, state-of-the-art factories, and productive quarries**.
- ◆ **Sustained investment** in **improving** and **innovating** the shopping experience and ensuring the offering remains **attractive** to traditional customers and new, emerging homeowners.
- ◆ **Long-standing reputation** as the **industry trendsetter** and **fashion authority**.
- ◆ **Integrated supply chain** which underpins our policy of '**right product at the right time, place and price**'.
- ◆ **Recognition** that our **people** are key to our **competitive advantage** and hence **continued investment** in them is **paramount**.
- ◆ **Reward and empowerment** ethos which **incentivises personnel** to participate in the **profitability** of the business.
- ◆ **A customer-centric philosophy** which ensures all our activities are centred on **keeping them top of mind**.
- ◆ **Concerted focus** on **developing** and **employing industry-leading technology** in both our retail offering and manufacturing operations.



RETAIL FOOTPRINT

RETAIL FOOTPRINT



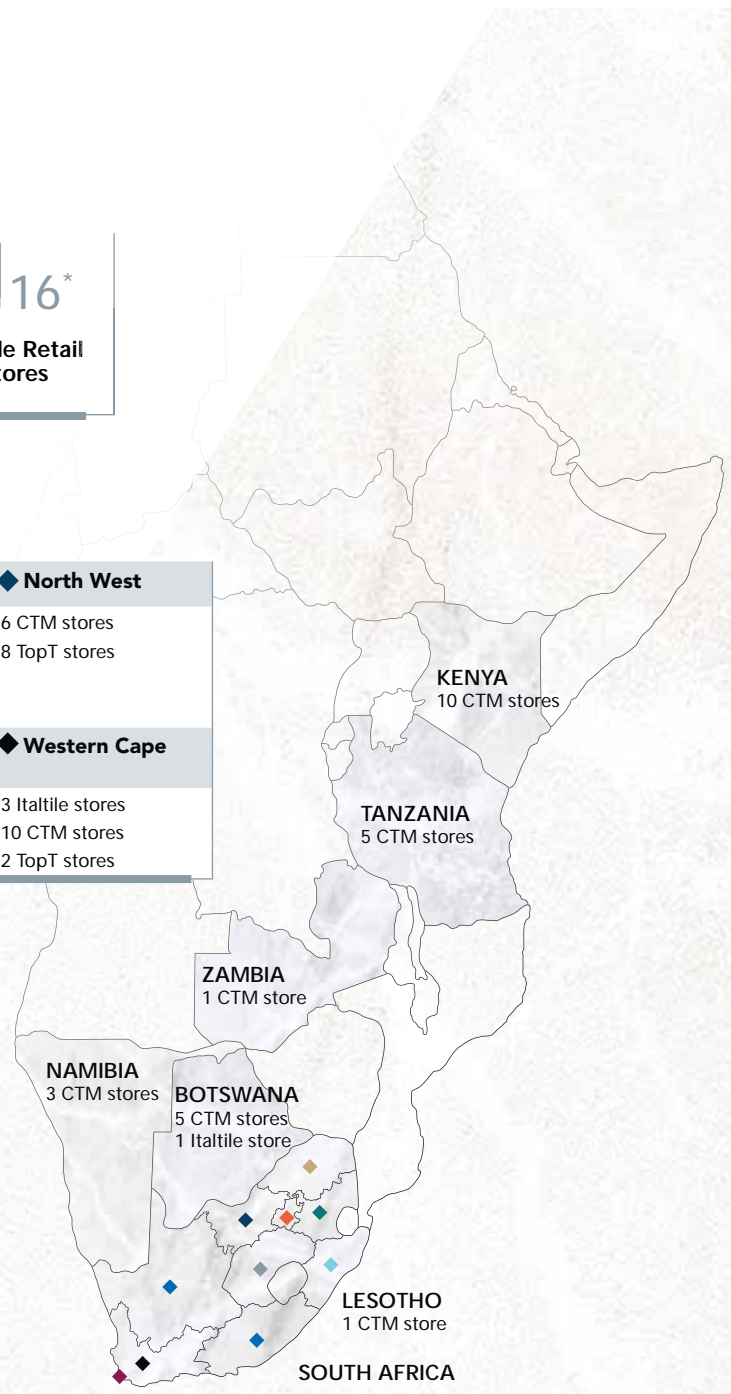
* Includes webstores.

SOUTH AFRICA STORES

◆ Limpopo 1 Italtile store 9 CTM stores 15 TopT stores	◆ Mpumalanga 1 Italtile store 6 CTM stores 17 TopT stores	◆ Gauteng 7 Italtile stores 20 CTM stores 20 TopT stores	◆ North West 6 CTM stores 8 TopT stores
◆ KwaZulu-Natal 1 Italtile store 9 CTM stores 12 TopT stores	◆ Free State and Northern Cape 6 CTM stores 7 TopT stores	◆ Eastern and Southern Cape 1 Italtile store 7 CTM stores 11 TopT stores	◆ Western Cape 3 Italtile stores 10 CTM stores 2 TopT stores

REST OF AFRICA STORES

KENYA	Eldoret	Kisumu	Thika
	Nairobi	Mwanza	Mombasa
	Diani	Nakuru	
TANZANIA	Mwanza	Arusha	Dar es Salaam
ZAMBIA	Lusaka		
BOTSWANA	Maun	Palapye	Francistown
	Gaborone		
NAMIBIA	Oshakati	Windhoek	Swakopmund
LESOTHO	Maseru		



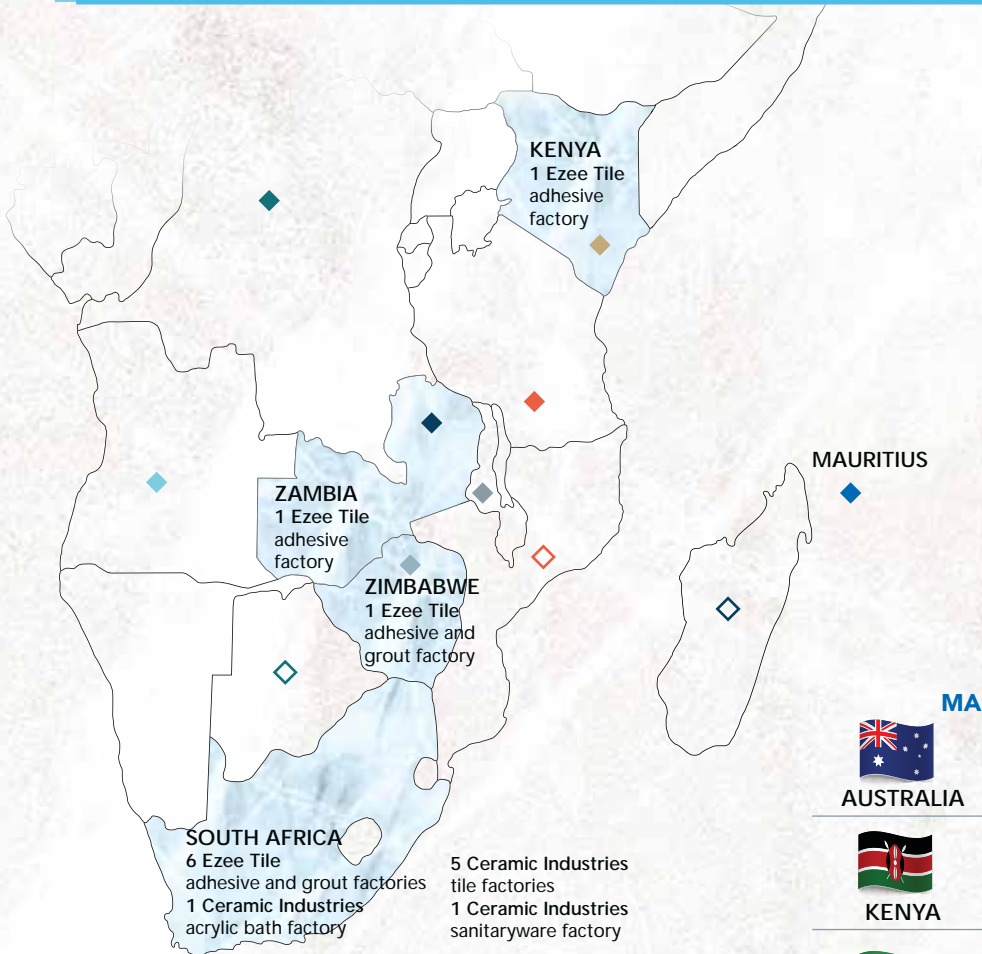
PROVINCES

- ◆ Limpopo
- ◆ Mpumalanga
- ◆ Gauteng
- ◆ North West
- ◆ KwaZulu-Natal
- ◆ Free State
- ◆ Northern Cape and Eastern Cape
- ◆ Southern Cape
- ◆ Western Cape

MANUFACTURING AND EXPORT FOOTPRINT

The Group exports tiles, sanitaryware, grout, paint and adhesives to various sub-Saharan territories.

MANUFACTURING FACTORIES



EXPORT

- ◆ Kenya
- ◆ Democratic Republic of Congo
- ◆ Tanzania
- ◆ Zambia
- ◆ Angola
- ◆ Malawi
- ◆ Mauritius
- ◆ Zimbabwe
- ◆ Botswana
- ◆ Mozambique
- ◆ Madagascar

MANUFACTURING FACTORIES

	AUSTRALIA	Rutherford NSW
	KENYA	Mombasa
	ZAMBIA	Lusaka
	ZIMBABWE	Harare
	SOUTH AFRICA	Mokopane Krugersdorp Hammanskraal Johannesburg Vereeniging Durban Gqeberha Cape Town



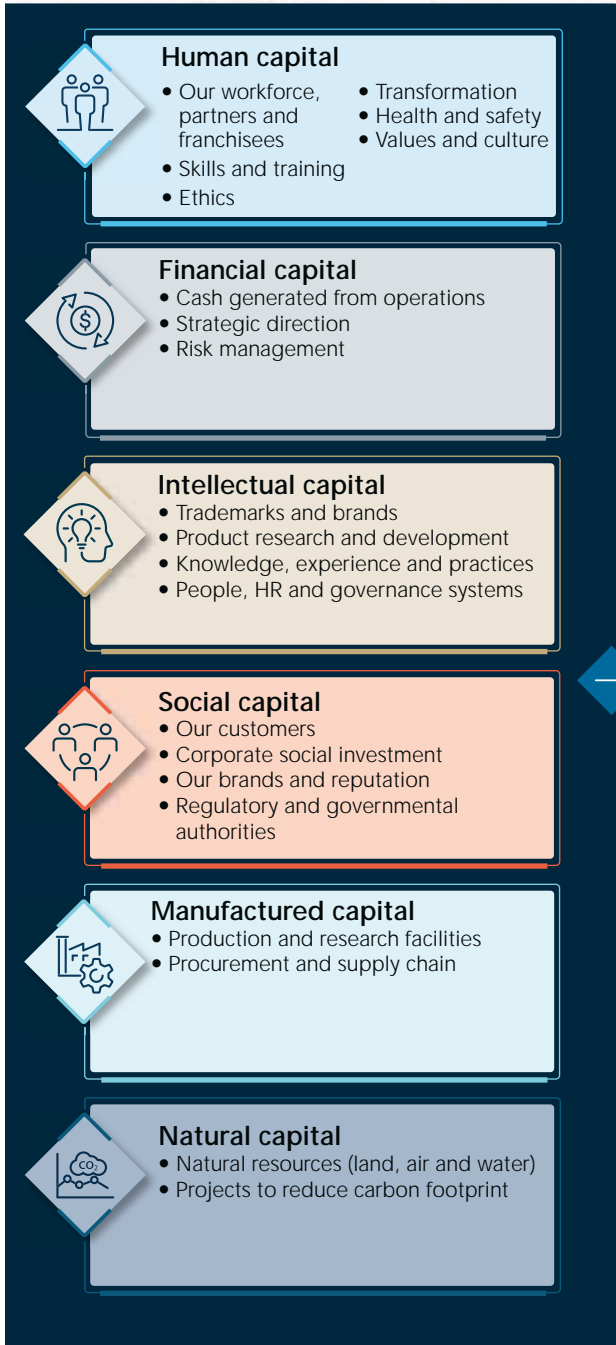
CREATING VALUE THROUGH OUR BUSINESS MODEL

INPUTS

Through effective and sound management of our capitals, we create sustainable value.

ACTIVITIES AND DRIVERS OF REVENUE

A key strength of the Group is our integrated business model.



Franchising

16%*

Bearer of Group trademarks and franchisor of retail brands

2023: 15%

Properties

15%*

Well-maintained and strategically positioned rental yielding properties

2023: 14%

Supply and support services

16%*

2023: 13%

Distributors of imported tiles, brassware, accessories, tiling tools, wooden flooring, cabinets, décor and shower enclosures. Provider of various Group services including IT, HR and marketing

Manufacturers

28%*

2023: 34%

Manufacturer and supplier of tiles, sanitaryware, bathware, grout, adhesive, paint and related products

Retail

25%*

2023: 24%

Retailers of tiles, wooden flooring, brassware, bathroomware, hardware, accessories and other home-finishing products

* Contribution to Group profit before tax.

Ethical and sound governance and corporate social responsibility underpin our business model

Our business model supports delivery of our strategy and is shaped by our purpose, mission, values and beliefs.

OUTCOMES

System-wide turnover

R11,5 billion

Capitals affected:
Human, Financial, Intellectual,
Social, Manufactured and Natural

Cash balance

R1,8 billion

Capitals affected:
Financial

Paid to employees

R1,2 billion

Capitals affected:
Human

Training and bursary spend of

R18,1 million

Capitals affected:
Human

Total taxation paid

R543 million

Capitals affected:
Social and Financial

Production volumes (pieces of sanitaryware)

1,9 million

Capitals affected:
Manufactured

Production volumes (square metres of tiles)

42,5 million

Capitals affected:
Manufactured

Solar power generation at stores of

2 037 MWh

Capitals affected:
Natural

Profit after tax

R1,5 billion

Capitals affected:
Human, Financial, Intellectual,
Social, Manufactured and Natural

Employees

2 297

Capitals affected:
Human

Franchised stores

74

Capitals affected:
Intellectual and Social

Positive customer sentiment scores

Capitals affected:
Social

Capital expenditure

R609 million

Capitals affected:
Financial

Production volumes (bags of adhesive)

14,4 million

Capitals affected:
Manufactured

Group CSI and Foundation spend

R114,0 million

Capitals affected:
Social

Improved manufacturing energy efficiencies

Capitals affected:
Social, Manufactured and Natural

OUTPUTS



World-class socially responsible franchisor, manufacturer and retailer of tiles, sanitaryware, bathware and other related home-finishing products



Royalty income from franchises

R146 million

Capitals affected:
Intellectual

Total dividends paid

R606 million

Capitals affected:
Financial

Ethical and sound governance and corporate social responsibility underpin our business model

THE STRENGTH OF OUR BRANDS



To live beautifully means to live your best life. And since the day we opened our doors for business in 1969, it has been our passion and privilege to deliver a unique brand of service and a luxury experience to our customers that brings home the best: the very best from the world of décor innovation and inspiration, international trends, mindful and sustainable eco-chic living, the very best professional design advice, and the very best quality and value for money. It's the Italtile Way, and nobody does it better.

TIVOLI

• PURE ITALIAN CRAFTSMANSHIP •

Tivoli Taps are beautifully designed and manufactured in Italy since 1959. All products are manufactured by robotic machinery according to the highest European standards. Tivoli Taps products carry a 15-year manufacturing guarantee.



ecoceramic^e

cerámica

Eco Ceramica, established in 2009, currently distributes to 120 countries globally. Employing latest market technology, the business manufactures and supplies stylish red body, white body, porcelain and polished tiles. Eco Ceramica is part of the bigger Parmesa Industrial Group, the leading European producer of ceramics and fifth largest in the world.

atlas concorde



Since 1969 Atlas Concorde has established itself as one of the leading brands in the global ceramic tile landscape. Atlas Concorde is a global partner in international design thanks to its superior ceramic solutions that are innovative in both style and technology. Our extensive range of porcelain surfaces for interiors, exteriors, and ceramic decorative tiles meets all the needs of designers and end-users all over the world.



ceramica SANT'AGOSTINO



Ceramica Sant'Agostino was established in 1964 near Ferrara. The factory, still managed by the founder's family, continues to develop its research for innovative products and innovative processes. Ceramica Sant'Agostino's ceramic and porcelain tiles are 100% manufactured in Italy and comprise a wide range of high-level products, designed to satisfy the market's evolving technical and stylistic requirements.

LAUFEN

Laufen Bathrooms, established in 1892, is a traditional Swiss brand reflecting a symbiosis of design, quality and functionality. What makes LAUFEN products unique at first glance is that their Swiss design unites two major design trends: emotional Italian design from the south and the northern tradition of design precision and clarity. Laufen products including washbasins, bath tubs, toilets and bidets are exclusive to Italtile in South Africa.



LIVEGREEN

Italtile strives to be green at heart and to that end, we hold ourselves and our suppliers accountable to an eco-standard we call LiveGreen. Green enough isn't green enough. We believe that to 'live beautifully' doesn't just mean to surround oneself with gorgeous things. It means treading carefully, making responsible choices, even looking for a second life and upcycling options. Italtile beauty is more than just skin deep.

Mindfulness

at the heart of beautiful living



LIVEGREEN Invest in the Future. Invest in LiveGreen.

CTM

Big savings. More style.

Launched in 1983, CTM is a household name in Southern Africa, enjoying strong brand affinity based on its reputation for a high-quality year-round value offering. Represented by 99 stores in Southern and East Africa, CTM is the largest specialist tile and bathroom retailer in the country.

TIVOLI

• PURE ITALIAN CRAFTSMANSHIP •



Tivoli is the largest Italian brand of taps in South Africa. Made by Italian master craftsmen, Tivoli taps are renowned for their quality, technology and design. All Tivoli taps carry a 15-year guarantee.



KILIMANJARO

Capture the African Landscape

Capturing the African landscape, Kilimanjaro tiles are made in South Africa for African conditions and are exceptionally strong and durable. Imitating natural stone, these beautiful tiles are suitable for indoor and outdoor. The Kilimanjaro range is exclusive to CTM.



ELF LAMINATES

The Feel Good Floor



TREVI

COLLECTIONS

Trevi is an aspirational range of modern, minimalist bathroom furniture and sanitaryware designed to enable discerning homeowners the opportunity to personalise their unique bathroom creations. Individual items including wall-hung and floorstanding cabinets can be combined and adapted to suit any bathroom size and layout; the colour palette includes glossy white, woodgrain grey and warm glossy grey.



Amalfi taps are specifically designed for the customer who seeks quality products at an affordable price. The Amalfi brand is exclusive to CTM and carries a 10-year guarantee.

amalfi
tap into style

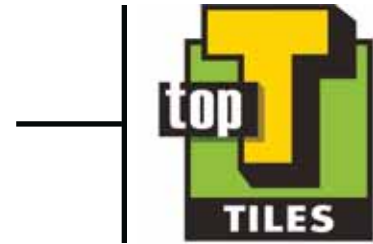
STONEWALL

TURN ANY ROOM INTO A NATURAL WONDER

Stonewall is the modern contemporary designer expression of timeless natural stone. Easy-to-install tile sheets enable homeowners to replicate their favourite stone look with confidence and ease.

Elf is a range of high-quality laminate floors, meticulously selected from leading German and other European factories. Elf's authentic-look wood floors are cool in summer and warm in winter. This trusted brand offers a class-leading guarantee, backed by CTM, nationwide.





'Technology in style' defines the perfect combination of form and function. Crystaltech Showers are manufactured from specially treated, tempered glass that ensures stylish but safe showering. This range of framed, frameless and corner shower enclosures affords homeowners a variety of options to match the perfect cubicle with their specific bathroom space.

This specifically customised range of tile adhesives is a brand leader in the industry, based on its quality, performance and good value. Pro Grip is manufactured exclusively for Italtile Retail and CTM.

The Tuff range comprises class-leading adhesives and paints that are innovatively packaged and specifically engineered to provide real value for the entry-level market. This brand is exclusive to TopT stores.



Origins Nature's Touch is an on trend, innovative range of ceramic tiles that mirror the look-and-feel of real wooden flooring. The tiles are manufactured in a variety of sizes and colours, all mimicking the hues of natural wood. The Origins range is exclusive to CTM.



HOMEGROWN

Homemakers are proud to use the high-quality Homegrown range of paints; available in four variants. This indoor, outdoor and rooftop paint is stylish and user-friendly.



NU VINYL
NEXT GENERATION FLOORS

Nu Vinyl flooring is ideally suited for use throughout the house. The insulating elastic surface absorbs noise, is warm to the touch, effective in damp areas and gentle on the body's joints, making it a desirable floor covering in bedrooms, bathrooms, kitchens and living rooms.

TopT is a one-stop home-finishing supplier of good quality, affordable merchandise and the low-cost leader in its entry-level market segment. TopT has 93 stores situated in underserved rural areas and outlying markets.



Established in 1976, Ceramic Industries is a leader in the design, manufacture and distribution of ceramic tiles and bathroomware. The Group comprises five tile factories, one bathroomware factory and one acrylic bath factory, all based in South Africa, and a tile factory in Australia.



Manufacturer of cement-based adhesives, grouts, water-based paints and related products. The business comprises of manufacturing facilities in Johannesburg, Durban, Gqeberha, Cape Town, Bloemfontein, Mokopane, Windhoek, Mombasa, Lusaka and Harare.



The Diva brand is an exclusive range of good quality taps designed and priced specifically for TopT stores in South Africa. Available in both conventional and single lever styles, there is a range to suit all tastes.



QUADRATEC

The Quadravec range comprises large format, high-definition ceramic tiles whose design draws inspiration from nature – while striving to preserve it – through eco-sensitive manufacturing principles. Quadravec is produced in Ceramic Industries' world-class Continua-tech facility in South Africa.

styletec

Styletec's high-quality, high-tech and highly stylish tiles are produced using superior manufacturing techniques and inkjet printing for defined designs in an extensive array of options. The wide range enables customers to perfectly match their taste with their lifestyle.

MEGATEC

A NEW DIMENSION IN STYLE

Megatec's contemporary design provides an excellent choice for replicating the beauty of natural stone and the modern edge of screeded floors. The large-format tiles reduce grout lines and afford a clean generous canvas with an unbroken look.



The Beta Sanitaryware factory is recognised for its world-leading quality and design. One of the largest and most automated of its kind in the world, this facility utilises high-pressure casting methods for enhanced quality and consistency. It offers a wide range of products, from basic pans to stylish wall-hung toilets, and continually renews its range to focus on the latest trends. All products are made from durable, glossy vitreous china.

The Ezee Tile brand is represented by a range of tile adhesives and grouts as well as related products designed to make tiling easier and provide a professional finish for any home-improvement or building project.



STRATEGIC REVIEW

The goal in our stores is to ensure every customer – each deserving of a beautiful home – has a great shopping experience. In offering quality products that our customers can afford, we hope to inspire them with fashion that elevates their home or business to a place that delights them at every opportunity. We aim to provide an unrivalled shopping experience, together with the support they require in the process of undertaking their project – from the initial stages until after the construction is complete. We strive to add value through various points of differentiation, low prices, trusted quality, meaningful warranties and product service experts.





CHAIRPERSON'S STATEMENT

In this, my first year as Chairperson of the Group, I have experienced first-hand the uniqueness – and advantages – of a founder-led business. Founder-led businesses, by their nature, are entrepreneurial and innovative, have clarity of vision, an aversion to bureaucracy, a predisposition for action and a keen cash focus. These tenets have proved invaluable as we navigate the weak consumer demand and unprecedented levels of competition evident in both the manufacturing and retail sectors.

Luciana Ravazzotti Langenhoven
Chairperson



In addition, Italtile is steeped in the culture built over six decades by my father, Giovanni Ravazzotti, colloquially known in our business as “Mr R”. The values of fairness, integrity, honesty, human dignity, empowerment, excellence, partnership and servant leadership are core to this Company and continue to be inculcated through the mentorship and training programmes that he still conducts.

RESULTS

Our retail operation's full-year results were slightly lower than the prior comparable year, but it is pleasing to report that the division recovered market share and performed better in the second half of the period than the first half. In the manufacturing division, Ceramic Industries (“Ceramic”) achieved efficiency improvements in manpower, systems, quality and products and these remain key focus areas. Despite the improvements however, the business failed to grow tile volumes and improve capacity utilisation to leverage economies of scale and improve profitability; this inability to fully load the tile factories continued to impact negatively on Ceramic's contribution to the Group's results.

The Group's total system-wide turnover increased marginally to R11,54 billion (2023: R11,50 billion). Trading profit for the full year decreased by 11% to R2,1 billion (2023: R2,3 billion), an improvement from the 17% decline reported at half-year, and a less steep decrease than the prior year. Trading profit in the second half was only slightly lower than the prior comparable period.

In the year ahead, our goal is to improve the competitiveness of the business across all operations. There will be an unwavering focus on reducing costs, improving efficiencies, differentiating our offering from competitors and reclaiming market share.

BOARD FOCUS

The Board's deliberations during the year focused on the following key issues:

- the over-supply of capacity and product in the market that has resulted in intensified competition, aggressive price wars and margin pressure;
- the imperative to improve our competitiveness, efficiencies, and training and development across the business in light of this aggressive competition, and focus on what we are good at – creating beautiful homes;
- the opportunity to remain relevant by manufacturing products that people desire – specifically products that are unique to South Africa and resonate with local people;
- the strategy to clearly differentiate the positioning of our brands to appeal to consumers across the spectrum: from our community-based conveniently located TopT stores, to our fashionable year-round value offering, CTM, and our premium-end luxe niche brand, Italtile Retail;
- streamlining under-performing assets and improving returns on investment through focused interventions, including exiting the U-light business and disposing of non-profitable sites;
- improving business processes and harnessing information faster through a more cohesive IT platform; and
- resolving the potential natural gas supply constraint to ensure Ceramic's business continuity. As discussed in the commentary below, this was a key management priority during the review period, and work on an industrial-scale project to trial an alternative solution will be started in the current financial year.

ESG

• Environment

Compared to the previous financial year, the carbon footprint of Ceramic, our retail stores, and Ezee Tile reduced by 7,5%, 0,5% and 0,4% respectively in terms of total emissions. The Environmental report on page 82 details our initiatives in terms of water and waste management, energy consumption reduction, environmentally sensitive building practices, and rehabilitation of quarries.

Our pressing concern during the period was the threat that Sasol's piped natural gas supply to the market would terminate in mid-2026, although Sasol subsequently announced in late August 2024 that supply would be extended to at least June 2027.

Although we welcome this extension, given that 70% of Ceramic's energy requirements are supplied by this gas source, management's priority remains to resolve this threat to safeguard business continuity. Exhaustive research and investigations were conducted into an array of alternatives to replace Sasol's supply. While gas is our preferred choice of fuel, in the event viably priced natural gas is not available, a project has been approved to invest in and convert one production line at our Gryphon factory to use a coal-based synthetic gas solution for heating and firing and to test this established technology in our process, using our raw materials. Given the Group's long-standing eco-awareness, converting Ceramic's operations to coal syngas would be the option of last resort for us.

Future gas supply has implications for the national economy and affects numerous major local companies. While Sasol's extension of the supply deadline to mid-2027 and potentially mid-2028 has afforded breathing space for industry, we remain hopeful that an alternative natural gas solution will be achieved collaboratively with all key parties prior to those deadlines.


• Social

Transformation

At the end of the 2023 financial year, we committed to maintaining our level 2 B-BBEE rating (99,34 points). Skills development, enterprise and supplier development, and management control were identified as key focus areas for improvement.

In the assessment conducted in September 2024, we attained a level 2 rating, with a score of 98,03 points.

The Group remains committed to supporting the objectives and principles of the B-BBEE Codes, however, under the current onerous trading conditions and our strategy to improve competitiveness through reducing costs across the business, the Board has approved targeting a level 3 rating for the 2025 financial year.

 Transformation report page 78.

Proudly South African

Our Proudly South African policies and practices focus on promoting the sustainability of our business, the communities in which we operate, and the broader economy. By selling local products manufactured by local people, we support job creation and facilitate skills transfer. During the period, approximately three quarters of all merchandise procured by the Group was sourced from South African businesses. This is a decline from recent years, as currently, the competitive environment and pricing dynamics favour certain imported products from new factories in Africa, and we have capitalised on buying opportunities to support our cost-conscious customers. Local procurement remains our preferred option, and we will continue to explore expanding our import-substitute opportunities.


Socio-economic development

Our broad-based black ownership scheme, the Italtile and Ceramic Foundation Trust ("Foundation"), is the primary vehicle for the Group's community outreach and social impact spend. The Foundation's goal is the transformation and upliftment of previously disadvantaged communities through distributions made to public benefit activities in education, sport and conservation. In the year under review, the Foundation's spend of R33 million was allocated to education: 40%; sport: 40%; conservation: 10% and other: 10%.



CHAIRPERSON'S STATEMENT CONTINUED

We work together with dedicated non-profit organisations to advance our CSI projects, and I would like to pay tribute to them for the remarkable results they achieve in the communities and natural environments they care for. My thanks also go to the Foundation's trustees and staff and our Group employees, who volunteer their time and services for these worthwhile initiatives. As outlined in the CSI report, our franchisees also make valuable contributions to community development projects, for which I thank them.

 The Foundation and Group CSI reports on pages 91 to 98 elaborate on our community projects undertaken during the review period.

• Governance

In preparing this IAR, we referred to the JSE's Sustainability and Climate Disclosure Guidance documents as a benchmark for the business's reporting standards. The Board is satisfied that disclosures regarding governance, strategy, management, and metrics, targets and performance, as recommended by the guidelines have largely been adopted in this report.

BOARD COMPOSITION AND SUCCESSION PLANNING

Building leadership depth and a strong succession pipeline are key strategic priorities in our business. Throughout the reports in this IAR, there are references to our investments in human capital to ensure we have the best possible operating structure and the most competent teams.

During the period, we strengthened our executive management capability with the creation of a new Group COO position. Brandon Wood, our former CFO, has been appointed to this position. Brandon is vastly experienced, having joined the Group in 2010. In addition to serving admirably as CFO, he has held various roles across the business including Executive Director: Commercial and Supply Chain and Executive Director: Retail. Over the past 20 months, he was responsible for turning around the performance of our Ezee Tile business, which included the successful transition to a new facility and management team. In his capacity as COO, he will provide operational support to the Chief Executive Officer, with specific focus on optimising value in the retail brands and integrated supply chain businesses.

Lamar Booyesen has been appointed CFO, and having worked closely with Brandon over the past year has assumed his new responsibilities comfortably.

A new CEO and strengthened management team have been appointed at Ceramic, and our Group CEO, Lance Foxcroft will assist them to build on improvements made and help develop leadership capability in manufacturing as they settle in and navigate the challenges faced by unprecedented competition and the weak-demand environment.

STAFF SHARE SCHEMES

Our equity-settled staff share scheme is designed to incentivise employees to participate in the growth and profitability of the business. Most often, our employees elect to receive the payout rather than shares, as the amounts can be life-changing – and even more so in the current difficult environment.

In terms of the new staff share scheme implemented on 31 March 2023 that replaced the previous scheme, awards were made to 535 qualifying employees of the Group and franchisees. On 22 March 2024, awards were made to an additional 196 qualifying employees and franchisees. As at 30 June 2024, there were 595 participants in the staff share scheme, with awards linked to 3,2 million Italtile shares.

In terms of the previous scheme, the final vesting of awards, granted in August 2020, took place on 31 August 2023. A total of 110 employees qualified, with all employees opting to receive the net value of the awards in cash. Cash payments after tax averaged R146 512 per individual (aggregate payments including income tax totalled R23,0 million), funded by the sale of the related shares to the market.

DIVIDEND AND DIVIDEND POLICY

The Group's dividend cover is two-and-a-half times. The Board is satisfied that this level affords rewarding returns for shareholders, while remaining prudent in light of the challenging trading environment and potential capital investment required in the medium term to mitigate against the risk linked to the decline in gas supply. A final gross ordinary cash dividend of 22,0 cents per ordinary share (2023: 21,0 cents per share) was declared. This, together with the interim gross ordinary cash dividend of 27,0 cents per share (2023: 32,0 cents per share), produces a total gross ordinary cash dividend declared for the year of 49,0 cents per share (2023: 53,0 cents per share), a decrease of 8%.

In light of the Group's robust cash reserves being in excess of operational requirements, the Board has declared a special cash dividend of 78,0 cents per share (2023: nil).

CAPITAL ALLOCATION

Net cash reserves increased by 76% to R1,8 billion in the reporting period. It is anticipated that cash generation will remain strong in the year ahead. In this regard, our capital allocation strategy will continue to be based on a blended programme comprising capital expenditure, share buy-backs and returns to shareholders. Forecast capex for the year ahead is at R350 million, including the prospective coal syngas trial programme at Gryphon. Having concluded our major expansionary projects and in light of current excess production capacity in the market, capex is lower than recent years, and confined to maintenance rather than expansion. We will continue to assess and implement a range of options for allocation of cash reserves, which include possible acquisitions, share buy-backs and special dividends.

CURRENT TRADING

Trading conditions subsequent to year-end have remained difficult. While consumer sentiment and outlook have improved in light of lower inflation, the cessation of load shedding, and the formation of a government of national unity (“GNU”), this positivity has yet to translate into increased disposable income and spend. In July, sales value and volumes were in line with the prior year, although August’s results declined marginally. We have not experienced a discernible ‘green shoots’ trend yet, with trading proving to be variable month to month. We are optimistic that a continued decline in inflation and a downward trend in interest rates will provide much needed impetus to the economy and cash-strapped consumers.

OUTLOOK

Competition in the industry is extremely challenging and unlikely to be alleviated in the short term. We will continue to face new challenges in the market, on both the retail and manufacturing side.

Notwithstanding this prognosis, we believe that within our business there are prospects for growth. By focusing on our competitiveness at every customer satisfaction touchpoint: fashion, range, price, service and quality, we will position ourselves to capitalise on opportunities as they emerge.

In the year ahead, our focus in manufacturing will be on optimising and bedding down capex projects and driving operational excellence; in the retail division, our continued goal will be to ensure customer satisfaction through a differentiated and unmatched shopping experience.

APPRECIATION

This has been a momentous year for me and I greatly value all the people in this business who are fiercely committed to our goal of being Africa’s best retailer of tiles, sanitaryware and complementary products.

The executive management team is aligned and working strategically with the Board. Their unflagging commitment to grow the business and face the new and competitive landscape continues to impress me.

Our store operators and franchisees have valiantly faced down the competitive challenges presented this year. I would like to pay tribute to them for their resilience and for striving to ensure every customer in our stores experiences an unrivalled shopping experience.

Our institutional and private shareholders are important components of our business eco-system and I would like to thank them for their long-standing support and constructive engagements.

I wish to extend my appreciation to our business partners and advisors, who continue to support us during challenging times and contribute to the success of this business.

Over this past year, I have drawn on the expertise and diverse knowledge of my fellow Board members. I am grateful for their counsel and support.

Finally, Mr R, our former Chairman, has continued to guide and support me and I have gained enormously from his wealth of experience. As Italtile transitions from a founder-led company to a founder-inspired business, we owe him a debt of gratitude for the formidable legacy he has handed us.

Luciana Ravazzotti Langenhoven
Chairperson



STRATEGIC FOCUS AREAS


STRATEGY AND KEY IMPERATIVES

Strategic clarity is key to the Group’s goal to deliver sustainable value for all stakeholders.

The Group’s five-year strategy is developed and implemented through an effective decision making framework and is reviewed annually in terms of its relevance to evolving external and internal conditions. The Board is responsible for setting clear strategic direction, while management is held accountable for delivering measurable results.

 <p>1 Strategic priority</p>	OPERATIONAL EXCELLENCE	
	Imperative	Progress achieved in 2024
	Grow sales volumes and improve manufacturing efficiency	Subdued demand and increased competition resulted in a decrease in sales volumes, which impacted the ability of manufacturing to operate efficiently without full loading.
	Cost leadership and productivity improvements	Costs remained well controlled.

 <p>2 Strategic priority</p>	FASHION LEADERSHIP	
	Imperative	Progress achieved in 2024
	Maintain investment in our strong brands and new product development	Procurement of equipment to expand range offering from Gryphon underway. Continued to curate range across several merchandise categories. Our priority is to remain market leaders in product range, as well as improve marketing initiatives to ensure customers are aware of our value and fashion offering.

 <p>3 Strategic priority</p>	LEADERSHIP EFFECTIVENESS AND PRESERVATION OF CORPORATE CULTURE	
	Imperative	Progress achieved in 2024
	Introduce outcomes-based training programmes that are better aligned to meet the Group’s personnel requirements and enhance the state of readiness of candidates to fulfil successful leadership roles	Graduates from the CTM Future Leader Programme and TopT’s Management Training have performed well in operations. The programmes will continue to be run and improved. Commenced project to restructure Human Capital function to improve efficiency and impact.
	Instil high-performance culture	Entrenched culture of setting, measuring and performance monitoring of KPIs.
	Leadership effectiveness	Good progress made on rebuild of management teams at Ceramic and Ezee Tile.
	Optimise employee engagement	The engagement score improved to 76%, remaining at a high level. We are satisfied with this score, given the prevailing low levels of confidence in the country at present and the Group’s weaker results.



OMNI-CHANNEL

Imperative	Progress achieved in 2024
<p>Grow the contribution of the webstores and ensure that Italtile remains at the forefront of technological innovation to the benefit of customers</p>	<p>Webstore sales contribution increased in 2024. We continued with initiatives to improve digital content, web user interface, search engine optimisation and conversion success rate. Integration of digital marketing focus to drive webstore visits has been improved with a dedicated resource.</p>



ORGANIC GROWTH

Imperative	Progress achieved in 2024
<p>Expand retail footprint and close non-performing stores</p>	<p>U-Light stores closed, with four stores opened and five closed in the other retail brands.</p>
<p>Expand manufacturing footprint</p>	<p>On hold given the oversupply in the market.</p>
<p>Explore new international geographies</p>	<p>On hold until investment conditions improve in global markets, and core South African operations improved.</p>



ENERGY SECURITY AND TRANSITION TO RENEWABLE RESOURCES

Imperative	Progress achieved in 2024
<p>Migrate to electricity generated by renewables</p>	<p>2,7 MW installed at Gryphon and fully operational for the full year. 2 MW installed at Samca Wall in 2024. Energy wheeling opportunities are being explored.</p>
<p>Alternative gas supply</p>	<p>Suitable contracts and alternates to replace Sasol gas under consideration with IGUA-SA and other industry players. Gas cliff moved out to June 2027 by Sasol.</p> <p>Implementation of coal-based synthetic gas solution pilot project approved by Board.</p>
<p>Combined heat and power solution</p>	<p>Viability of creating a power island at one site to self-generate enough electricity to be independent from the electricity grid is being assessed.</p>



ACQUISITIONS

Imperative	Progress achieved in 2024
<p>Investigate acquisitions of businesses with complementary products which have attractive returns on capital</p>	<p>No suitable acquisition targets were identified in the year under review and it is unlikely that the Group will actively pursue this imperative in the short to medium term.</p>

PERFORMANCE REVIEW

We anticipate that the trading environment will remain extremely challenging in the year ahead, with competition in both the manufacturing and retail segments likely to intensify. Notwithstanding the external challenges, we will focus on ensuring the business is fighting fit to retain our leading position in the market. We will continue our drive for customer satisfaction at all key touchpoints, and improve our efficiencies and cost leadership disciplines. Our most valuable asset – the exceptional people in this business – will be key to delivering on these goals and we value their contribution.





CHIEF EXECUTIVE OFFICER'S REPORT

Significant changes in the structure of the competitive landscape – in both the tile retail and manufacturing industries – have resulted in the emergence of numerous new competitors. In this context, aggravated by weak consumer demand, our primary focus is on improving the Group's competitive position to retain our industry leadership through our robust retail and manufacturing assets and teams. This translates to being more competitive and efficient at every customer satisfaction touchpoint: fashion, range, price, service and quality. In our goal to remain industry leaders, we will continue to unlock and extract value from within our business through our unrelenting drive for efficiencies and cost leadership.

Lance Foxcroft
Chief Executive Officer



OPERATING ENVIRONMENT

As anticipated in my report at the end of the prior year, weak economic growth at a macro-level and difficult sector trading conditions persisted, while consumer confidence remained subdued in light of sustained high interest rates and inflation, deterring investment in construction and home improvement.

Geo-political tensions threatened shipping capacity and rates increased. As cautioned, softer global and local demand increased competition and intensified margin pressure on internationally sourced products. Regrettably, for most of the period, the cost of living crisis weighed heavily on consumers, and with low GDP growth and negative consumer sentiment, the building cycle downturn has yet to recover.

Adding to the pressure on the industry, the competitive landscape underwent a significant change. Manufacturing production capacity now exceeds demand, by a large margin. This over-supply has resulted from an increase in production by existing manufacturers in the South African market and the establishment or expansion of capacity by factories in Zambia, Zimbabwe, Mozambique and Tanzania. Weak demand over several years had already resulted in high levels of inventory in the local market and the additional new supply has compounded that situation. As a result, SADC manufacturers are resorting to predatory pricing in this country in a bid to penetrate the market. In turn, this has intensified rivalry among retailers in a sector where prices have persistently declined over the year, as operators compete to retain their market share.

Inevitably, this deflationary pricing has had a significant impact on margins across the industry. It is our view that these margins will result in consolidation among players and rationalisation of capacity in the market in due course.

Tellingly, the establishment of major new manufacturing businesses immediately over our borders is indicative of the investor-friendly environments offered by our neighbouring countries, whereas South

Africa is seen as an increasingly difficult and unsupportive investment location for manufacturers.

In the last few months of the reporting period, there were encouraging developments – including the cessation of load shedding, substantial cuts in fuel prices, a notable decline in food inflation and improved consumer confidence levels. Subsequent to the election, the configuration of the GNU, which is broadly recognised as investor-friendly, also had a positive impact on the financial markets and local currency.

These constructive developments, while welcome, will take time to filter through to disposable income and investment sentiment. A sustained downward trajectory in inflation and interest rates will be required to afford significant stimulus to our industry.

CONSUMER TRENDS AND OUR RESPONSE


Affordability was the key watchword for consumers during the period. Our customer surveys confirm that next to quality, budget is the key consideration in the purchase of tiles and bathroomware. This price sensitivity is evidenced by customers seeking out deals and buying down within our product categories. *The goal in our stores is to ensure every customer – each deserving of a beautiful home - has a great shopping experience. In offering quality products that our customers can afford, we hope to inspire them with fashion that elevates their home or business to a place that delights them at every opportunity. We aim to provide an unrivalled shopping experience, together with the support they require in the process of undertaking their project – from the initial stages until after the construction is complete. We strive to add value through various points of differentiation, low prices, trusted quality, meaningful warranties and product service experts.*

Consumers in the sector have become more knowledgeable and proactive; they do research on products and price comparisons before purchasing, and increasingly, use digital platforms as a starting point in their projects. The widespread influence of social

media in a tech-savvy market has also encouraged informed shoppers to expect a better online and in-store experience. *Our online webstore offering is key to our seamless omnichannel experience. Our aim is to ensure that shoppers have a range of convenient options – from conducting their entire transaction online, to a blend of online and in-store interactions. The improvement in our unique visitor and transaction statistics is a pleasing endorsement of our investment in this trading platform. As industry leaders, our online content continues to inspire purchasing decisions and support DIY customers through our guidance, insights and advice.*

A lasting effect of the Covid-19 pandemic is consumers' preference for conveniently located, smaller standalone stores – a departure from the big-box retail format that previously dominated. There is growing evidence of this in South Africa, with a move away from major shopping centres, in favour of convenience purchases from smaller strip malls and independent outlets. *In our TopT market this is particularly relevant for customers seeking a convenient, affordable shopping experience in their local community, negating unnecessary transport costs.*

RESULTS AND PERFORMANCE

 The Group's results are reviewed in detail in the CFO's report on page 51.

In my commentary, I have extracted the key numbers that provide context for my discussion on performance and our strategic response.

In summary, our retail operations recovered market share and performed better in the second half of the period than the first, largely resolving management capacity constraints and extracting benefits through an aggressive focus on efficiencies and cost leadership. The decline in profits reported in our interim results in December, primarily caused by Ceramic's poor performance, was slowed - although not reversed. While Ceramic gained market share in the bath and sanitaryware segments and achieved efficiency improvements in manpower, systems, quality and products, the business failed to grow tile sales volumes and improve capacity utilisation to reduce the cost base and drive up profitability. Unfortunately, this inability to fully load the tile factories continued to impact negatively on Ceramic's contribution to the Group's results.

Outside of South Africa, our Australian operation delivered another solid performance. However, results from our East African retail node failed to meet management's expectations, negatively impacted by socio-political unrest and difficult trading conditions in the region.

In the period under review, total system-wide turnover increased slightly to R11,54 billion from R11,50 billion in the prior year.

The retail division reported a creditable result given softer consumer demand. Like-for-like sales volumes were slightly down and sales value reduced by 2%. Average selling price inflation was 2,1%. Retail profits for the period declined by 6,9%.

In the manufacturing division, Ceramic and Ezee Tile's combined sales value decreased by 6%. While Ceramic reported lower volumes and profits, Ezee Tile grew both metrics. Combined average selling price inflation was 1%.

In the integrated supply chain, our import businesses, Cedar Point, ITD and Distribution Centre reported mixed results. ITD and Distribution Centre grew sales and profits, while Cedar Point's metrics were flat. Collectively, sales value rose by 2%, while average selling price inflation across the division was 3,7%.

In light of the competitive landscape and generally weak demand, margins were deliberately sacrificed across the Group to support affordability for customers and compete for market share.

Operating costs were flat year on year – a pleasing achievement considering the current high levels of inflation. Cost leadership is a core discipline, driven hard by management in all our operations. In the reporting period, the priority focus was on containing logistics and property costs and improving productivity.

Group trading profit for the full year decreased by 11% on the prior comparable period, a less steep decline than the previous year. Trading profit in the second half was only slightly lower than the prior comparable period, reflecting an improved performance in the second six months compared to the first.

A 76% increase in cash reserves demonstrates the Group's strong cash-generating ability. In light of robust cash reserves of R1,8 billion, which are in excess of operational requirements, the Board has declared a special dividend of 78 cents, which together with the interim and final ordinary dividends brings the total dividend for the year to 127 cents (2023: 53 cents).



PERFORMANCE SCORECARD AND STRATEGIC RESPONSES

At the end of the prior year, strategic objectives were identified that required the execution of operational excellence across our retail and manufacturing assets to drive improvement in the business. These objectives are linked to the Executive Directors' performance and remuneration targets, as discussed on page 131 of the Remuneration report. The commentary that follows outlines progress against these objectives.

- **Grow TopT tile sales volumes by improving execution in-store, enhancing and simplifying the range and expanding the geographic footprint**

Despite difficult trading conditions experienced during the review period, the TopT team delivered another rewarding performance, underpinned by growth in tile volumes sold, an enhanced product range, increased productivity and better operating efficiencies due to cost leadership and systemic improvements. The brand also grew sales value and gained market share in a segment that has witnessed the proliferation of independent, opportunistic traders. The store roll out programme, which was temporarily slowed in the period, will resume in the new financial year. Management is confident that the brand's market segment, while becoming increasingly competitive, will remain relatively buoyant, affording opportunities for growth in under-served areas.

- **Turn CTM's performance around and grow tile sales volumes**
CTM is recognised as the leading brand in its market, despite a significant increase in general hardware and ceramic product retailers, facilitated by the substantially lower barriers to entry in the sector. Customer confidence and investment sentiment in CTM's mass middle-market segment remained negative as sustained elevated interest rates and high inflation eroded discretionary spend available for home improvement. We are disappointed that sales at CTM decreased for the year, reflecting constrained consumer disposable income and price-sensitive customers shopping down.

During the period, CTM continued to drive a differentiated curated offering to bring customers a wide range of fashionable quality products, with appeal for existing and new customers in a crowded market. Our priority focus areas were product (purchasing, presentation and availability); value proposition (quality and price); and customer satisfaction (service). The range continued to evolve as the trend to larger format and rectified product gained momentum. To reinforce our value proposition, CTM continued to source new products from manufacturers in commoditised segments that Ceramic Industries does not compete in. The brand's purchasing power enabled an improvement in price ladders and ensured we remained competitive as selling prices reduced in the industry. Due to increased competition, margins will remain under pressure as price deflation persists.

CTM regards customer satisfaction as the most important KPI and continues to innovate in achieving customer satisfaction and an inspirational customer experience through excellent service. To this end, CTM is deliberate in its planned interventions to improve the quality of engagement with our employees. We believe better engaged employees will further enhance customer satisfaction, promote customer retention and win new customers, ultimately improving profitability.

In the latter half of the financial year, the customer shopping experience was further enhanced due to operational improvements made between CTM and the integrated supply, distribution and manufacturing businesses, which enabled consistent availability of in-demand products. Management of optimal stock levels is a key brand discipline in the current volatile market.

It is management's conviction that if the basic retail excellence disciplines continue to be actively implemented, sales and profit will grow when consumer discretionary spend and sentiment improve.

- **Improve efficiencies at Ezee Tile**

The full commissioning of our new flagship facility at Vulcania is a stand-out highlight of the period. The management and operations teams have been capacitated and the facility is now realising cost and efficiency benefits that have resulted in pleasing double-digit increases in sales value and profits. Opportunities to improve performance in the regional factories will be actioned in the upcoming year. With core high-volume production bedded down, Ezee Tile will extend its range of higher margin value-add products.

Integration into the Group's transport management system has delivered vast improvements in the delivery accuracy and fill rates at Ezee Tile's customers. Opportunities to achieve synergies between the various business units should enable the Group to continue to improve efficiencies in delivery.

While well priced, Ezee Tile's products are recognised in the market for their superior performance and consistent quality, and in the year ahead, the business will target increased market share in the specifications and projects segment, which will enhance growth prospects.

- **Turn Ceramic's performance around**
– **Grow volumes and optimise capacity utilisation to reduce the cost base and drive up profitability**

At the half-year, we noted that opportunities exist in the operation to unlock internal efficiencies, optimise our human capital resource and leverage our investments in cutting-edge technology and equipment to recover market share. I am pleased to report that many of the remedial operational measures have been achieved. The new senior management team is performing well; additional fashionable products have been launched and quality systems have been enhanced. There has also been an improvement in productivity, while costs have been reduced.

Our disappointment, however, is that despite these improvements, sales declined in the reporting period. During the year, trading conditions in Ceramic's market space continued to deteriorate and the excess capacity in the industry worsened substantially with the full commissioning of a large new producer in Mozambique. Total production capacity in Southern Africa is now roughly double that of demand. Regrettably, this has resulted in distressed manufacturers deflating prices in the fight for market share, which has severely reduced margins. This pressure on margins is of particular concern given that input cost inflation remains high.

Under our 'fighting fit' mantra, our overriding goal at Ceramic is to regain market share that has been lost in the current price war. Our plans for the next year include further reducing costs and improving efficiencies to ensure the operation remains competitive and relevant. Prices will continue to be revised as the current projects achieve cost improvements. Ceramic will also continue to launch innovative new products that differentiate the range and provide customers with a wide range of quality product.

In the rapidly changing market conditions, increased capacity utilisation is a key focus in the business. The appropriate level of production will be adjusted to enable optimal factory loading in our respective factories.

– Leverage investments in technology and equipment to recover market share and attract new customers

Significant progress has been made in bedding down the Samca+ factory. Production, at close to full capacity, is stable and the product has been well accepted in the market. Importantly, the Continua technology employed in the factory affords the flexibility to effect quick changeovers in terms of product size and thickness. While the Group enjoyed some first-mover advantage when we launched our environmentally friendly thinner Ecotec tiles, segments of the market have been slow to respond. In this regard, Samca+ affords us agility in manufacturing capability. Notwithstanding the progress made in this operation, a priority is to grow sales to match the increased volumes now produced by the factory to optimise capacity utilisation and improve margins.

Vitro's new production line project is in progress and has entered the commissioning phase. Vitro currently produces our popular, rugged Kilimanjaro tiles and the new production line will improve yields and efficiencies and enable the production of new larger formats and rectified tiles with technical porcelain properties that offer a unique point of differentiation in the market. We anticipate that production will commence by the end of the calendar year.

We will continue to design and launch new products across all our factories aimed at both substituting imports and distinguishing our offering from other manufacturers.

- **Commission the Betta warehouse**
Following delays emanating from a dispute with the original hardware and software supplier of the warehouse, the project has resumed with a new technology partner. We anticipate concluding the project in the 2025 financial year. While the delay in commissioning has not impacted on existing operations, the warehouse will, once complete, make a significant contribution to reducing delivery lead times and improving warehousing efficiencies, while releasing the old warehouse space for factory improvements and future expansions.
- **Ensure resource security – mitigate the risk to availability of supply of natural gas and safeguard business continuity**
At the half-year, we flagged the uncertainty of energy supply, and specifically natural gas, as a key risk to the business. We noted that Sasol, the primary supplier of imported piped natural gas ("PNG") had announced that as of June 2026, they will no longer be in a position to supply the market. Subsequently, on 20 August 2024, Sasol announced that supply would be extended to at least June 2027.

While this extension is welcomed, approximately 70% of Ceramic's total energy requirements are supplied by PNG, and hence securing a sustainable supply of viably priced energy remains a key management priority.

With the Board's clear mandate to ensure business continuity, we have conducted thorough research and investigations into an array of alternatives to replace Sasol's supply. While gas is our preferred choice of fuel, in the event viably priced natural gas is not available, a project has been approved to invest in and convert one production line at our Gryphon factory to use a coal-based synthetic gas solution for heating and firing, and to test this established technology in our process, using our raw materials. This coal syngas trial is entirely based on a pre-emptive cautious approach to responsible energy management, and we remain hopeful that a natural gas solution will be found.

Future gas supply is an industry-wide dilemma, affecting many leading local companies. In this regard, we, together with other major businesses, continue to explore opportunities with Sasol to extend gas supply further.

- **Mitigate against risks associated with power and water supply.**
Set consumption reduction targets and transition to renewables. Our evolving energy programme pursues projects that will facilitate sustainability of energy supply, reduce reliance on the national grid and decrease our carbon emissions. The Group has successfully installed off-grid PV battery-backed solutions at selected CTM stores. Roll out of this solution to more stores will continue over the next year.

Water consumption is monitored and measured through smart meters at some sites, and we implement rainwater harvesting and boreholes where practical. We sell a wide range of water-saving taps and sanitaryware in our stores; use these water-saving devices in our facilities; and plant indigenous gardens on our properties.

- **Develop teams**
At the end of the prior year, I noted that while training and development are key drivers in our business, the persistent lack of specialist skills and the limited human capital pool in our market segment are major challenges. In this regard, developing our teams remained a priority focus, with the goal of building competencies and talent in the business and strengthening the leadership pipeline. It is rewarding to report that good progress has been made over the last year.

Retail

Collectively across the Group, our depth of retail expertise is vast. Our Board includes several brand-building experts and other members with many decades of hands-on tactical retail experience. We are grateful to have the founder of the business contributing to the continued success of the Group. Seasoned retail experts with extensive experience lead each retail brand. Our store operator programmes for each brand continue to evolve to improve their effectiveness in developing the leaders of tomorrow. Retail excellence and sales training are core disciplines. Our sales staff are comprehensively coached and provide a succession pipeline for store operators.

During the period, we improved the effectiveness of our brands' human capital resources. We restructured TopT's regional management capability, which will add further retail expertise depth and improve efficiencies in that business. CTM's senior retail management structure was bolstered with the appointment of an external retail expert and an internal promotion from the operations team. Both individuals are highly experienced retailers.

Manufacturing

We capacitated the management and operations teams at Ezee Tile to align with technology changes implemented in the new facility. The solid performance delivered by the business reflects the improvements made. We will continue to upskill and build competencies to enhance productivity and efficiencies in the business.

Appointing and bedding down a new management team has been a high priority at Ceramic, and it is pleasing to report that we have filled key positions over the past few months. The new Ceramic CEO has made good progress since his appointment and we are starting to see sustained improvements in factory performance.

However, in the difficult trading conditions, sales volumes from the tile division continued to decrease and Ceramic's financial results declined further during the year. This performance is largely due to the greatly increased tile production capacity in Southern Africa that has resulted in manufacturers being unable to sell their full capacity or run all plants at optimal loading, causing significant price deflation in most tile categories. With an additional manufacturer having started production in April 2024, the price war and fight for market share will intensify further over the coming months.

In light of these challenges, I have been mandated by the Board to assist the team to continue building on the improvements made over the past year and help develop the leadership capability within manufacturing.

Group

We have strengthened our management structure with the creation of a new Group COO position that has been filled by the former CFO, Brandon Wood. Brandon's successor, Lamar Booysen, has worked closely with him over the past year and his transition to CFO has been seamless.

HR and training

Our Human Capital department is key to supporting our growth objectives in the business by recruiting, training and developing teams that are fit for purpose. We are in the process of restructuring the human capital team to strengthen the function in assisting the business to achieve our goals and ambitions. As part of the restructuring process, we will review the effectiveness of all the learning and development programmes currently in place to improve effectiveness and efficiency of training, while continuing to encourage our learning culture.

• East Africa node structure

The results delivered by our East Africa node were disappointing. During the period, trading conditions deteriorated significantly in Kenya, featuring political volatility manifesting as social unrest, socio-economic stress following significant tax increases, and adverse weather conditions including severe flooding. During


some of the periods of protest action that lasted several weeks, our eight stores were closed out of safety concerns for our customers and staff. The local currency exchange rate, discretionary spend and consumer sentiment remain fragile in the country.

While we are optimistic about the prospects for the Kenyan operation, given general instability, the Group will adopt a cautious approach to further expansion in the East Africa region. Our priority focus will be on extracting value from the existing footprint of 14 stores, including two webstores.

• Continue to invest in the digital experience and grow our webstores' sales contribution to total sales

Our webstores serve as an integral component of our omnichannel platform and underpin our goal to provide customers with an unrivalled shopping experience that is seamless between our online and brick-and-mortar stores. We operate six webstores, one each for Italtile Retail and TopT and four for CTM's markets in South Africa, Botswana, Kenya and Tanzania. We continued to invest in developing, enhancing and marketing the capability of this offering. Innovations such as our tile visualiser afford the Group an advantage in this increasingly competitive market space.

OPERATIONAL REVIEW – OVERVIEW

 The detailed performance of our business units is discussed in the Review of Operations report on page 40.

ASSOCIATE INVESTMENT: Easylife Kitchens ("ELK")

ELK is a leading manufacturer of kitchen, bathroom, vanity, built-in cupboards, bar and storage design. The Group holds a 30% stake in this business, which aligns with our goal to provide customers with complete specialist home-finishing solutions. ELK reported improved sales and profits for the year and continued to grow its footprint, including on some of our multi-node retail sites, which affords synergies for both parties.

PROSPECTS

Continued execution of operational excellence will enable us to capitalise on opportunities in the business. We believe modest growth in the retail division is attainable and in our manufacturing operation, Ezee Tile will continue to improve turnover and profitability through enhanced efficiencies and increased market share. We expect the highly competitive environment to continue to be a challenge to Ceramic's performance.

In the year ahead, we will focus on the following internal growth prospects to unlock value inherent in the business.

Retail

- Five new stores are targeted in convenient locations as we continue to increase TopT's national footprint. TopT will aim to grow sales volumes through improved in-store execution, curated range management and an improved focus on complementary home-finishing products.
- Turn CTM's performance around by leveraging the brand's long-standing iconic status in the industry and continue to differentiate the value proposition through our "Big Savings. More Style." positioning in the highly competitive mass middle market. We will also focus on building lasting customer relationships through improving our offering in terms of fashion, range, price, quality and service, measured and managed through our customer satisfaction feedback and metrics.

- Continue to improve our digital experience and grow our webstores' sales contribution to total sales. Investment in technology will be ongoing, aimed at improving the customer experience. Online continues to be the first point of contact for many of our customers as they research their home improvement projects, and we will continue to improve lifestyle display solutions to inspire them.

Manufacturing

- An inability to fully load the tile factories is a major hurdle to driving down Ceramic's cost base and improving profitability. In the absence of volume growth, our unrelenting mission is to continue to aggressively reduce costs and improve efficiencies to recover margins and offset some of the significant price deflation. Equally, we will continue to strive to grow sales and reclaim market share by optimising the value proposition of our ranges and launching differentiated product to substitute competing imports.
- Resolving the threat to natural gas supply will remain a key priority to ensure Ceramic's business continuity. Extensive research and pre-emptive preparation have been conducted, and we are confident that we will achieve this goal as firm options for alternative supply become available. Work on an industrial scale project to trial a syngas solution will be started in this financial year.
- We have forecast substantially less capital expenditure for the year ahead. While provision has been made for completion of our Betta warehouse and funding for the prospective gas supply solution, no further major investment is required in the business at present, and focus will be on unlocking value from existing assets.

OUTLOOK

We expect the trading environment to remain extremely challenging in the next few years. Competition in both the manufacturing and retail segments will likely intensify until the vast imbalance between excess manufacturing capacity supply and weak demand levels out.

Despite this concern, we are cautiously optimistic about prospects for growth in the market. South Africa is under-housed and the dynamics of the housing market are favourable – evidenced by a young, growing, upwardly-mobile population with a strong culture of owning a home. Key to conditions improving will be the sustained downward trend of inflationary pressure and an improvement in consumer investment sentiment. The possibility of an interest rate reduction cycle, which started with a rate cut in September 2024, will further boost disposable income and confidence, while implementation of the two-pot retirement system in September may provide an injection of cash into the economy. If load shedding remains manageable and support for the GNU holds firm, it is also likely that the currency will stabilise and investors and customers will adopt a more positive stance.

Irrespective of the external challenges, our growth focus will always be on the internal levers within our control. Our goal is to ensure that the business is fighting fit, and I am confident that we have the assets to do this: the right people, robust iconic brands, industry-leading technology and products, and the competitive advantage of a vertically integrated supply chain. We also have the determination to improve our competitiveness across all our operations. Despite the difficult circumstances, I am optimistic that we have competent, engaged and motivated teams to succeed in this challenge.

APPRECIATION

Our team has delivered a resilient performance in another tough year, and I would like to thank them for their commendable dedication to achieving an unparalleled shopping experience for our customers. Their enthusiasm and spirited approach to ensuring our business remains fighting fit, competitive and relevant is very rewarding.

Our new Chairperson, Luciana Ravazzotti Langenhoven, has been a great support this year. Luciana has extensive knowledge of all our operations and brings a strong retail flair to the business. Her passion for our people and products is inspiring.

We continue to benefit from the wise counsel of our founder and former Chairman, Giovanni Ravazzotti, and are privileged to gain from his experience earned over 50 years in the industry.

I would like to mention Brandon Wood, previously CFO, and recently appointed COO. Brandon has been an exemplary CFO and more recently has also been responsible for effecting the turnaround at Ezee Tile. I look forward to working with Brandon in his new role.

Finally, I would like to thank our Board members for their encouragement and guidance during the year. I appreciate their input and endorsement of our sustainable growth strategies.



L A Foxcroft
Chief Executive Officer



REVIEW OF OPERATIONS

RETAIL BRANDS OVERVIEW AND PERFORMANCE MATRIX Italtile Retail



Nature of business

Leading retailer of exclusive fashionable ranges of tiles, bathroomware and related products.

Strategic positioning	Target market	Footprint
<i>'Live beautifully.'</i>	<ul style="list-style-type: none"> LSM 8 – 10. Discerning consumers in the upper-middle and premium-end segment and commercial projects market. 	<p>16* stores (2023: 15*)</p> <p>Nationwide commercial division focused on projects.</p> <p>1 store opened (2023: 0).</p> <p>1 store revamped (2023: 1).</p> <p><i>* Includes one webstore.</i></p>

Key performance indicators	Trends 2024	Trends 2023
Sales	↔	▲
Average basket growth	↔	▲
Average selling price	▲	▲
Margins	↔	↔
Net profit	▼	▲
Stock turn	▲	▼
Average store inventory	▼	▲

Key differentiators

- Trend-setter and leading buyer of exclusive, high-quality, fashionable, international and local products.
- Widely recognised as the industry front-runner in environmentally sensitive products.
- Well-established specialist expertise and nationwide network.

2023/24 priorities	Scorecard
Continue procurement of quality, fashionable product.	✓
Improve market share through exceptional service and products.	Maintained share
Establish and grow the new Gqeberha store.	Underway
Develop management depth for future growth.	✓
Improve stock turn and enhance stock management.	✓

2023/24 major achievements	2024/25 priorities and prospects
<ul style="list-style-type: none"> Both stock turn and stock management were significantly improved, and forecasting and procurement were concomitantly refined, driven via analytics. Two new high-calibre store managers were developed and integrated into the business. Completed integration into the Group's transport management system ("TMS"), which afforded cost savings. A major revamp of the Cape Town store was achieved, with minimal disruption to customers or trading. Advanced selling skills training for experienced retail consultants was rolled out, in conjunction with ongoing interior design training. 	<ul style="list-style-type: none"> Continue to differentiate in the market through fashion, service and quality. Grow revenue and net profit through improved market share. Further reduce slow-moving stock and improve stock turn. Contain operational costs through cost leadership at every opportunity. Build the personnel pipeline by developing further new high-calibre store managers. Grow share of the commercial projects market.



RETAIL BRANDS

OVERVIEW AND PERFORMANCE MATRIX

CTM

Nature of business

Leading specialist retailer of tiles, laminate and vinyl flooring, taps, sanitaryware, shower enclosures, bathroom furniture and accessories.

Strategic positioning	Target market	Footprint
Big savings. More style.	<ul style="list-style-type: none"> • LSM 5 – 8. • Middle income DIY customers and small builders. 	<p>74* stores (2023: 74*) in South Africa and 25* (2023: 27*) in the rest of Africa.</p> <p>Corporate: 66* (2023: 66*) Franchised: 33 (2023: 35).</p> <p>One store opened (2023: 3) and three closed (2023: 0).</p> <p><i>* Includes four webstores.</i></p>

Key performance indicators	Trends 2024	Trends 2023
Sales	▼	▼
Average basket growth	▲	▲
Average selling price	▲	▲
Margins	▼	▼
Net profit	▼	▼
Stock turn	▼	▼
Average store inventory	▼	▼

Key differentiators

- Quality products with strong fashion component and wide range.
- Local and international buying power.
- Integrated supply chain ensuring consistent availability of stock.
- Outstanding customer experience in brick-and-mortar and online stores.

2023/24 priorities	Scorecard
• Develop our people and the depth of talent across the business.	Ongoing
• Maintain our high employee engagement score.	✓
• Grow market share by prioritising our customer-centric retail excellence disciplines. <i>Market share growth was impacted by the fiercely competitive landscape and pressure on disposable income in our segment.</i>	✗
• Continue to focus on the product offering aligned to our market segments.	✓
• Improve operational efficiencies.	✓
• Ensure consistent in-stock levels of business-critical products.	✓

2023/24 major achievements	2024/25 priorities and prospects
<ul style="list-style-type: none"> • Maintained our high employee engagement score to encourage and motivate performance of our teams. • Improved operational efficiencies and contained operating expenses in line with the prior year. • Appointed additional suppliers to mitigate against stock-outs and enhance our portfolio of leading-edge fashion to improve the overall customer experience. • Strengthened the leadership team with two experienced retail experts to support the Brand Leader. • Improved leadership development through our revised Future Leaders programme and intensive training with all CTM leaders to assist operators to navigate the challenging trading conditions. • Extensive development work has been undertaken on a new CTM customer satisfaction programme, with valuable input from retail experts on the Group's Board. This programme will be launched in September. 	<ul style="list-style-type: none"> • Continue to focus on enhancing the product offering. • Continue to enhance our customer centric culture and focus through our new customer satisfaction programme that will be launched in September. • Grow store operator depth. • Gain market share by prioritising our retail excellence disciplines to delight our customers. • Improve productivity and contain operational costs through cost leadership.



RETAIL BRANDS
OVERVIEW AND PERFORMANCE MATRIX
TopT

Nature of business

Retailer of home-finishing products including tiles, paint, ceiling décor, taps, sanitaryware, bathroom furniture, lighting, laminate flooring, window coverings, tile adhesives and accessories.

Strategic positioning	Target market	Footprint
Every price a LOW price.	<ul style="list-style-type: none"> • LSM 4 – 7. • Entry-level value offering strategically situated in underserved rural areas and outlying markets in close proximity to urban townships. 	<p>93* stores (2023: 93*) in South Africa.</p> <p>Corporate: 53* (2023: 53*) Franchised: 40 (2023: 40).</p> <p>2 stores opened (2023: 5) and 2 stores closed (2023: 2).</p> <p>3 stores relocated (2023: 3).</p> <p><i>* Includes one webstore.</i></p>

Key performance indicators	Trends 2024	Trends 2023
Sales	▲	▲
Average basket growth	▲	▲
Average selling price	▲	▲
Margins	▲	▼
Net profit	◀▶	▲
Stock turn	▼	▼
Average store inventory	▲	▲

Key differentiators

- Low-cost model.
- Flexible, opportunistic home-finishing product range.
- Affordability and availability of stock and accessibility to the market.
- Strong community relationships and local marketing.

2023/24 priorities	Scorecard
• Gain market share in our segment.	✓
• Open five new stores and close non-performing stores. <i>While non-performing stores were closed, the roll out of new stores was slowed, pending an improvement in market conditions.</i>	✗
• Improve core range and business-critical in-stock levels.	✓
• Continue to build the leadership pipeline at regional and store operator levels.	✓
• Grow the contribution of sanitaryware sales to total sales.	✓
• Roll out the new look-and-feel in targeted merchandise categories.	✓
• Each store to adopt a bespoke community project to enhance our strong local community relationships and build customer goodwill.	✓

2023/24 major achievements	2024/25 priorities and prospects
<ul style="list-style-type: none"> • Grew tile sales volumes in an extremely competitive trading environment. • Improved or maintained average business critical and core range in-stocks, and continued to work on reducing stock holding. • Significantly reduced stock control costs. • Company-owned stores grew sales and profits. • Reduced total overheads as a percentage of sales. 	<ul style="list-style-type: none"> • Gain further market share in our segment. • Open five new stores and close non-performing stores. • Continue to build the leadership pipeline at regional and store operator levels. • Continue to further increase the contribution of bathroomware to total sales. • Grow tile sales volumes through a consolidated but comprehensive range and competitive prices. • Increase stock turn and reduce slow-moving stock. • Improve productivity and contain operational costs through cost leadership.



SUPPLY CHAIN MANUFACTURERS OVERVIEW AND PERFORMANCE MATRIX Ceramic Industries

Nature of business

Manufacturer of tiles (South Africa and Australia) and bathroomware (South Africa).

Strategic positioning	Target market
Preferred supplier of tiles and bathroomware.	<ul style="list-style-type: none"> Retailers and wholesalers of fashionable and affordable tiles and bathroomware in South Africa, Australia and selected export markets.

Key differentiators

- Leader in design and fashion, creating desirable products.
- Low-cost manufacturing ensures affordable products.
- Local supply ensures an understanding of customer requirements and a short, reliable supply chain. This supports our 'always in stock' policy, with consistent volume supply of fashionable well-priced product.
- Complementary products for bathroom and complete home tiling solutions.
- Ceramic's factories use the latest technology in their operations and rank among the most energy efficient in the world. The majority of our clay requirements are supplied by our own quarries, which have adequate reserves to meet medium to long-term requirements. Raw material quarries are rehabilitated concurrently and once the end of productive life is reached.

TILE DIVISION

South Africa: Samca Wall (monoporosa wall tiles); Samca+ (hardbody rectified floor tiles); Pegasus (ceramic floor tiles); Vitro (extruded fully vitrified tiles); and Gryphon (glazed porcelain tiles).

Australia: Centaurus (glazed porcelain tiles).

Key performance indicators	South Africa		Australia	
	Trends 2024	Trends 2023	Trends 2024	Trends 2023
Sales	▼	▲	▼	▲
Production volumes	▼	▼	◀▶	▼
Average selling price	▼	▲	▲	▲
Margins	▼	▼	▼	▲
Net profit	▼	▼	▼	▲
Closing inventory	▲	▲	◀▶	▲

2023/24 priorities	Scorecard
• Increase market share. <i>Market share declined due to the weak trading environment and increased competition.</i>	✗
• Improve manufacturing efficiency to reduce costs and improve margins.	Ongoing
• Enhance the management team. <i>Key senior management positions were filled and management depth improved.</i>	✓
• Improve Samca+ volumes and yields.	↔
• Increase the polished production capacity at Gryphon and expand the range. <i>Given intensified competition in this market segment, and management's focus on improving plant and skills capability in the factory, a strategic decision was made to postpone expanding the polished product range.</i>	Ongoing
• Commission Vitro's third production line upgrade.	Underway
• Commission 0,6 MW solar power purchasing agreement at Samca+ and 1,0 MW at Samca Wall. <i>1,1 MW solar power was commissioned at the Samca Wall factory; the Samca+ agreement is currently under negotiation.</i>	✓

2023/24 major achievements	2024/25 priorities and prospects
<ul style="list-style-type: none"> Reduction in clay raw material costs. Completion of the Vitro production line upgrade is planned to go live in the first quarter of FY2025. A significant reduction in glaze costs was achieved through waste reduction across all tile factories. 1,1 MW solar power was commissioned at Samca Wall. 	<ul style="list-style-type: none"> Improve the quality of the product and customer service to defend and grow market share. Continue to improve efficiencies including the reduction of waste across all factories to mitigate against high input cost inflation and continued selling price deflation. Improve productivity. Resolve the threat to LNG supply and safeguard business continuity. Strengthen the sales and commercial team.



SUPPLY CHAIN MANUFACTURERS
OVERVIEW AND PERFORMANCE MATRIX
Ceramic Industries

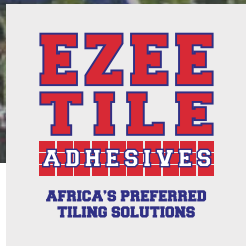
BATHROOMWARE DIVISION

Betta Sanitaryware (Betta) and Betta Baths.

Key performance indicators	Trends 2024	Trends 2023
Sales	◀▶	▲
Production volumes	▼	▲
Average selling price	▼	◀▶
Margins	▼	▼
Net profit	▼	▼
Closing inventory	▼	▲

2023/24 priorities	Scorecard
<ul style="list-style-type: none"> Continue to grow market share through import-replacement products and increased production of fashionable, popular products. 	↔
<ul style="list-style-type: none"> Improve manufacturing efficiency to contain cost increases below inflation and recover margins. <i>While the Betta Baths factory reported excellent yields and delivered flat year-on-year cost growth, Betta's Sanitaryware's improvement process is still underway.</i> 	✗
<ul style="list-style-type: none"> Complete commissioning of the new Betta warehouse and reduce product lead-times to customers. <i>This project has experienced significant delays and remedial action is currently being implemented. The delayed commissioning has no impact on existing operations.</i> 	✗
<ul style="list-style-type: none"> Increase capacity to manufacture free-standing baths. 	✓

2023/24 major achievements	2024/25 priorities and prospects
<ul style="list-style-type: none"> Betta Baths reported double digit profit growth, through cost reduction initiatives, improved yields and product mix. An import-substitute basin range was successfully introduced to the market. The existing heat-recovery system at Betta Sanitaryware was expanded; by re-using excess heat from the kilns, the need for gas-fired boiler systems for processing was eliminated. Betta's water-use licence application was approved. An improvement in waste-water management resulted in the reduction of the water-use footprint. 	<ul style="list-style-type: none"> Improve products and customer service to defend and grow market share. Improve efficiencies, including the reduction of waste and increase in yields. Drive cost rationalisation initiatives to recover margin. Improve productivity.



SUPPLY CHAIN MANUFACTURERS OVERVIEW AND PERFORMANCE MATRIX

Ezee Tile

Nature of business

Manufacturer of cement-based adhesives, grouts, water-based paints and related products. Comprises nine manufacturing facilities in Johannesburg, Durban, Gqeberha, Cape Town, Bloemfontein, Mokopane, Mombasa, Lusaka and Harare.

Strategic positioning		Target market	
Africa's preferred tiling solutions.		<ul style="list-style-type: none"> Primarily the Group's retail networks: Italtile Retail, CTM and TopT, as well as select open market customers including speciality tile retailers and big-box hardware stores. 	
Key performance indicators		Trends 2024	
		Trends 2023	
Sales		▲	▲
Average selling price		▲	▲
Margins		▲	▼
Net profit		▲	▼
Stock turn		▲	▲
Closing inventory		▼	▼
Key differentiators			
<ul style="list-style-type: none"> A national footprint of manufacturing plants which underpins Ezee Tile's 'always in stock' policy with consistent supply of products. Strong strategic partnerships with key raw material suppliers who provide access to latest technologies to improve quality while reducing costs. Largest producer status affords economies of scale. Vertical backward integration through our own silica quarry. 			
2023/24 priorities			Scorecard
<ul style="list-style-type: none"> Realise efficiencies in the new Vulcania factory. 			✓
<ul style="list-style-type: none"> Recruit critical skills and continue upskilling staff. 			✓
<ul style="list-style-type: none"> Entrench core elements of the Group's culture into the business. 			Underway
<ul style="list-style-type: none"> Complete the sand quarry purchase to secure long-term supply for the Vulcania factory. 			✓
<ul style="list-style-type: none"> Complete integration into the Group's TMS to improve on-time-in-full ("OTIF") deliveries and reduce costs. 			Underway
<ul style="list-style-type: none"> Capitalise on opportunities to continue to build market share in the specifications market and with independent/open market customers. 			Underway
2023/24 major achievements		2024/25 priorities and prospects	
<ul style="list-style-type: none"> Completed commissioning of all production lines at the new Vulcania facility, realising cost and efficiency benefits. Successful restructuring of the management and operational teams. Addition of core competencies into the business, to further enhance efficiencies. Making steady progress in embedding the core elements of the Group's culture into the business. Completed the sand quarry purchase and significantly increased supply of sand from this quarry to the Vulcania facility. Completed integration of the Group's TMS at the Vulcania facility and concluded planning for roll out to other branches. 		<ul style="list-style-type: none"> Continue to entrench core elements of the Group's culture into the business. Complete recruitment for key vacancies. Revisit and rationalise the product range to improve production efficiencies and costs. Improve efficiencies at the sand quarry and further increase supply to the Vulcania facility and other markets. Complete roll out of the Group's TMS to all branches in South Africa. Implement SAP warehouse management system at all branches in South Africa. Reinvigorate our drive to build market share in the specifications and projects market. Introduce a new partner into the Zambian entity and improve performance of the operation. 	



SUPPLY CHAIN IMPORTERS
OVERVIEW AND PERFORMANCE MATRIX
International Tap Distributors (“ITD”)

Nature of business

Importer and distributor of brassware and accessories.

Strategic positioning	Target market	
Experience water's inspiration.	<ul style="list-style-type: none"> Italtile Retail, CTM and TopT store networks. 	
Key performance indicators	Trends 2024	Trends 2023
Sales	◀▶	▼
Average selling price	▲	▲
Margins	▲	▼
Net profit	▲	▼
Stock turn	▲	▼
Closing inventory	▲	▼

Key differentiators

- Key component of the Group's vertically integrated supply chain.
- Long-standing relationships with international suppliers and extensive import experience.
- Efficient, state-of-the-art robotic warehouse facility.
- Leading product quality including the Tivoli range, the only major Italian manufactured brassware brand available in South Africa.

2023/24 priorities	Scorecard
• Grow sales volumes through market share gains, to offset constrained consumer spend. <i>Sales to Italtile and TopT improved, but declined at CTM – symptomatic of restricted disposable income among middle income consumers.</i>	✗
• Grow sales in the commercial projects segment to achieve meaningful and sustainable turnover improvement.	✓
• Capitalise on stable supply lead-times to drive improvement in retail stock turn.	✓
• Manage margins in the context of volatile local currency and cost inflation.	✓

2023/24 major achievements	2024/25 priorities and prospects
<ul style="list-style-type: none"> • Improved the stock turn in ITD and the system-wide retail network. • Maintained margins despite the impact of a weaker local currency. • Grew profitability due to improved overhead cost containment measures and enhanced working capital management, which increased finance income. 	<ul style="list-style-type: none"> • Sales volume growth through gains in market share is imperative in the context of continued constrained consumer spending and subdued investment sentiment. • Leverage progress made in the commercial projects segment in 2023 – 2024 to continue to deliver sustainable turnover growth. • Maintain pricing, but drive improvement in margin through enhanced procurement efficiencies and effectiveness. • Focus on improved productivity and intensified cost-containment measures to achieve profit growth targets. • Drive improvement in stock turns in ITD and system-wide through ongoing improvement of inventory management.



SUPPLY CHAIN IMPORTERS

OVERVIEW AND PERFORMANCE MATRIX

Cedar Point

Nature of business

Importer and distributor of laminate and vinyl flooring, bathroom furniture, shower enclosures, sanitaryware, décor and other home-finishing products.

Strategic positioning		Target market
Where service is the point. Ensure competitiveness of the Group's retail stores by consistently supplying quality, fashionable home-improvement products at attractive prices.		<ul style="list-style-type: none"> Italtile Retail, CTM and TopT store networks.
Key performance indicators	Trends 2024	Trends 2023
Sales	◀▶	▲
Average selling price	▲	▲
Margins	▲	▼
Net profit	◀▶	▼
Stock turn	▼	▼
Closing inventory	▲	▼
Key differentiators		
<ul style="list-style-type: none"> An integral component of the Group's supply chain across merchandise categories. Strong relationships with international and local stakeholders. Buying power derived from Group volumes and common-site synergies. Efficient warehousing and consolidated deliveries. 		
2023/24 priorities		Scorecard
<ul style="list-style-type: none"> Grow sales. <i>Volumes were flat on the prior year, reflecting weaker consumer demand.</i> 		X
<ul style="list-style-type: none"> Revise product merchandise categories and introduce new fashion. <i>Ranges were rationalised and better alignment was achieved with the stores to phase in current fashion and phase out unfashionable product.</i> 		✓
<ul style="list-style-type: none"> Improve stock turns and reduce inventory. <i>Ongoing global supply chain uncertainty affected the inventory landing timeline; some shipments arrived earlier than anticipated, leading to an over-stock situation.</i> 		X
<ul style="list-style-type: none"> Improve visibility of all imported stock from manufacture to the customer. 		Ongoing
2023/24 major achievements	2024/25 priorities and prospects	
<ul style="list-style-type: none"> Improved efficiencies in the destuffing process resulted in cost savings. Range rationalisation with the retail brands enabled us to bring in new fashionable product quicker. Substantially reduced slow-moving stock. 	<ul style="list-style-type: none"> Grow sales volumes through the store network. Improve stock turns and reduce system-wide inventory. Continue to enhance stock demand forecasting and planning with the retail network. Improve productivity in the distribution operation to pass on better pricing to the stores. Rationalise range and further reduce slow-moving stock. 	

SUPPLY CHAIN IMPORTERS
OVERVIEW AND PERFORMANCE MATRIX
Distribution Centre (“DC”)

Nature of business

Procures stock for the Group and is one of the largest importers of tiles in South Africa.

Provides warehousing, distribution and logistics services to the Group.

Target market

- The Group’s retail store networks and integrated suppliers.

Key performance indicators	Trends 2024	Trends 2023
Sales	▲	▼
Average selling price	▼	▲
Margins	◀▶	▲
Net profit	▲	▲
Stock turn	▲	▲
Closing inventory	▼	▲

Key differentiators

- Long-standing relationships with international suppliers and transport agents.
- Extensive multi-decade import experience.
- Bulk warehousing and efficient operations integrated into the Group’s TMS.
- Strong financial position facilitates optimal investment in inventory.

2023/24 priorities

- Continue to improve sales through the stores by procuring fashionable product at attractive prices.
- Improve OTIF and retail in-stocks.
- Further improve the average vehicle utilisation rate on the TMS.

Scorecard

- ✓
- ✓
- ✓

2023/24 major achievements

- Maintained margins by managing product price ladders and procuring more fashionable ranges.
- Grew net profit, notwithstanding the difficult trading environment.
- Improved inventory management, including reducing slow-moving stock.

2024/25 priorities and prospects

- Continue to focus on improving stock turn.
- Maintain the in-stock position for CTM and Italtile Retail.
- Continue to achieve savings on freight costs.
- Capitalise on opportunities to achieve continuous improvements in productivity and efficiency.



SUPPORT SERVICES

OVERVIEW AND PERFORMANCE MATRIX

Property investment portfolio

Retail properties	Manufacturing properties	Environmental sustainability
<ul style="list-style-type: none"> This portfolio affords strategic advantage to the retail brand operations by ensuring stores are well located, well presented and maintained, and contribute to an inspirational shopping experience. The portfolio is continuously evaluated and enhanced to ensure optimal returns. 	<ul style="list-style-type: none"> The Group's manufacturing operations comprise well-maintained state-of-the-art factories that are supplied with high-quality raw materials sourced from productive quarries in close proximity to the plants. 	<ul style="list-style-type: none"> The Group's sustainability agenda is promoted through the use of cost-effective, energy efficient practices in the construction of new buildings and the renovation of older buildings. Optimal use of natural light, solar technology, new-generation lighting, water-saving taps, rain water harvesting, boreholes and environmentally sensitive building materials is prioritised.

Target market

- Italtile Retail, CTM and TopT store networks.

Key statistics	2024	2023
Total number of stores	202*	209*
– Italtile Retail	15*	14*
– CTM	95*	97*
– TopT	92*	92*
– U-Light	–	6*
– ELK [#]	9 [#]	6 [#]
Retail property capex incurred (new and refurbishments)	R115 million	R338 million
Portfolio changes		
– Properties acquired	0	7
– Properties sold	3	2
New stores opened		
– Italtile Retail	1	0
– CTM	1	2
– TopT	2	5
– ELK [#]	3 [#]	3 [#]
Stores closed		
– TopT	2	2
– CTM	3	0
– U-Light	6	1

* Excludes webstores.

[#] Lease in Group-owned property.



SUPPORT SERVICES
OVERVIEW AND PERFORMANCE MATRIX
Property investment portfolio

2023/24 priorities		Scorecard
<ul style="list-style-type: none"> Increase returns by optimising store size and input costs; relocating non-performing stores; and ensuring keen negotiations on rental renewals. 		✓
<ul style="list-style-type: none"> Sell non-profitable/non-viable sites. 		✓
<ul style="list-style-type: none"> Drive green initiatives to ensure environmental sustainability and reduced dependency on municipal services through our programmes to implement solar and battery back-up, rain water harvesting and boreholes. 		✓
<ul style="list-style-type: none"> Continue to source and develop new sites. 		Ongoing
<ul style="list-style-type: none"> Continue to support the Group’s expansion programme by incorporating ELK offerings into our existing properties. 		✓
2023/24 major achievements	2024/25 priorities and prospects	
<ul style="list-style-type: none"> Three TopT stores were moved to better-located sites, reflected by the improved sales reported subsequent to them moving. Good progress was made on the goal to sell non-profitable/non-viable sites, with the sale of three sites. There is further progress to be achieved. Pilot hybrid-solar system projects were installed at CTM Northriding, CTM Brits, TopT Rustenburg and TopT Mabopane. Key metrics will be monitored and evaluated over the next financial year. 	<ul style="list-style-type: none"> Improve returns on the property portfolio in Southern Africa relative to trading investments. Sell non-profitable/non-viable sites. Review opportunities to convert leased sites to owned properties for high-performing TopT stores in proven markets (the target is three to five stores). In the context of materially higher land and construction costs, improve returns through optimising store size and building costs. Increase hybrid-solar system back-ups in CTM Gauteng stores. 	

CHIEF FINANCIAL OFFICER'S REPORT

It is a privilege to present my maiden report, on these, the Group's results for the 2024 financial year.

Lamar Booyesen
Chief Financial Officer



Significant change in the structure of the competitive landscape and continued weak consumer demand resulted in a decrease in volumes and earnings during the year, with margins and profitability in the manufacturing businesses being the most impacted.

The analysis below for the year ended 30 June 2024 focuses on the key elements of the Group's financial performance and statement of financial position, which management believes to be important for the understanding of the Group's performance. The review should be read together with the annual financial statements on pages 136 to 205.

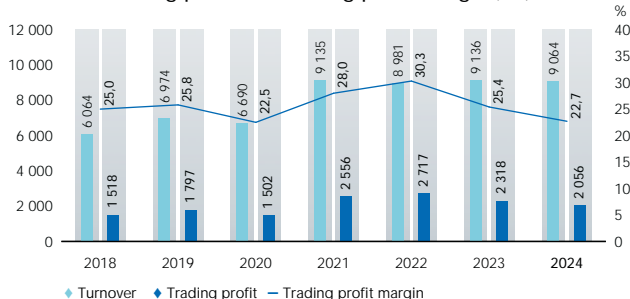
FINANCIAL RESULTS

Group financial results summary

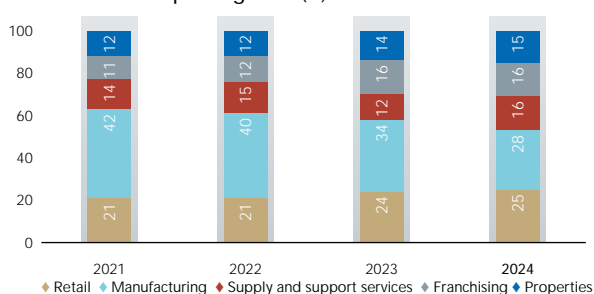
	2024	% change from 2023	2023
Group and franchise results			
Turnover (Rm)			
– by Group-owned stores and entities	9 064	(1)	9 136
– by franchise-owned stores	2 471	4	2 366
System-wide turnover (Rm)	11 535	–	11 502
Number of stores*	208	(4)	216
Group results			
Turnover (Rm)	9 064	(1)	9 136
Trading profit (Rm)	2 056	(11)	2 318
Total assets (Rm)	10 444	7	9 769
Cash and cash equivalents (Rm)	1 844	76	1 049
Number of shares in issue ('000)	1 321 654	–	1 321 654
Headline earnings per share (cents)	123,0	(7)	132,3
Ordinary dividends declared per share (cents)	49	(8)	53,0
Special dividends declared per share (cents)	78	100	–
Net asset value per share (cents)	708	10	642
Number of employees	2 297	(1)	2 477

* Includes webstores.

Turnover, trading profit and trading profit margin (Rm)



Profit contribution per segment (%)



Turnover

System-wide turnover for the financial year increased by 0,3% versus the prior year as a result of muted sales growth, as detailed in the divisional reports, with key factors being difficult macroeconomic conditions for businesses and consumers, increased competition (retail and manufacturing) and internal inefficiencies.

Consolidated turnover was 1% lower when compared to the prior year (R9 064 million versus R9 136 million) – and an improvement from the 3% decline recorded at the half year.

Retail

Gross retail store turnover decreased 1,5% versus the prior year, and 2,1% on a like-on-like basis. Overall, average selling prices increased 2,1% in the retail businesses, with decreases in volumes on the prior year in all merchandise categories except for showers, which increased by 8,8% versus the prior year. This is down from an average selling price increase of 2,6% at half year, primarily driven by changes to tile selling prices.

Company-owned stores' sales decreased 4,0% for the year to date, while franchise stores' sales increased 4,4%. A contributing factor to this disparity was the conversion of three CTM stores to franchise stores towards the end of the previous financial year. Excluding the impact of this move, Company-owned stores' sales decreased by 1,9%, while franchise stores' sales decreased by 0,7%.

Supply chain – import businesses

Sales by the supply chain businesses, (Cedar Point, ITD and DC), were collectively 1,5% higher than the prior year. Price increases were passed on due to exchange rate fluctuations, higher shipping costs and increased pricing from suppliers. These increases were delayed as long as possible, to support competitive pricing at the

retail level. The increases were staggered during the prior financial year, having a mixed impact on margins from a timing perspective in the current year. Average selling price growth was slightly offset by changes in the sales basket mix (for example, the move to lower-priced products as customers shopped down).

Supply chain – manufacturing

Manufacturing sales (aggregation of Ceramic Industries, Ezee Tile and PiViCal Panels) decreased by 6,3% on the prior year to R5 billion, as volumes remain under pressure at Ceramic Industries.

Similar to the impact on the supply chain businesses, the muted sales of the Group's retail brands impacted on the sales of both Ceramic and Ezee Tile. Ceramic Industries faces increased competition in the market as tiles from factories in Southern Africa continue to flood the local market and export markets.

Gross margin

On a consolidated level, achieved gross margin for the year to date decreased significantly to 41,1% from 43,2% in the prior year.

The manufacturing businesses collectively recorded a gross margin percentage decrease of 2,9% from the prior year, which had a significant impact on the Group's overall gross margin. Factors which have impacted on the gross margin include input cost pressures (inflationary increases on raw materials, fuel and electricity, and equipment spare parts), and low factory yields and production volumes. Tile volumes in particular have come under pressure due to the competitive factors detailed above.

The supply chain businesses' gross margin percentages were flat year-on-year. The businesses have done well to maintain margin despite the increased cost of goods purchased (increase in purchase price from suppliers due to their own cost pressures and weakening of the Rand), a change in sales mix (with customers shopping down in retail stores) and increased logistics costs (due to fuel price increases). DC recorded improved margins on imported tiles, as shipping costs decreased significantly from the prior year and purchasing opportunities were realised.

The manufacturing and supply chain businesses continued to limit and delay price increases to our stores and other retailers in order to support competitive retail prices. Retail margins increased only slightly by 0,21% on the prior year.

At a Group level, a decrease in the total inventory provision income statement charges for the year to date from R7 million in the prior year to a net reversal of R21 million in the current year has slightly offset the decrease in achieved gross margin percentages detailed above. In addition, changes in the store mix (movements in sales volumes between Company-owned and franchised stores) resulted in mix changes in the intercompany sales elimination on consolidation, which increased/decreased the margin dependent on the nature of store sales mix change.

Other operating income

Other operating income comprises various income received from franchised stores (rental, royalties, and IT and other service fees). The increase is attributable to:

- an increase in franchise store turnover;
- timing of franchise term renewals (and collection of related franchise fees); and
- an increase in rental rates charged to stores.

Operating expenses

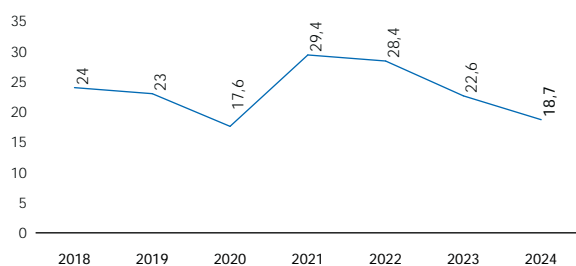
Operating expenses increased by 0,7% on the prior year (the increase is similar on a like-on-like basis). Notable movements for the prior year were recorded on the following expense items:

- manpower costs (including share-based payments and profit share) included in operating expenses decreased by 0,8%, mainly as a result of annual salary increases (near 6%), net of decreases in profit share offsetting the increase. On a like-on-like basis, manpower costs included in operating expenses decreased by 0,3%. The focus on productivity has assisted with maintaining costs, although significant opportunity to improve still exists;
- manpower costs including profit share related to the manufacturing businesses (included in the cost of sales line) increased by 3,7%, excluding profit share and share-based payment expenses, an increase of 8,9% was recorded. The increase is attributable to a deliberate investment in the leadership pipeline (including filling key vacancies), although steps are being taken to address productivity decreases (including reduction in headcount where necessary);
- JV Profit Share was flat year-on-year, reflective of the low-profit growth in JV stores;
- net distribution costs of Ceramic Industries and Ezee Tile (included in operating expenses) increased by 0,2% on the prior year, with

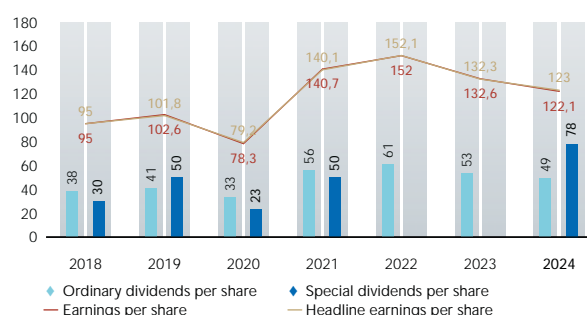
fuel price increases being offset by a reduction in distribution volumes. Similarly, net distribution costs in the retail and supply chain businesses decreased by 2,7%. Total net distribution costs for the Group decreased by 0,2% on the prior year;

- property costs included in operating expenses (excluding IFRS 16) increased 10,4% on the prior year on a like-on-like basis;
- depreciation and impairments (excluding IFRS 16) included in operating expenses decreased by 1,7% from the prior year as certain assets (including leasehold improvements and signage) became fully depreciated, while depreciation included in cost of sales (manufacturing businesses) increased by 9,2% from the prior year as a result of capital expenditure in the prior and current year. Return on recent capital spend has thus not been adequate. The total depreciation charge (including IFRS 16) across all business increased by 8,1% versus the prior year. Impairments of R15 million were recognised on properties for which agreements of sale have been concluded but transfer is pending;
- IT costs increased 11,1% year-on-year as various elements of this spend (e.g. IT licensing) are US dollar denominated, thus the weakening of the Rand has increased costs;
- total donations (by the Foundation Trust and Group companies) increased 1,5% on the prior year to R38 million;
- stock control costs decreased by 23,7% from the prior year in retail stores and distribution businesses. Elevated average stock levels continue to put pressure on stock control costs, particularly breakages, which increased by 1,5% compared to the prior year. Encouragingly, count variance costs decreased 24,2% from the prior year, although they remain of concern. Sample and display costs remained flat on prior; and
- travel and related expenses increased 14,0% for the period, predominantly due to increased fuel prices.

Return on shareholders' interest (%)



Per share figures (cents)



CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Trading profit

Trading profit decreased by 11% on the prior year as the decrease in sales and gross margin percentage was compounded by a R15 million impairment on property assets (cost reduced to realisable market value).

Finance income

Finance income increased by 85% from the prior year, which is largely attributable to an increase in the average cash holdings for the year and escalations in deposit/investment rates (following increases in the repo rate in the current and prior year).

Finance costs

Finance costs remained similar to prior year levels predominantly as a result of fixing of the interest rate on the R500 million properties' debt facility. The figure includes finance costs of R39 million relating to the IFRS 16 accounting of leases (2023: R31 million).

Taxation

The taxation expense decreased by 9% from the prior year as net profit before tax has decreased. Despite the decrease in the corporate income tax rate in the prior year to 27% from 28%, the effective rate remains above 28% as a result of non-deductible expenses, derecognition of certain deferred tax assets and prior year under-provisions.

Non-controlling interest

Earnings attributable to non-controlling interests decreased from the prior year as a result of the decrease in profits of businesses with minority partners.

Earnings per share

Earnings per share ("EPS") and headline earnings per share ("HEPS") decreased to 122,1 cents and 123,0 cents, respectively, from the prior year.

The slight disparity between EPS and HEPS is attributable to after-tax impairments of R11 million made on properties in the process of being disposed of at year-end.

A 1% decrease in the weighted number of shares from 1 210 million to 1 198 million shares (as a result of own share purchases during the previous and current financial years) resulted in a slightly lower decrease in EPS compared to the decrease in attributable profits after tax.

Property, plant and equipment

Capital cash expenditure of R597 million was incurred during the year on property, plant and equipment, with significant capital spend being as follows:

- new Ezee Tile Vulcania factory: R21 million;
- take-on of Silica Quartz property, plant and equipment: R16 million;
- Betta Robotic warehouse: R17 million;
- Betta moulds and heat recovery: R26 million;
- National Ceramic Industries Australia solar installation: R22 million;
- Vitro Poppi Kiln and rectification upgrade (including building): R185 million;
- Pegasus Kiln upgrade: R53 million;
- Pegasus Clay Plant upgrade: R37 million;
- other Ceramic Industries factory upgrades and capex: R89 million;
- retail buildings spend (new builds and land): R29 million;
- retail buildings spend (extensions and renovations): R36 million; and
- retail store revamps: R37 million.

R133 million of property, plant and equipment was reclassified as non-current assets held for sale.

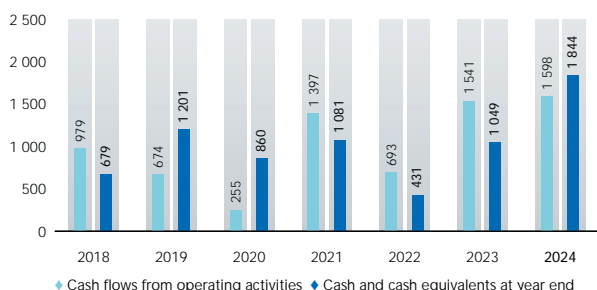
Inventory

The inventory balance of the Group, net of provisions and including goods on the water, has decreased to R1 271 million from R1 315 million at 30 June 2023 (a decrease of 3%). On a gross basis, prior to provisions and the goods in transit balance (R33 million at 30 June 2024 versus R43 million as at 30 June 2023), total inventory holdings decreased by 2,8% versus the prior year-end (R1 530 million versus R1 573 million).

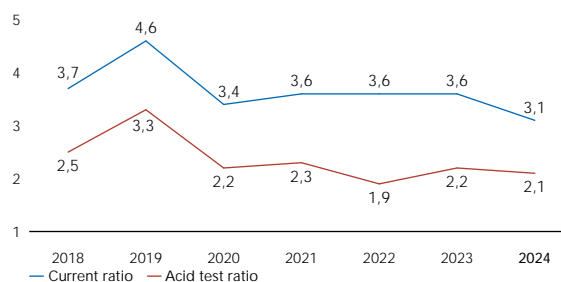
This decrease is predominantly attributable to stock clearances at U-Light, lower stock levels across all retail brands, lower stock levels at DC as imported tile sales increased and lower stock holdings at Ezee Tile as procurement efficiencies improved. These decreases were offset by a large increase in stock holdings at Ceramic Industries, Cedar Point and ITD; although an improvement at the local ports resulted in delayed shipments being received, there has been an excessive investment in stock at Cedar Point, which is being addressed.

Total inventory provisions increased slightly from the prior financial year-end to R259 million (2023 year-end: R258 million).

Cash flows (Rm)



Liquidity ratios (times)



The 12-month average financial stock turn has shown improvement in some businesses as a result of decreased average inventory holdings. However, the lower stock turn at Ceramic Industries was insufficient to offset the decrease in sales volumes, resulting in a Group stock turn increase of 0,8% to 6,23 times from 6,18 times for the previous financial year.

Cash and cash equivalents

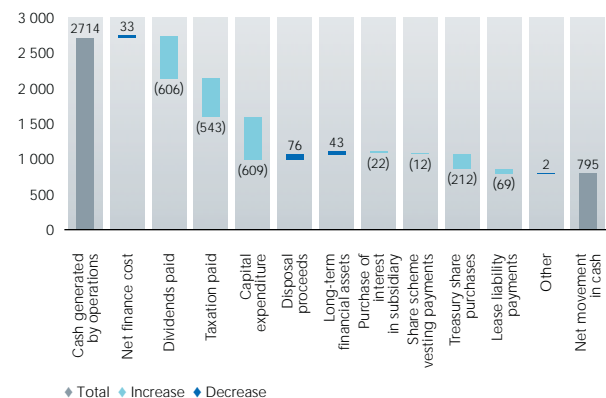
The Group's cash balance increased to R1 844 million from R1 049 million as at 30 June 2023, with cash generated by operations being offset by the following outflows during the year:

- capital expenditure of R609 million;
- dividend payments of R606 million;
- income tax payments of R543 million; and
- treasury share purchases of R212 million.

Trade and other receivables

The 22% decrease in net trade and other receivables from the prior financial year is attributable to a significant decrease in pre-payments for equipment and materials at Ceramic Industries as capital projects near completion and controls on pre-payments are tightened. This decrease was increased further by timing differences on receipt of payments from debtors. Overall, there has not been any noticeable deterioration in the average collection period on trade receivable balances.

Cash flows waterfall (Rm)



The doubtful debt provision decreased to R69 million from the prior financial year (June 2023: R101 million) as excess provisions were partially reversed and the provision utilised to write-off historic debts considered irrecoverable (for which provisions had been raised historically).

Trade and other payables

The 18% decrease in net trade and other payables from the prior financial year is attributable to timing differences on payments and stock purchases, as well as pre-payments for imported stock on the water.

Provisions

The 14% decrease in the provision balance is largely attributable to a 14% decrease in the profit share provision (R104 million versus R121 million at June 2023) following the payment of profit share during the period, including recent payments in February and March 2024 and a decrease in profitability year-on-year.

Further, the rehabilitation provision at Ceramic Industries has decreased by 26% from the prior year, as the provision raised for the sand mine acquired by the Group was reversed during the period as the provision has sufficient capacity to cover the future rehabilitation liability for the mine.

Interest-bearing loans

The decrease in interest-bearing loans to R500 million from the previous financial year-end balance of R552 million is attributable to the settlement of the US\$3,5 million facility for East Africa at the end of June 2023. The facility was settled early given increased interest and foreign exchange rate exposures related to the facility.

EVENTS AFTER REPORTING DATE

The directors are not aware of any matters or circumstances arising since the end of the reporting period which will significantly affect the financial position at 30 June 2024 or the results of its operations or cash flow for the year then ended.

INTERNAL CONTROL ENVIRONMENT

The general control environment remains robust and I have no knowledge of any fraud or suspected fraud which could have a material effect on the results of the Group.



INFORMATION TECHNOLOGY

Value delivery is an integral part of our IT journey to ensure a memorable customer experience from a technology point of view, and to ensure operational efficiencies throughout our business. The role of the Group's IT department is to create a vision and roadmap of strategic projects that support the Group's business strategy and operations. Tangible benefits such as data and information security, cost reduction, process improvement, automation, improved data acquisition and overall business efficiency are critical to all projects undertaken by the Group's IT department.

During the 2024 financial year, we continued to invest in strengthening our team, continued with our innovation journey which provides us with a competitive advantage in various operational areas, and improved on the security of our IT systems.

OUTLOOK

We anticipate that the trading environment will remain extremely challenging in the year ahead, with competition in both the manufacturing and retail segments likely to intensify. Notwithstanding the external challenges, we will focus on ensuring the business is fighting fit to retain our leading position in the market. We will continue our drive for customer satisfaction at all key touchpoints, and improve our efficiencies and cost leadership disciplines. Our most valuable asset – the exceptional people in this business – will be key to delivering on these goals and we applaud and value their contribution.

APPRECIATION

I would like to extend my sincere appreciation to:

- our shareholders for the constructive engagements and support over the year;
- our customers for their continued loyalty to our business and brands;
- our management and staff for their determination and commitment to delivering a world-class shopping experience and manufacturing process;
- our finance teams for producing sound financial information and reports;
- our CEO, Lance Foxcroft, for his leadership and guidance;
- our COO, Brandon Wood, for his mentorship and support in the handover process;
- our non-executive directors for their sound counsel;
- Mr Ravazzotti for his inspirational leadership and unrelenting pursuit of excellence; and
- our new Chairman, Luciana Ravazzotti Langenhoven, who shares our commitment to continuing to develop our exceptional company.



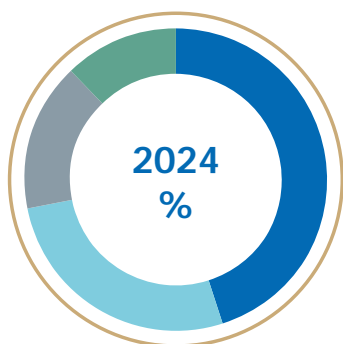
L Booyesen
Chief Financial Officer



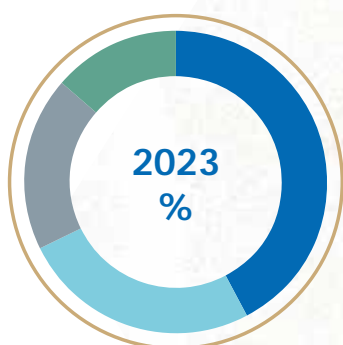
VALUE ADDED STATEMENT

	Group			
	2024 Rm	%	2023 Rm	%
Turnover and other income	9 483		9 532	
Net cost of goods and services	(4 996)		(4 768)	
	4 487		4 764	
Income from investments and interest received	120		65	
Value added	4 367		4 699	
Value distributed and retained				
Employees				
– Salaries, incentives and benefits	1 163	27	1 122	24
Providers of capital	693	16	867	19
– Outside equity holders	43	1	55	1
– Finance costs	87	2	82	2
– Ordinary and special dividend	563	13	730	16
Taxation	543	12	633	13
Reinvested in Group activities	1 968	45	2 077	44
– Depreciation	506	12	472	10
– Retained income	1 462	33	1 605	34
	4 367	100	4 699	100

Value distributed and retained (%)



- Reinvested in Group activities: 45 (2023: 44)
- Employees: 27 (2023: 25)
- Providers of capital: 16 (2023: 18)
- Taxation: 12 (2023: 13)



INDIRECT IMPACTS

The total economic impact of an organisation includes indirect impacts. These are usually benefits arising in the course of its business to which a monetary amount is not directly attributable. Italtile does not assess and quantify its indirect economic impacts although the Group does provide indirect economic benefits.

- The Group spent a net amount of R4 996 million (2023: R4 723 million) during the year purchasing raw materials and inventory as well as other products and services from suppliers. This in turn creates opportunities for suppliers to employ more staff to keep pace with the Group's demands.
- The Group paid R1 163 million (2023: R1 122 million) during the year to employees in the form of salaries, incentives and benefits. These employees in turn supported their families, contributing to the economic activity of their communities and the economy overall.
- During the year the Group paid R543 million (2023: R633 million) in taxation, for the ultimate benefit of all citizens in the territories in which it operates.

SUSTAINABILITY

The Group's sustainability agenda is reinforced by our practices, properties and product offering, that are designed and managed to limit the Group's carbon footprint, enhance the environment of local communities, and ensure the mental and physical wellbeing of our people.

The high-performance ethos embedded in our organisation will ensure its sustainability and value to stakeholders. Our commitment to customers and employees will continue to inspire better products, more satisfied customers and more loyal employees.





CHIEF EXECUTIVE OFFICER'S LETTER TO STAKEHOLDERS

Dear stakeholder

BUSINESS SUSTAINABILITY

Sustainability is embedded as a core value in the Italtile business. In my letter to stakeholders in the 2023 IAR, I noted that the Group had developed a new ESG sustainability strategy, underpinned by a range of KPIs that would improve alignment and focus across the business to achieve our ESG ambitions.

ADDRESSING STAKEHOLDERS' INTERESTS AND CONCERNS

Our management team has a well-established open-door policy in terms of being accessible to our key stakeholders and we strive to communicate with them regularly, transparently and with integrity. In the report on page 67, we identify our stakeholders and outline our engagements with them. We recognise that all of these groups are influenced and impacted by our strategies, policies and practices.

The year under review has been a particularly challenging one in the retail and building and construction sectors in which we operate. The difficult economic climate and financial pressure on consumers, resulting in weak demand, is widely acknowledged. Trading conditions have been further impacted by a significant structural change in the competitive landscape, which has featured the proliferation of production capacity – both locally and across our SADC borders – manufactured by some existing, but mostly new market players. For the first time, capacity is roughly double that of demand in South Africa, illustrating the watershed shift in the market.

Furthermore, uncertainty regarding energy supply, which was previously confined to load shedding and unscheduled power interruptions due to infrastructure failure, has expanded to availability of pipeline gas, which Sasol has communicated will be terminated at the end of June 2027 (this is colloquially referred to as the 'gas cliff'). As the primary supplier of piped natural gas to this country, Sasol's announcement has critical implications for our business, given that 70% of Ceramic's energy requirement is provided by natural gas.

In light of this range of existential issues and the material impact they might have on the business, this report encompasses and addresses the primary concerns, queries and areas of interest raised by our stakeholders during the year. I have broadly categorised their most frequently asked questions into: competitive landscape and business model; energy; and governance.

The second half of this report outlines our continued ESG journey and our commitment to creating sustainable value for all our stakeholders.

COMPETITIVE LANDSCAPE

Manufacturing

Q There is an excess of tile production capacity in SADC and cheap imports in the local market. Has there been a structural change in terms of competition? How have the barriers to entry changed? How do you defend against increased competition, especially if your competitors' cost base is structured differently to yours and they are prepared to sacrifice margins?

A In the past three years, new factories have been established in Zambia, Zimbabwe, Tanzania and Mozambique (in addition to local capacity coming on-stream). Two of the new Southern African competitors, (both headquartered in Foshan, China), are among the largest global producers, with many operations each. Unlike South Africa, many of our neighbouring countries offer attractive investor-friendly environments and incentives for manufacturers, which has encouraged this recent flurry of new investors. Furthermore, while import duties are charged on international products entering South Africa, products manufactured in other SADC countries are exempted from these duties. Additionally, global market demand has slowed, including in China, and the African continent is perceived as a good growth prospect.

Currently, production capacity in Southern Africa is roughly 160 million m² per annum, with demand being approximately 80 million m² per annum. Over the past six months, Ceramic's factories were running at 76% capacity, which had reduced to 62% at the end of the reporting period. The average market capacity utilisation is estimated to be just above 50%.

Given the excess capacity, there is a fierce price war taking place, with competitors sacrificing margin to gain market share. We expect consolidation in the market and rationalisation of production capacity.

Manufacturing continued

Q In this context, how will the business remain competitive and what are the implications for the business model?

A It is imperative that our manufacturing operation is profitable and earns its place in the vertically integrated business model. In this regard, we will monitor the environment closely, manage capacity and margins vigorously, and ensure that shareholder value is protected. Our goal is always to be fighting fit across the business, which means that our operations need to be lean, efficient, innovative and flexible at all times.

An extensive programme is underway to grow sales, extract efficiencies and unlock value across the business.

Ceramic supplies most of the Group's tile requirements. The retail operation also currently sources certain products from third-party suppliers in market segments that Ceramic chooses not to compete in. This strategy will continue.

In terms of supplying the open market, Ceramic's goal is to be optimally structured to manufacture products that offer differentiation in the market and capitalise on that margin opportunity. In the longer term, if demand continues to reduce, it may be necessary to structure a smaller, more efficient manufacturing operation, however it is premature at this point to speculate on whether that will be necessary. At all times, unlocking and protecting shareholder value is a key priority.

COMPETITIVE LANDSCAPE

Retail

Q With more manufacturers in the market and increased access to lower-priced imported products, more retailers could open. What is your strategy to defend market share? Would you consider partnering with other manufacturers? Would you be happy to put their products through your stores?

A The Group is recognised as the market leader in its sector, underpinned by long-standing high-profile trusted brands. Our mission has always been to offer the right product at the right time, place and price. In this regard, we will continue to buy products from a range of suppliers in market segments Ceramic does not compete in, to secure the right price and range to deliver an unsurpassed customer experience. In other segments, our factories manufacture products that compete at the highest level and are differentiated on fashion and quality. This will always afford our retail stores a competitive advantage.

Retail continued

Q Italtile has traditionally been a retail-driven business. Your most recent appointment announcements would indicate that retail skills are less critical. The CEO has a manufacturing background and the new COO has a financial background. Is there sufficient retail experience in the business and is there sufficient strategic retail expertise at Board level?

A Collectively across the Group, our depth of retail expertise is extensive. From our Board – which includes our founder, several brand-building experts and decades of hands-on experience – down to the shop floor, where retail excellence and sales training are core disciplines. Retail experience permeates across the organisation at every level, namely: senior management and Executive Committee, our seasoned brand leaders, human resource practitioners, product designers, in-house webstore and marketing specialists, franchise partners, regional managers, store operators and sales people.

Specifically, prior to my appointment at Italtile, I was with Ceramic Industries for 17 years. As a leading fashion manufacturer, our client service focus was entirely on exceeding our retail customers' demands, which meant at all times I was abreast of the latest fashion trends, consumption patterns, consumers' buying decisions, and customer satisfaction expectations. Similarly, here at Italtile, our CFO and now COO, served as the executive director responsible for the retail operation and subsequently the import supply chain business for several years before resuming the role of CFO. He has vast retail experience across the business. The two Brand Leaders of Italtile Retail collectively have more than 60 years of retail background, the head of CTM has 24 years of experience in this business, and our two TopT senior managers collectively have in excess of 30 years of retail experience. Additionally, our long-standing franchises have decades of experience. Italtile will remain intensely focused on growing our retail business and attaining our goal of being the best tile retailer.



CHIEF EXECUTIVE OFFICER'S LETTER TO STAKEHOLDERS CONTINUED

ENERGY SUPPLY: GAS CLIFF

Q There is a lot of discussion about the threat of uncertain natural gas supply. What is the gas cliff? What has caused it? How material is it to your business?

A The gas cliff refers to the potential shortage of natural gas in the country due to the announcement by Sasol, South Africa's key supplier of piped natural gas, that as of June 2026, they will no longer be able to supply the market due to the diminishing volume of their source in Mozambique. On 20 August 2024, Sasol extended this deadline to June 2027. While this extension is welcomed, approximately 70% of Ceramic's total energy requirements are supplied by piped natural gas, and hence securing sustainable supply of viably priced energy remains a key management priority.

In this regard, Ceramic, together with other key industry players, continues to discuss a further extension to the gas supply from Sasol on the following understanding:

- supply could be extended to mid-2028;
- this extension would be subject to additional costs, currently being investigated; and
- there would also be lower certainty in future resource volumes.

Ceramic also continues to negotiate with various suppliers regarding the possible supply of liquefied natural gas imported via floating storage regasification unit projects.

Our response

Management is hopeful the natural gas option will get across the line, but given the obstacles faced, the Group is taking a responsible, sensible risk mitigation approach to the issue, and will continue to work through the process and all options to ensure business continuity irrespective of the scenario that eventuates.

We are striving to establish a clear way through the crisis to enable the business to use natural gas in the longer term, should it become available at a viable price.

While gas is our preferred choice of fuel, in the event that viably priced natural gas is not available, the Board has approved a cautious phased approach to converting to synthetic coal gas, by commencing with the conversion of one kiln at the Gryphon factory to understand the technology, the costs, the degree of disruption, and the feasibility of converting back to gas in the event that the supply gets resolved. The cost of this conversion is estimated to be in the order of R90 million.

The Group has a long-standing position on environmental consciousness and commitment to reducing our carbon footprint. This serious consideration of coal as an option does not reflect an about-turn on our green goals. Sustaining business continuity, in the interests of stakeholder value, underpins this decision. We will continue to advance our green initiatives wherever possible in the business, as outlined in detail in the Environmental report on page 82.

If coal gas proves to be a viable option to ensure business continuity, we envisage a two-year process to convert our operations: in the first year, we will procure and test the equipment, and in the second, we will convert selected operations.

The pilot project to convert one kiln, as outlined, will provide critical insights into this option. Once that insight is available, we will then be in a position to provide detailed studies, models or other information that have informed a possible decision to convert to coal gas.

GOVERNANCE

Board composition

Q The non-rotation of directors and their lack of independence is a concern. Both the lead independent director and one other Board member have served in excess of nine years and are therefore not viewed as independent.

A The Board's view on director independence is assessed in accordance with the King Code on Corporate Governance as required by the JSE Listings Requirements, which states: "Independence generally means the exercise of objective, unfettered judgement. When used as the measure by which to judge the appearance of independence, or to categorise a non-executive member of the governing body or its Committees as independent, it means the absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making."

Principle 7 also states that "A non-executive member of the governing body may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the governing body conducted every year after nine years, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making."

Each year, when reviewing the composition of the Board in preparation for the AGM, the Nominations Committee reviews the independence of those directors who have served for more than nine years. At the Nominations Committee meeting, the director who is to be assessed, if a member of the Committee, is recused, with the decision on the independence being considered by the remaining members. The confirmation of the independence is reported to the Board.

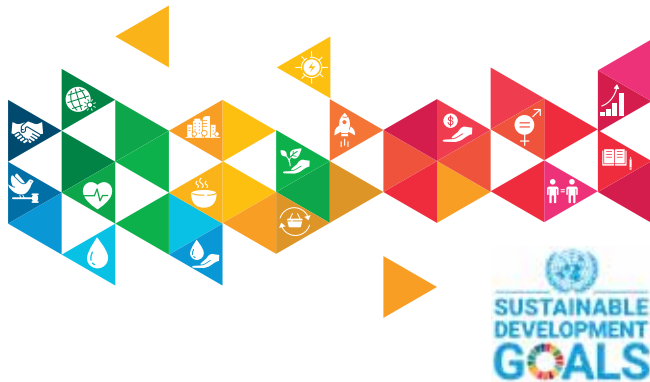
The Nominations Committee has annually assessed the independence of the two directors and is satisfied that they exercise objective, unfettered judgement and that they are independent. Non-executive directors with a long tenure and deep understanding of the business are considered valuable members of the Board. Neither of the two directors with more than nine years of service chair committees.

Board composition continued

Q Most of the directors have strong financial expertise, but in light of the existential issues that the Group faces at present, does the Board have sufficient strategic vision to navigate the challenges and revolutionise the business?

A The Board is comprised of directors with extensive experience from a range of sectors, including: retail, finance, legal, manufacturing and entrepreneurial. They all have comprehensive knowledge of our business, complemented by a vast array of skills and expertise in the broader economy. Their commitment to our ambitions for the Group and endorsement of our growth strategies is very encouraging and inspirational. I am confident that the Board’s blend of knowledge, experience and wisdom, positions us very favourably to navigate the hurdles in the current environment and continue to guide management in the evolution of the business as we move forward.

OUR ESG JOURNEY



Commitment to the key United Nations Sustainable Development Goals (“SDGs”)

Although not a signatory to the United Nations Global Compact, we have identified SDGs 2 to 15 and SDG 17 as being those to which we believe we can contribute the most and have the most impact on. These SDGs focus on promoting sustainability by eliminating extreme poverty, protecting the planet and ensuring prosperity for all. These SDGs are of vital importance to driving economic growth, addressing social and economic inequality and promoting short, medium and long-term sustainability. Our contribution to these SDGs is largely determined by the evolving landscape in our operating markets, as well as the interests and issues raised by our stakeholders.

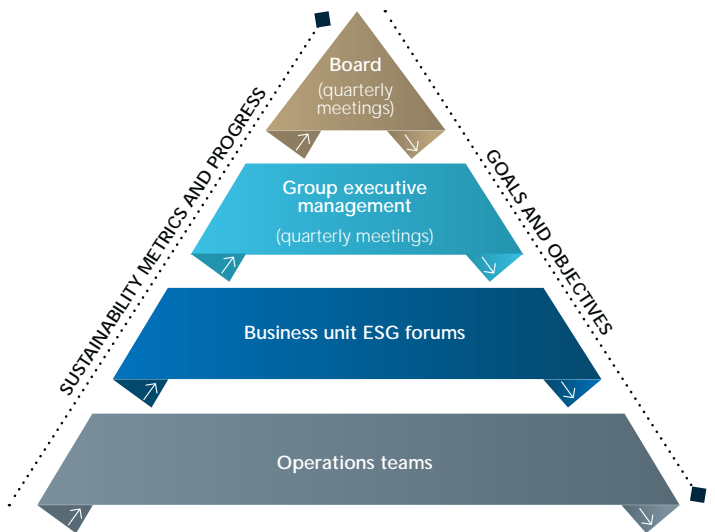
ESG accountability structure

- The Board is accountable for ensuring key sustainability policies, including the Codes of Conduct and Business and Ethics are communicated, understood and complied with by all Group businesses, employees and associates.
- The Social and Ethics Committee oversees ESG matters on behalf of the Board.
- Responsibility for promoting and implementing ESG policies is delegated to business unit senior management.

Communicating our ESG messages

Stakeholders

We aim to provide a transparent and consistent message on our performance, our plans to create value and our ESG progress, and we engage with stakeholders to ensure our strategies remain relevant and are cognisant of their changing needs and interests.



We welcome feedback from stakeholders, which can be directed to our Citizenship Manager at: KupsamyM@italtile.co.za

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee ("the Committee") is pleased to present its report for the financial year ended 30 June 2024.

In this report, the Committee, together with the executive management team, provides feedback on behalf of both Italtile and Ceramic Industries with respect to their performance in relation to social and ethics, as well as the Group's ESG imperatives.

The 2024 financial year saw a particular focus on health and safety in our factories, including the new Vulcania Ezee Tile factory. Our commitment to ensure the wellness of our employees continues and is equally balanced by our efforts to cultivate positive customer relations in our factories and retail stores.

The Committee is a sub-committee of the Board and is constituted of two non-executive directors and the relevant executive management representatives. The Committee met three times this year and has ensured that our deliverables are in line with our revised Charter as required by the Companies Act. The CEO, CFO, Group Company Secretary and Citizenship Manager continue to focus on the Group's overall compliance and reporting.

ROLES AND RESPONSIBILITIES

The Committee's role and responsibilities cover all statutory duties under the Companies Act and King IV, addressing the following:

- monitoring enterprise-wide social responsibility and ethics management processes;
- monitoring the Company's activities with regard to matters relating to social and economic development and good corporate citizenship, including the Company's promotion of equality, prevention of unfair discrimination, reduction of corruption, and contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
- recording of sponsorship, donations and charitable giving;
- monitoring the environment and health and public safety spheres, with specific reference to the impact of the Company's activities and its products or services;
- monitoring consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws;
- monitoring labour and employment legislation, including the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions, including children's rights issues, employee safety and health, fairness of remuneration and employee and organisational ethics management;
- monitoring the Company's guidelines for interaction with its stakeholders and ensuring that interactions are guided by the Constitution and Bill of Rights and the Company's ethics standards;
- determining clearly articulated ethical standards and ensuring that the Company takes measures to achieve adherence to these in all aspects of the business, thus achieving a sustainable ethical corporate culture within the Company;

- providing effective leadership based on an ethical foundation and ensuring that the Company is, and is seen to be, a responsible corporate citizen;
- monitoring the Company's compliance with the 10 Principles of the UN Global Compact, which address Human Rights (Principles 1 and 2), Labour Standards (Principles 3 to 6), Environment (Principles 7 to 9), and Anti-Corruption (Principle 10);
- ensuring that employee dignity is protected, that remuneration is appropriate, and providing assurance to stakeholders that the Company is in favour of the International Labour Organization Protocol on decent work and working conditions; and
- overseeing that the Company's core purpose, values, strategy and conduct are aligned with it being a responsible corporate citizen.

ENVIRONMENTAL REPORTING – SUSTAINABLE DEVELOPMENT STRATEGY AND UN GLOBAL COMPACT COMPLIANCE

During the 2024 financial year, the sustainable development principles and their impact on the retail and manufacturing divisions remained top of mind for the Group as we continued to adhere to relevant UN SDGs and Global Compact principles within our business.

GHG emissions and Carbon Tax

The Group collected and processed the data required to calculate and submit our National Greenhouse Gas ("GHG") Emissions Reporting and Carbon Tax obligations to the Department of Forestry, Fisheries and the Environment at the end of March 2024. The overall observation was that in 2023, the Group reported lower total GHG emissions than in 2022. While the carbon tax liability increased, this was attributable to the 9,43% increase in the carbon tax rate in 2023.

Ceramic Industries' tile factories make use of natural gas in the manufacturing process. During the 2023 reporting period there was a significant 6% reduction in fuel usage compared to 2022. This equates to a 5% reduction in GHG emissions and a 6% reduction in carbon emissions (tCO₂e).

Ezee Tile also recorded a decrease in fuel usage of 35% and a concomitant reduction of GHG emissions (tCO₂e) of 22%. These are pleasing results, and we look forward to further reduced consumption during 2024.

Water and waste management and solar initiatives

Boreholes have been installed on 27% of Company-owned properties, in line with our strategy to expand our overall water management initiatives to reduce water consumption and limit our reliance on municipal water in light of the country's water-shedding challenges.

In terms of waste management, in the 2024 financial year 60% of CTM stores in Gauteng and 86% of Italtile Retail stores recycled cardboard and plastic. In addition, Ceramic Industries provided training for all CTM and TopT stores on pallet recycling and implemented a project to collect all used pallets for reuse. A total of 8 195 pallets were collected between November 2023 and February 2024 and 11 486 kilograms of cardboard were recycled.

On the energy front, 13,32% of the total energy consumed by our retail stores is supplied by solar technology, installed at 45 sites – including three totally off-grid stores. Furthermore, seven stores have hybrid-battery energy storage systems.

For completeness, ESG content has been integrated into the employee induction and training programme across the Group. In addition, Ceramic's factories conduct training on environmental compliance, which comprises part of the Company's Workplace Skills Plans. This training content covers the handling of hazardous chemicals at Betta Baths and the waste management toolbox talk at Vitro.

STAFF DEVELOPMENT, TRAINING AND EMPLOYMENT EQUITY

Our employment equity focus remains on increasing and aligning our recruitment process to the Employment Equity Plans and sector targets, goals and objectives through holding managers accountable for delivering on these targets by:

- focusing on building our artisan pipeline through the millwright training programme;
- developing and implementing specific learnerships and formal qualifications for Ceramic;
- increasing the retail pipeline through the graduate learnership intake;
- building the Store Operator pipeline through the annual Future Leaders Programme for CTM;
- building the future succession pipeline through the annual TopT Trainee Manager Programme;
- building the junior management pipeline through the national bursary programme, CTM's Future Leaders Programme and TopT's Trainee Manager Programme; and
- focusing on coaching and mentoring to ensure successful retention and succession planning.

STAFF WELLNESS AND SAFETY

Our Employee Wellness and Assistance Programmes conducted through the Ask Nelson and Stratum Primary Healthcare programmes are well-received by our staff. Given the prevailing challenging economic environment, our employees receive stress management support and guidance on an ongoing basis via site visits as well as online platforms, which afford greater reach and more regular access. Our manufacturing business has experienced a 92% participation uptake during our planned wellness days, and we continue to undertake periodic medical and occupational wellness surveys.

Our 2024 results show a significant improvement in our Disabling Injury Frequency Rates ("DIFR"), largely underpinned by the downward trend at Ezee Tile from 4,29% in the 2023 financial year to 1,71% in the reporting period. Our Group target is to maintain the rate as close to zero as possible; we are pleased that Ceramic's rate is currently at 0,33%, owing to a concerted effort by management to adhere to consistent safety protocols, training and standard operating procedures.

The Group's annual Health and Safety Audits were completed in 2024. The unchanged 93% rating achieved by the retail business verifies that we display a "mature culture" – a clear indication that our workforce and management teams are committed to a culture of continuous improvement, managing and resolving risks, enforcing security protocols, and implementing ongoing safety and compliance training. In the manufacturing businesses, it is imperative that we make further improvements in training and compliance in the year ahead in order to progress these divisions from being classified as having a "proactive culture" to a "mature culture", in line with the retail business. The recent appointment of a dedicated Health and Safety Officer at Ezee Tile will ensure that the requisite health and safety standards and related issues are managed stringently across all its branches; a notable improvement is already evident at our Vulcania factory where the new officer is based.

B-BBEE STATUS

The Group has retained its level 2 rating.

LEGISLATIVE COMPLIANCE

A high-level Group risk compliance review has been completed by our legal advisory team and no material findings were noted.

ENGAGEMENT WITH STAKEHOLDERS AND CONSUMER RELATIONS

In line with the Listings Requirements of the JSE, our key stakeholders were once again engaged regarding the Company's performance, governance, compliance, ethical standards and conduct during the past financial year. Our CEO has effectively and consistently communicated openly with shareholders, investors, financial media, analysts and the general public. He has ensured that the Company's investment proposition is communicated accurately and honestly and he disclosed transparently around all areas of concern. These engagements are supported by the audited and validated financial and legislated reports.

Our marketing, public relations and customer complaints-handling are consistently being improved and updated and we strive to ensure speedy customer complaint turnaround and feedback. We continue to use and improve on various traditional, digital, social and online platforms to communicate and provide information and feedback to our customers, suppliers and service providers.

ACCOUNTABILITY OF THE COMMITTEE

The Committee is accountable to the Board and provides feedback to the Board of its meetings. The Committee makes the recommendations to the Board that it deems appropriate in any area within the ambit of its terms of reference where action or improvement is required.

AUTHORITY

The Committee conducts its affairs in compliance with its Charter and has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities. The Committee is authorised to take such independent professional advice as it considers necessary, the costs of which shall be for the account of the Company. Save for its duties provided for in the Companies Act, the Committee shall have no executive powers with regard to its findings and recommendations.

CONCLUSION

The Committee is satisfied that the Group has maintained an acceptable balance between its financial performance and its social, environmental, governance and employment responsibilities.

Based on all available detailed reporting and registers, the Committee deems that it has, in all material respects, achieved its objectives for the financial year ended 30 June 2024.



N P Khoza

Social and Ethics Committee Chairperson

20 September 2024

THE ENVIRONMENT WE OPERATE IN

Economy impacting our industry and customers

Local economy

- **high inflation** (affecting basic living costs and product and building costs)
- high **interest rates**
- **high unemployment**, indebtedness and low wage inflation
- **negative consumer** and investor sentiment evidenced by weak demand
- strained consumers purchasing **lower-cost alternatives**, affecting production mix

- **country-specific risks:** energy instability; deteriorating infrastructure; social unrest; government mismanagement; endemic crime and corruption – worsening in the **construction industry**

Global economy

- **intermittent shipping constraints**, volatile freight rates and international supply chain disruptions
- subdued **global demand** is driving suppliers to new markets and **intensifying margin pressure** locally

Regulation and governance

- **carbon tax**
- **shareholder and legislative pressures** on remuneration
- **legislative pressure** on transformation

Inequality and transformation

- **social imbalances**, income inequality and poverty prevail
- disparity in **gender and race representation**
- **historical inequities** and slow pace of **government reforms** continue to cause **socio-political instability**
- **transformation** (diversity, equity and inclusion) is a key business imperative, but hampered by the **small pool of employable skills** due to **underperforming education system**
- **widespread dissatisfaction** with the state's poor **basic service delivery record**

Disruptive technology and digital adoption

- **online sales** as a proportion of total sales rising globally
- **IT risk management** and **cybersecurity** are global concerns
- higher levels of **digital adoption** and changing consumer behaviour require more **focus on data analytics** and **business intelligence**
- **artificial intelligence** ("AI") and machine learning ("ML") becoming commonplace and **demand investment** to keep pace
- **digital marketing** increasingly **important and complex**




THE ENVIRONMENT WE OPERATE IN

The general context in which we operate impacts on our ability to achieve our strategic goal to create sustainable value for all stakeholders.

This report outlines the emerging as well as existing trends which prevail in our industry and market, the effect they have on our business, and our strategic response – which is aimed at mitigating or managing any negative impact, and wherever possible, capitalising on opportunities presented.

Increasingly, disruption (industry reconfiguration, social change, technology or other factors) and diversity (cross-cultural, gender, intergenerational), are becoming commonplace, alongside volatility, uncertainty, complexity and ambiguity.

 Refer to Our Stakeholders' report on page 67 and Strategic management of material risks report on page 70.

Competitive landscape

- **reduced freight costs** and low product pricing due to weaker **global demand** has improved feasibility of importing product, which **declined** during the pandemic
- **expansion** of offerings and production capacity by existing **local competitors**
- **proliferation of new entrants** in the **retail and manufacturing** segments
- SADC-based ceramic competitors engaged in **predatory pricing** in South Africa
- tile supply now **exceeds demand** in Southern Africa
- prices are **deflationary** and **margins under pressure**

Human capital and skills

- **shortage of retail and manufacturing-specialist skills.** Causes include: emigration, poor standard of education and historical inequities
- the Group's **demanding high-performance culture** proves **challenging for certain recruits**
- **poor productivity of local labour** (cost vs output)

Climate change and carbon footprint

- key components of **ESG considerations** for investors and customers
- **carbon tax** increasing in line with government's drive to reduce emissions
- **growing impact** is driving awareness and responsiveness of appropriate policies and practices

OUR STAKEHOLDERS

Our stakeholders influence and are affected by our policies, strategies and activities. The table below provides a summary of how value is derived for stakeholders, how we engaged with them, which of our material risks impact them and which information provided in our IAR is of importance to them.

1 SHAREHOLDERS AND FINANCIAL COMMUNITY

We strive to provide a sound investment case for the Company

Concerns and value derived	How we engage with our shareholders and financial community	Material risks*	Further information	
<ul style="list-style-type: none"> Sustainable earnings growth Acceptable return on investment and dividends Competent and ethical leadership Sound and responsible ESG practices and policies 	<ul style="list-style-type: none"> JSE SENS announcements IARs Annual general meetings Group website Results presentations One-on-one interactions with investors Annual and interim results 	1	26	Chairperson's statement
		2	34	CEO's report
		3	40	Review of operations
		4	51	CFO's report
		5	70	Strategic management of material risks
		6	108	Corporate governance
		7	136	Financial statements
		8		

2 EMPLOYEES

With our high-performance culture, we build strong, accountable teams and offer career growth and development

Concerns and value derived	How we engage with our employees	Material risks*	Further information	
<ul style="list-style-type: none"> Job security Career development Remuneration and recognition Equal opportunities Training and skills advancement Conducive working environment Economic and social support to their communities 	<ul style="list-style-type: none"> Employee surveys Performance reviews Training and skills development opportunities Newsletters Roadshows and conferences Regular meetings, extensive operational visits and other interactions 	1	34	CEO's report
		2	40	Review of operations
		3	51	CFO's report
		4	70	Strategic management of material risks
		5	108	Corporate governance
		6	136	Financial statements
		7		
		8		
		9		

* Refer to pages 70 to 74.

OUR STAKEHOLDERS CONTINUED

3 FRANCHISEES

Our profitable and sustainable franchise model supports the Group's growth and provides opportunity for entrepreneurs

Concerns and value derived	How we engage with our franchisees	Material risks*	Further information	
<ul style="list-style-type: none"> Strong brands Product quality Efficient and effective supply chain Marketing spend Good store location Franchise and business management support Profitable operations 	<ul style="list-style-type: none"> Annual brand conferences Franchisee forums Personal contact Call-in and online support Roadshows Regular meetings, extensive operational visits and other interactions 	1	26	Chairperson's statement
		2	34	CEO's report
		3	40	Review of operations
		4	70	Strategic management of material risks
		5	78	Transformation report
		6	136	Financial statements
		7		
		8		

4 SUPPLIERS AND BUSINESS PARTNERS

We strive to provide a sound investment case for the Company

Concerns and value derived	How we engage with suppliers and business partners	Material risks*	Further information	
<ul style="list-style-type: none"> Continuity of support Timely payment Fair treatment B-BBEE compliance Profitable operations Volume growth 	<ul style="list-style-type: none"> Annual brand conferences Franchisee forums Personal contact Call-in and online support Roadshows Regular meetings, extensive operational visits and other interactions 	2	26	Chairperson's statement
		3	34	CEO's report
		4	40	Review of operations
		5	70	Strategic management of material risks
		6	78	Transformation report
		7	136	Financial statements
		8		
		9		

5 GOVERNMENT AND REGULATORS

We strive to comply with all legislative and regulatory requirements

Concerns and value derived	How we engage with government and regulators	Material risks*	Further information	
<ul style="list-style-type: none"> Compliance with legislation and regulatory frameworks Tax revenues Transformation and employment equity Support for communities Responsible consumption of natural resources 	<ul style="list-style-type: none"> Regular interactions and submissions to relevant government institutions and regulatory bodies 	1	57	Value added statement
		3	78	Transformation report
		4	82	Environmental report
		5	108	Corporate governance
		6	136	Financial statements
		7		

* Refer to pages 70 to 74.

6 COMMUNITIES

Our success is dependent on the well-being and advancement of the communities in which we operate

Concerns and value derived	How we engage with our communities	Material risks*	Further information	
<ul style="list-style-type: none"> Economic and social support 	<ul style="list-style-type: none"> Local job creation opportunities Corporate social investment programmes 	1	78	Transformation report
		3	82	Environmental report
		4	91	Italtile and Ceramic Foundation Trust report
		6	98	Corporate social responsibility
		7	108	Corporate governance

7 CUSTOMERS

Our customers are central to all that we do and we strive to exceed their expectations

Concerns and value derived	How we engage with our customers	Material risks*	Further information	
<ul style="list-style-type: none"> Strong brands Value and quality offering Location accessibility Positive customer shopping experience Safe shopping environment Responsible sourcing 	<ul style="list-style-type: none"> Call-in and online support Print, digital and social media IARs Surveys and Net Promoter Score In-store interactions Annual and interim results 	1	82	Environmental report
		3		
		4	91	Italtile and Ceramic Foundation Trust report
		6	98	Corporate social responsibility report
		7		
8	108	Corporate governance		

* Refer to pages 70 to 74.

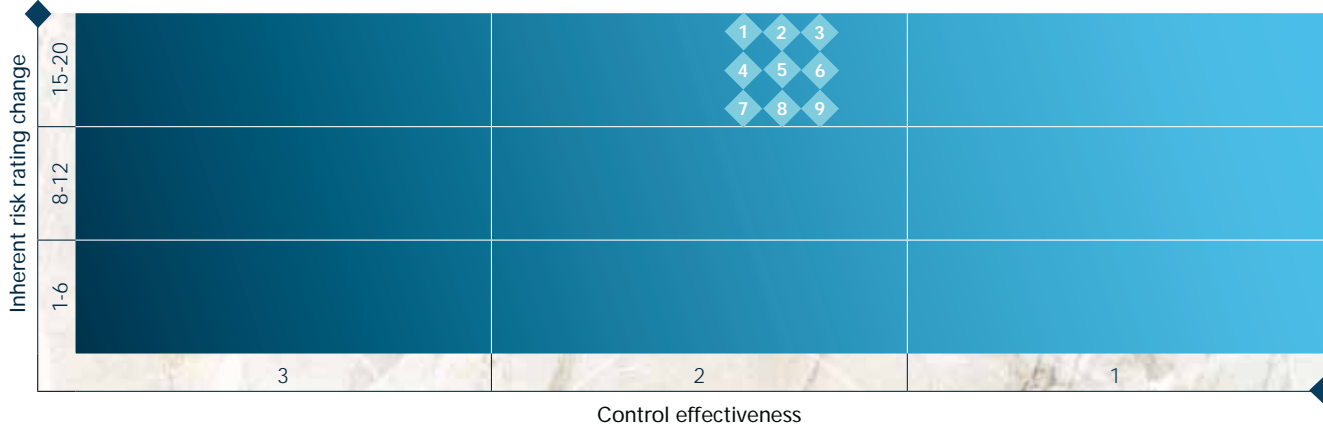


STRATEGIC MANAGEMENT OF MATERIAL RISKS

Framework and model

The Group has in place an Enterprise Risk Management framework which is based on a combined assurance model comprising: management, external audit and internal audit. This model and its related activities are structured to ensure that the Group's risks are adequately managed by formulating the Group's strategic responses on such.

Residual risk combined



On pages 70 to 74 is a summary of the Group's top risks and/or material issues based on their residual risk ratings. A summary of the strategic responses related to each risk is provided.

IDENTIFICATION OF RISKS

Identification of risks is based on:

- the Group's risk-bearing capacity (the capacity to absorb losses arising from risks without an immediate threat to the Group's continued existence based on its current business model);
- risk appetite (the amount and type of risk the Group is willing to accept in pursuit of its business objectives); and
- risk tolerance (the acceptable levels of variation relative to the achievement of the Group's objectives).

QUANTIFICATION OF RISKS

Certain financial measures form the basis on which these risks are quantified.

CATEGORISATION OF RISKS

Identified risks are categorised according to:

- inherent risk (a function of their potential impact and probability); and
- residual risk (based on the effectiveness of mitigating controls or responses to address the inherent risk).

The identified risks are encompassed in the following risk categories:

- supply chain disruptions;
- IT infrastructure and network vulnerability;
- loss of quality earnings/revenue/profitability/future growth;
- talent attraction/development/retention;
- brand identity and corporate image;
- regulatory compliance;
- manufacturing related; and
- occupational health and safety.

Risk category

Manufacturing related		Loss of quality earnings/revenue/profitability/future growth					IT infrastructure and network vulnerability	Talent attraction/development/retention
Interruption of energy supply due to unstable electricity supply and gas shortages	Increased competitor activity due to new factories in Africa and increased capacity at local manufacturers, resulting in loss of market share, decreases in volume and capacity utilisation, and reduced margins and profitability	Social unrest impacting operations	Loss of revenue, quality earnings and growth due to deteriorating political, social and macro-economic factors	Loss of earnings and future growth due to external market forces	Loss of profitability and/or market share if products do not remain fashionable	Loss of profitability and revenue due to increased input costs (gas price increases and inflation)	Network penetration	Staff inadequately trained
1	2	3	5	6	7	8	4	9

1 INTERRUPTION OF ENERGY SUPPLY DUE TO UNSTABLE ELECTRICITY SUPPLY AND GAS SHORTAGES

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> The supply of gas for the Group's factories (tiles and sanitaryware) is at risk as the current Mozambique pipeline gas reserves may be depleted by 2029 and supply could end as early as 2027. There are currently few other economically viable alternatives. Ongoing load shedding and disruption of electricity supply adversely impacts manufacturing operations. 	<ul style="list-style-type: none"> The Group is an active participant in the Industrial Gas Users Group ("IGUA-SA") which is advocating for alternative gas supply solutions for the industry. Continuous manufacturing improvements are made to reduce gas and electricity consumption. Contracted a small portion of gas supply from Renergen, an alternative gas supplier. Load shedding schedules are monitored and production is planned accordingly. Solar panels and back-up generators are used for alternative energy. Load shedding curtailment agreements in place with Eskom and municipalities to mitigate impact on tile and sanitaryware factories up to stage 3 load shedding. 	<ul style="list-style-type: none"> Explore alternative gas supply. A project has been approved to invest in and convert a production line to use a coal-based synthetic gas solution and to test this technology in our process. A combined heat and power plant project is being explored. A project to install 2 MW solar power at the Centaurus tile factory is underway.

2 RISK OF NEW ENTRANTS

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> Increased competitor activity due to new factories in Africa and increased capacity at local manufacturers resulting in loss of market share, decreases in volume and capacity utilisation, and reduced margins and profitability. Availability of tiles at wholesale increasing number of retail competitors. 	<ul style="list-style-type: none"> Constant monitoring of the basket of products purchased by each customer group. Diversification within the customer base to ensure no significant exposure to a single external customer group. 	<ul style="list-style-type: none"> Undertake actions to stimulate growth in tile volumes in South Africa. Enhance shopping experience. Continuously introduce new products into the offering and retain position as a fashion leader. Continuous improvement in manufacturing efficiencies and technologies to lower waste, improve yields and reduce production costs.

3 SOCIAL UNREST IMPACTING OPERATIONS

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> Social unrest in the areas in which the Group operates impacts retail and manufacturing activities. The risk is particularly relevant for Ceramic Industries' factories and the TopT retail stores. Most recently, instability in Kenya affected the trading of our CTM stores. Impacts safety of Group employees and customers. Risk of social unrest is elevated given the current social, political and economic conditions. 	<ul style="list-style-type: none"> Business interruption insurance cover is in place. The portfolio and marketplace are analysed on an ongoing basis to ensure risk is mitigated and targeted property returns are achieved. The Group has a Social Unrest policy in place primarily focused on the safety of Group employees and customers. Ongoing community engagement and social economic development activities are conducted in communities in which we operate. 	<ul style="list-style-type: none"> Continuous investment in and management of relationships with communities in which we operate.

STRATEGIC MANAGEMENT OF MATERIAL RISKS CONTINUED

4 NETWORK PENETRATION

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> External penetration of our networks (including hacking, phishing, etc.). Probability intensified due to increased web traffic to webstores which are integrated into SAP, ongoing high-profile hacking incidents internationally and increased remote access of our networks by employees. Website cloning and rerouting of online payments gateway via webstores and handheld scanners with integrated payment pebble. External penetration of Android-based handheld scanners used in the stores. Increased usage and access points with roll-out of new local stores, East Africa stores and webstores. 	<ul style="list-style-type: none"> Prevented with use of firewalls, segmentation of network landscape, implementation of secure socket layer certificates to encrypt end-to-end data and antivirus solution with additional patch management controls. Quarterly penetration testing performed by external service providers. Handheld scanners hosted on hidden network with secure sockets layer ("SSL") encryption enabled. Cyber insurance in place through reputable provider. Regular updates of passwords with complexity. Multi-factor authentication and mail filtering measures in place. Central patch management for end-user computers. Data loss protection enabled on cashier desktops. Quarterly review of all network policies and procedures and network and router configurations to assess and mitigate risks. Heat mapping of internal and external networks, reviewed on a monthly basis with senior management. 	<ul style="list-style-type: none"> Cyber security and penetration testing outsourced to third-party service provider. IT servers operate from secure cloud environment with redundancies. Upgrade firewall and related security hardware.

5 LOSS OF REVENUE, QUALITY OF EARNINGS AND GROWTH DUE TO DETERIORATING MACRO-ECONOMIC FACTORS

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> The deteriorating macro-economic conditions in South Africa may have an adverse impact on the ability of the Group to generate revenue growth and impacts the quality of earnings. 	<ul style="list-style-type: none"> Continuous close monitoring of circumstances with particular focus on further investments in South Africa. Adjustment of costing and pricing to support weak/ price-sensitive consumer demand (enabled by integrated supply chain and continuous focus on cost reduction, which provides flexibility on gross margin and pricing). Integrated supply chain allows for consistent stock supply, with approximately 74% of product procured locally. Comprehensive e-commerce offering expands retail reach. Continuous monitoring of socio-economic developments and their impact on business sustainability and operations. 	<ul style="list-style-type: none"> The Group's high standing among customers will be maintained by continuing to deliver an offering in line with customer demand. In this regard, continuous improvements in range, pricing, and customer experience are crucial. Expand local TopT retail footprint.

6

LOSS OF EARNINGS AND FUTURE GROWTH DUE TO EXTERNAL MARKET FORCES

Risk description	Mitigating controls	Strategic responses
<p>Loss of earnings and future growth due to:</p> <ul style="list-style-type: none"> external market forces such as worldwide trends (e.g. product substitution) and economic conditions (e.g. exchange rates); competitor activity and/or an increase in competitors in the retail market; convenience of alternate retail channels such as e-commerce and boutique offerings; challenges in obtaining SABS or similar approval; and inability to keep pace with rapidly changing customer expectations. 	<ul style="list-style-type: none"> Regular regional meetings are held to source insight into markets, receive product feedback and communicate fashion trends, product innovation, merchandise and store improvements, market analysis and opportunities for growth. There are experienced brand/divisional/supply chain managers in the business, who focus on key products and areas. Ongoing cost/pricing adjustments (enabled by integrated supply chain and continuous focus on cost reduction, enabling flexibility on gross margin and pricing) and expansion of distribution channels (e.g. e-commerce). Store displays and trading space are continually refreshed, and ideas shared across the Group via various mediums. Ongoing 'competitor shopping' is undertaken and necessary responses implemented. Inventory provisioning process in stores ensures improved product lifecycles. Business optimisation programme ("BOP") utilised to improve in-stock levels of business-critical items, and management/exit of slow-moving inventory. Expansion of product categories and foreign operations (rest of Africa). 	<ul style="list-style-type: none"> The Group's stated intent is to be a world-class, low-cost retailer through alignment of customer satisfaction and profitability. By providing an unparalleled shopping experience and implementing best practice business principles across its operations the Group will continue to advance its achievements of this goal. Work with suppliers and leading experts to ensure 'wow' factor maintained for products and merchandising. Reduce operating costs and improve productivity across the business. Maintain investment in our strong brands and new product development. Grow turnover contribution of the webstores.

7

LOSS OF PROFITABILITY AND/OR MARKET SHARE IF PRODUCTS DO NOT REMAIN FASHIONABLE

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> Not remaining fashionable is a major risk and has significant influence on the market share enjoyed by the business. The risk is especially pertinent for the age group of 35 and below. Customer expectations not satisfied with product offering. 	<ul style="list-style-type: none"> Regular regional meetings are held to source insight into markets, receive product feedback and communicate fashion trends, product innovation, merchandise and store improvements, market analysis and opportunities for growth. There are experienced brand/divisional/supply chain managers in the business, who focus on key products and areas. Attendance at international trade fairs. Ongoing cost/pricing adjustments and expansion of distribution channels (e.g. e-commerce). Store displays and trading space are continually refreshed, and ideas shared across the Group via various mediums (e.g. operations newsletter). Ongoing 'competitor shopping' is undertaken and necessary responses implemented. Inventory provisioning process in stores ensures improved product lifecycles. BOP utilised to improve in-stock levels of business-critical items, and management/exit of slow-moving inventory. 	<ul style="list-style-type: none"> Work with suppliers and leading experts to ensure 'wow' factor of products and merchandising. Optimal range/pricing structures will remain a priority. The Group's high standing among customers will be maintained by continuing to deliver an offering in line with customer demand. In this regard, continuous improvement in the approach to product research and development is crucial.

STRATEGIC MANAGEMENT OF MATERIAL RISKS CONTINUED

8 LOSS OF PROFITABILITY AND/OR REVENUE DUE TO SIGNIFICANTLY INCREASED INPUT COSTS

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> Increased input costs (including local inflationary pressures or a significant gas price increase) will negatively affect gross margins. Margins could be managed through sales price adjustments, but this will impact product affordability, and sales volumes may decline as consumers with constrained discretionary spend defer or reduce home improvement spend. 	<ul style="list-style-type: none"> Ongoing cost/pricing adjustment through continuous focus on cost reduction. Consistent focus on ensuring our brands remain top of mind and are the first choice in the market will drive sales. Local integrated supply provides a high-quality affordable import substitute offering. 	<ul style="list-style-type: none"> Effective management of internal costs. Optimise price laddering, product mix and promotional activity. Long-standing industry experience and cutting-edge technology position the business as a high-fashion low-cost producer.

9 STAFF INADEQUATELY TRAINED

Risk description	Mitigating controls	Strategic responses
<ul style="list-style-type: none"> Individuals are not adequately trained/developed, and succession planning may be inadequate. Shrinking talent pool in South Africa. 	<ul style="list-style-type: none"> The Group conducts various training courses and operates an established Tiling and Plumbing Academy. Training spend is significant. Divisional management and the executive directors of the Group are closely involved in the operations of the business and regular regional meetings are held, as well as other regular interactions. The business implements career advancement training which comprises its Future Leaders Programme (“FLP”) and other university-affiliated courses. Senior management and executive directors partake in executive development programmes run by reputable institutions with relevant expertise. The Group has a culture of developing and promoting from within, and various initiatives and programmes are in place to foster this. Employee engagement surveys are conducted and reviewed by Group management. E-learning platforms are in place with Group and retail-specific content. International expertise is sought for manufacturing where necessary, with key focus being transfer of skills. 	<ul style="list-style-type: none"> Instil greater retail-specific focus in training and development programmes; attract and retain key talent through promoting business partnerships; and encourage commitment to business success through development programmes and remuneration and reward strategies. FLP will continue to serve as an important mechanism to build leadership capacity in the Group. Instil high-performance culture.

HUMAN RESOURCES AND TRAINING

Our Human Resources (“HR”) and Training division adds value to the business through recruiting and retaining fit-for-purpose personnel and developing and empowering the Group’s human capital resource through relevant training and support.

This report contains key information regarding the Group’s people profile, including our labour and health and safety statistics. In addition, it provides an overview and performance appraisal of the HR and Training division’s activities, achievements and priorities across the business.



Labour

2 554

Total number of employees

(this excludes employees of our franchisees)

(2023: 2 726)

Note: certain information in this report has not been reported on previously, and hence there are no published comparatives. Our goal is to continue to improve our disclosure in this regard.

2 297

Number of employees – permanent

(2023: 2 477)

89,93%

Percentage of employees who are permanent

257

Number of employees – fixed term (>90 days) apprentices, interns and learners

(2023: 244)

0

Number of employees – temporary (<90 days)

(2023: 5)

23

Total number of contractors

2 577

Total number of employees and contractors

7,6%

Percentage of employees who belong to a trade union

(2023: 5,4%)

28,7%

Employee turnover (i.e. percentage of persons who departed relative to the total number of employees at year-end)

(2023: 32,7%)

6 032 658

Total number of person hours worked (“PHW”)

(2023: 6 120 330)

2 537

Total number of employees trained for skills, including internal and external training interventions

(2023: 2 308)

37

Total number of employees with disabilities trained for skills, including internal and external training interventions

(2023: 57)

R18,1 million

Value of employee training spend

(2023: R20,8 million)

5 452

Total number of person days lost due to absenteeism (including sick leave)

(2023: 8 929)

0,09%

Percentage of total person days lost due to absenteeism

(2023: 0,27%)

0

Total number of person days lost due to industrial action (i.e. strike action)

(2023: 0)

20,28%

Percentage of employees under the age of 30

(2023: 25,24%)

71,87%

Percentage of employees aged between 30 and 50

(2023: 68,56%)

7,85%

Percentage of employees over the age of 50

(2023: 6,2%)



Labour continued

94%

Percentage of employees trained in South Africa (this includes employees who have exited the business in the current financial year)

89,4%

Percentage of training spend in South Africa

R17 739 835

Total annual remuneration of highest paid employee

R101 184

Total annual remuneration of lowest paid employee

R163 489

Median remuneration of all employees

R270 427

Average compensation per male employee

R316 682

Average compensation per female employee

85%

Ratio of male:female compensation

36,87%

Percentage of management (Top and Senior) who are women

72,5%

Percentage of management (Top and Senior) deemed HDSA

1,28

Ratio of lowest paid wage to legislated minimum wage – South Africa



Health and safety

0

Number of fatalities (i.e. injuries on duty leading to death) (2023: 0)

35

Number of lost time injuries (“LTI”) i.e. injuries on duty leading to at least one lost day (2023: 37)

0

Fatal injury frequency rate (“FIFR”) i.e. number of fatalities per 200 000 person hours worked (2023: 0)

1,16%

Lost time injury frequency rate (“LTIFR”) i.e. number of LTIs per 200 000 person hours worked (2023: 1,21%)

<1

Group LTIFR and/or TRIFR target (2023: <1)

78

Number of first aid cases (“FACs”) i.e. injuries on duty leading to minor treatment (i.e. plaster or pain tablet)

22

Number of Medical Treatment Cases (“MTCs”), i.e. injuries on duty leading to treatment, but no lost days

Governance

8

Number of whistle-blower incidents reported

3

Number of whistle-blower incidents leading to disciplinary hearing

0

Number of employees receiving disciplinary action

0

Total value of political contributions made to political parties

N/A

Breakdown of contributions to political parties

0

Total number of complaints received concerning breaches of customer privacy

0

Number of allegations of discrimination and/or human rights violations in the workplace

ITALTILE GROUP

Key performance indicators	Trends 2024	Trends 2023
• Recruitment and retention of fit-for-purpose personnel.	◀▶	◀▶
• Engagement with employees across the Group.	▲	▲
• Development of appropriate skills training, learnerships and competencies.	▲	▲
• Support the Group's growth objectives and overriding strategy to deliver an incomparable customer experience.	◀▶	◀▶
• Improve productivity and performance to achieve best practice benchmarks.	◀▶	◀▶
• Develop leadership capability and capacity.	▲	◀▶
• Number of training programmes conducted.	▲	▲
2023/24 priorities	Scorecard	
• Recruit senior executives to strengthen the team at Ceramic Industries.	Ongoing	
• Complete the Ceramic Technology Learnership for sanitaryware and tiles at NOF 2.	Underway	
• Partner with a disabled service provider to develop employment opportunities.	✓	
• Provide work opportunities for high-performing bursary recipients as a potential feed into pipeline.	Ongoing	
• Train and develop the pipeline for joint-venture partnerships in CTM.	Ongoing	
• Implement an organisational restructure in the Human Capital division to improve expertise and effectiveness.	Underway	
• Develop and build the pipeline of factory managers through a robust and fast-tracked trainee manager programme.	Ongoing	
• Build and improve team cohesiveness through mentoring and coaching programmes.	Ongoing	
2023/24 major achievements	2024/25 priorities and prospects	
<ul style="list-style-type: none"> 79% of participants in the CTM Future Leadership Programme were promoted into leadership or acting leadership roles. The Graduate Leaner programme delivered 51% on the pipeline. The majority of key and critical roles were filled at Ceramic. Improvements were made to enable the workplace to accommodate disabled learners. Unemployed youth initiatives were implemented through the learning academy and learners were recruited into the programme. 96 internal employees and 40 unemployed learners participated in the Apprenticeship Learning Platform, which is the feeder into the apprenticeship pipeline at Ceramic. Ceramic developed a technical curriculum for maintenance planning and reliability engineering. Maintenance planners are being trained on the curriculum. 	<ul style="list-style-type: none"> Recruit senior executives to strengthen the team at Ceramic. Develop and build the pipeline of factory managers through the Trainee Factory Manager Programme. Formalise the Mentorship and Coaching Programme for junior and middle managers at Ceramic. Build on the leadership and technical competence of business-critical positions and key talent across the Group. Continue to focus on developing, mentoring and coaching store operators at CTM and middle-level management at Ceramic. Implement findings from the organisational restructure currently underway to improve and enhance the effectiveness of the business. 	

EMPLOYEE ENGAGEMENT AND SENTIMENT

The Group conducts a voluntary independent evaluation survey annually to assess the quality of engagement with employees.

Italtile

In the 2024 assessment, a score of 76% (2023: 74%) was achieved. In accordance with the scoring methodology implemented, this positions Italtile in the Top Company Grouping, classified in the category, "Striving to be world class". Overall, the communication channel effectiveness scores are classified as, "An Organisation that is dynamic and is considered a role model of excellence." Year-on-year, the scores for individual elements improved by 2,69% and reward and recognition by 4%. The employee response rate was 88% (2023: 81%). Our goal for the year ahead is to address the lowest scoring elements, namely the working environment and reward and recognition.

Ceramic Industries

In the 2024 assessment, Ceramic attained a score of 64% (2023: 70%). This decline was anticipated, given the poorer financial results delivered by the business and consequent impact on profit share. Remedial measures implemented to turn around the division's performance, including demanding performance standards and targets and limited retrenchments, also impacted adversely on employee sentiment.

The results achieved in the survey reflect consistent organisational strengths, with opportunities for improvement. In accordance with the methodology implemented, the score classifies the business as, "A more positive than negative climate and culture, and improvement is required". The employee response rate was 81% (2023: 70%); this increase in participation is encouraging.

The goal for the year ahead is to focus on improvement interventions, aimed specifically at the factories and those elements with the lowest scores, to support the performance drive underway in the business. Interventions will include capacitating competent teams and enhancing skills levels, which are expected to have a positive impact on productivity and work experience.

TRANSFORMATION REPORT

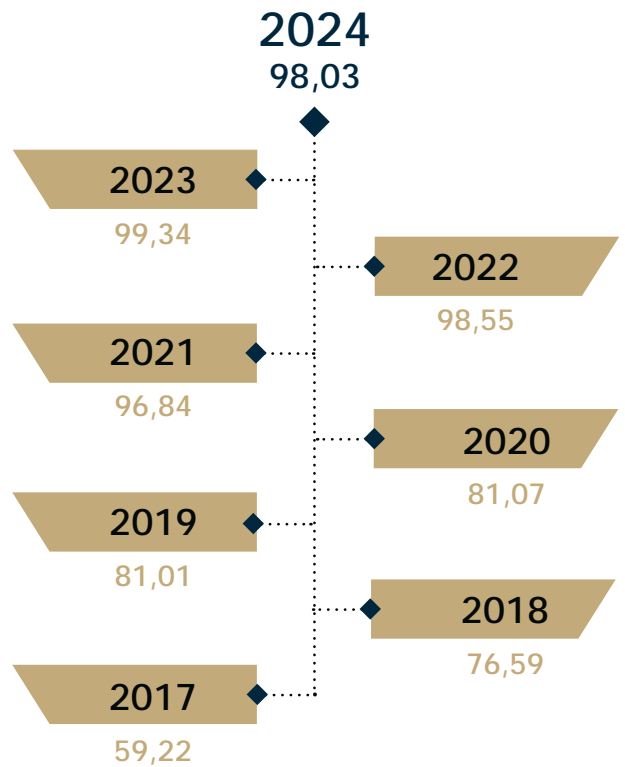
The Group regards transformation as a social, moral and strategic business imperative. Management recognises that as a responsible corporate citizen, the Group has an obligation to contribute to bringing about a more equal and inclusive society – starting within our own business. Our transformation strategy is closely aligned to the objective of the B-BBEE Codes and we employ an integrated approach to accelerate transformation across the Code’s five criteria.

B-BBEE CODES



Employment Equity Committees, comprising senior management, are tasked with driving transformation – including B-BBEE – in the Group. The Committees meet quarterly to gauge and manage progress against set targets.

Sustained focus and implementation of a range of meaningful interventions over recent years has enabled the Group to improve its



B-BBEE status from non-compliant in 2016 to compliant at level 2 in 2024. The rating for the year under review is lower than the prior year due to less spend in this area, as a result of the adverse trading environment and the Group’s weaker performance. Although every effort will be made to maintain a high score, in light of continued unfavourable conditions, this rating is expected to decline further in the year ahead.

Our B-BBEE verification certificate is published on page 81.

B-BBEE SCORE ANALYSIS



B-BBEE 2024		
Level 2	Ownership	Management control
98,03	21,26	12,31
	Level 4	Level 7
Skills development	Enterprise and supplier development	Socio-economic development
16,61	42,84	5
Level 4	Level 1	Level 1

Our qualifying and recognised spend on the B-BBEE scorecard totalled R112 million (2023: R142 million), allocated primarily to:

- skills development, including bursary spend of **R46 million** (2023: R58 million);
- supplier and enterprise development grants of **R2,1 million** (2023: R4 million); and
- donations to the Italtile and Ceramic Foundation Trust ("Foundation") of **R15 million** (2023: R25 million).

Skills development

The Group continued to invest in a range of skills development programmes focused on employees from previously disadvantaged groups. These included:

- sponsored partnerships with academic institutions to further the education and develop the leadership competencies of **115** employees (2023: 35);
- **111** employees were sponsored with bursaries (2023: 78);
- a total of **67** bursaries (2023: 31) sponsored for children of our employees studying at higher educational institutions;
- **81** bursaries (2023: 128) awarded to external students studying at higher educational institutions;
- in total we provided **16** internships (2023: eight) and **121** learnerships (2023: 247) for both qualified students and inexperienced job seekers, with **50** of those learners (2023: 27) ultimately being employed in the Group; and
- accredited training academies, and local and international courses and e-learning tuition across our brands for our employees, our franchisees and their employees. These training interventions reached **4 731** Group employees and franchisees (2023: 3 397) during the year.

Enterprise and supplier development

In addition to our spend with suppliers with improved B-BBEE credentials (including black ownership), the Group recognises the importance of meaningful Enterprise Development and Supplier Development initiatives to create jobs and grow a sustainable resource of successful black-owned businesses.

In this regard, the Group supports a number of black-owned businesses with grants and/or preferential rate funding. Beneficiaries of such include suppliers of finished goods, service providers, and funds focused on investing and growing black-owned businesses.

Recognised weighted B-BBEE procurement spend on our B-BBEE scorecard was as follows:

Category	2024 Rm	2023 Rm	2022 Rm	2021 Rm	2020 Rm
Qualifying small enterprises	861	759	733	709	389
Exempted micro enterprises	467	121	732	467	301
51%+ black-owned suppliers	1 567	1 476	1 533	1 202	894
30% black female-owned suppliers	786	902	898	580	417

The qualifying and recognised annual value of contributions (made up predominantly of grants and loans) for supplier development and enterprise development for 2024 totalled R52 million (2023: R62 million).

Socio-economic development

The Group's spend on socio-economic development exceeded 1% of net profit after tax. Contributions of product and/or cash were also made to eligible schools and charities, with the largest donation made to the Foundation. The Foundation is the Group's broad-based black ownership scheme, whose goal is the transformation and upliftment of previously disadvantaged communities through distributions made to public benefit activities related to education, sport and conservation.

The Foundation's spend of R33 million for 2024 (2023: R33 million) was allocated to the following categories:

- Education: 40% (2023: 40%);
- Sport: 40% (2023: 40%);
- Conservation: 10% (2023: 10%); and
- Other: 10% (2023: 10%).

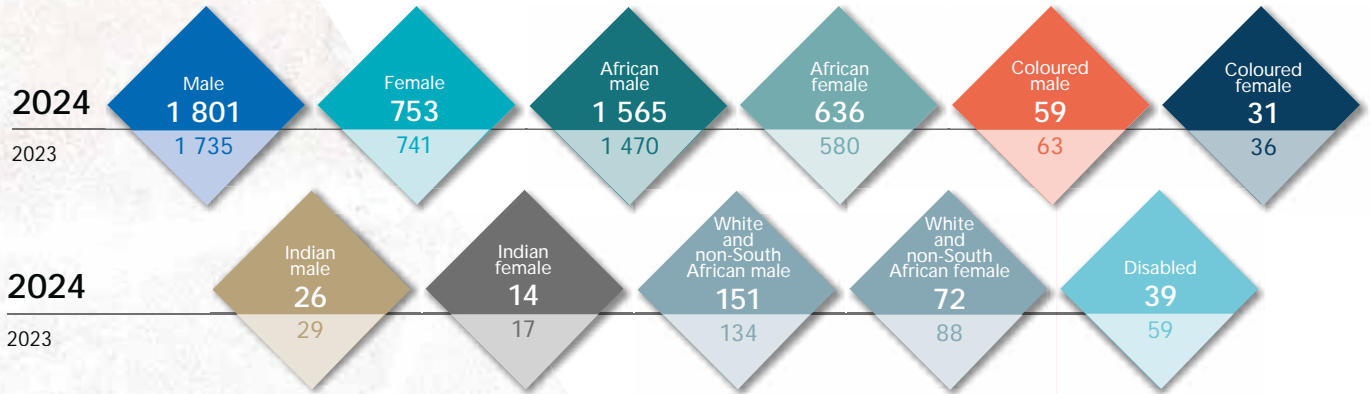
 Refer to the Italtile and Ceramic Foundation Trust on page 91.



PEOPLE PROFILE

Through our employment equity initiatives, we strive to align to the national economically active population statistics where possible. Equal gender representation is a focus in recruitment and appointments across the Group, especially at management level. Maternity benefits were also recently revised in order to attract more females into the business.

The Group's employment demographic is as follows:



OUTLOOK

The Group will continue to vigorously drive its empowerment agenda. Given the current unfavourable trading environment and concomitant reduced spend in this area, we will target a level 3 rating in the year ahead, through the following initiatives:

Management control:

- advance and/or appoint black females for management positions at all levels; and
- employ black disabled individuals.

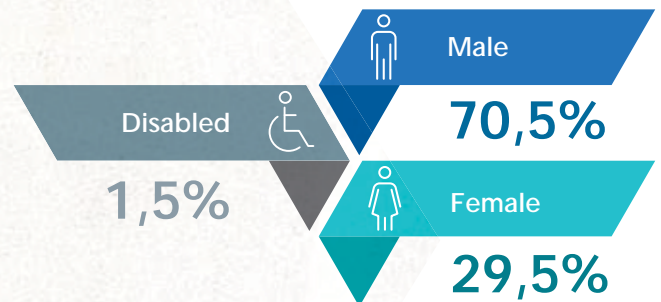
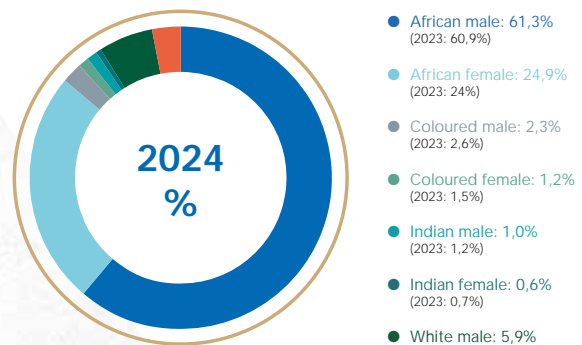
Skills development:

- invest in learning programmes and bursaries aligned to the industries the Group operates in for individuals from under-represented demographic groups;
- invest in learning programmes for disabled individuals from under-represented demographic groups;
- place previously unemployed individuals from under-represented demographic groups in learnerships (both internally and in hosted external programmes); and
- retain individuals from under-represented demographic groups on a permanent basis post-learnerships.

Enterprise and supplier development:

- where possible, divert spend to exempt micro-enterprises ("EMEs") or qualifying small enterprises ("QSEs"), with a particular focus on 51%+ black-owned and/or 31%+ black women-owned businesses;
- continue to encourage and support suppliers with their own transformation and empowerment initiatives;
- fund qualifying EME and QSE suppliers;
- continue funding a majority black-owned property company (in which the Group has a minority stake);
- contribute to incubator or similar initiatives; and
- extend favourable settlement trading terms for empowered suppliers.

Male and female demographic (%)



EMPOWERLOGIC

Broad Based Black Economic Empowerment Verification Certificate

A Consolidated Verification Certificate Issued to

Italtile Limited

Level 2 Contributor

Measured Entity

Company Name	Italtile Limited
Registration Number	1955/000558/06
VAT Number	Refer to second page of certificate
Address	The Italtile Building, Corner of William Nicol and Peter Place, Bryanston, Gauteng 2021

B-BBEE Status

B-BBEE Status Level	Level 2				
Total Points Obtained	98.03	EO: 21.26 points; MC: 12.31 points; SD: 16.61 points; ESD: 42.84 points; SED: 5 points			
Discounting Principle Applied	No	Procurement Recognition	125.00%	Empowering Supplier	Yes
Black Ownership	20.84%	Black Designated Groups	0.75%	51% Black Owned	No
Black Women Ownership	7.98%	Black Youth	0.80%	30% Black Women Owned	No
Black New Entrants	9.51%	Black Disabled	0.00%	Participated in Y.E.S Initiative	No
Normal Flow Through Applied	Yes	Black Unemployed	0.01%	Achieve Y.E.S Target and 2.5% Absorption	No
Modified Flow Through Applied	No	Black People Living in Rural Areas	0.23%	Achieve 1.5 x Y.E.S Target and 5% Absorption	No
Mandated Investment Exclusion Applied	No	Black Military Veterans	0.00%	Achieve Double x Y.E.S Target and 5% Absorption	No
Measurement Period Year End					30/06/2024

Issue Date	12/09/2024
Expiry Date	11/09/2025
Certificate Number	ELC12667RGENBB
Version	Final
Applicable Scorecard	Amended Codes - Generic
Applicable BBEE Codes	Amended Generic Codes Gazetted on 11 October 2013 and Amendments Gazetted on 31 May 2019



EmpowerLogic (Pty) Ltd

Reg. No. : 1995/000523/07

BBBEE Rating Agency

Per Marissa Smith

Member - Verification Committee



SANAS Accredited

BVA018

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment and has been issued in accordance with the EmpowerLogic Verification Certificate Policy. This certificate supersedes any previous certificates issued to the Measured entity. For enquiries please contact EmpowerLogic at 086 111 4003.

ENVIRONMENTAL REPORT

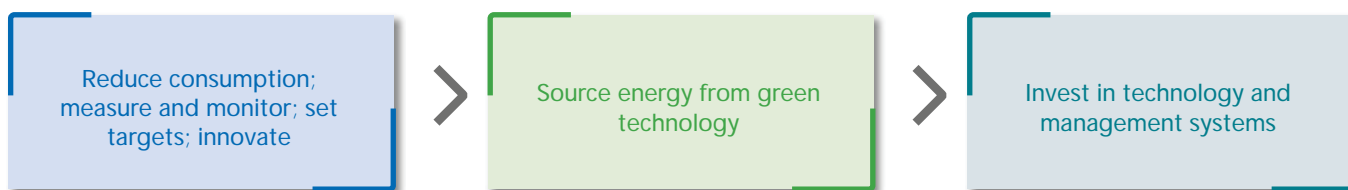
OVERVIEW

As a responsible business, we recognise our duty to safeguard the planet for future generations. With this in mind, we advocate for our customers’ right to a beautiful home – whether in their living spaces or within the communities and natural landscapes we are a part of.

Our Group is committed to sustainability, actively addressing our environmental impact, enhancing eco-efficiency, and offering products that support our customers to live sustainably. Aligned with the United Nations Sustainable Development Goals (“SDGs”), we strive to contribute to a more sustainable future for all. Upholding the principles of the UN Global Compact, we also seek confirmation of compliance from our major external suppliers.

This report illustrates our efforts to promote sustainable development within our South African operations.

Our environment risk reduction plan



The Group continuously develops its overarching environmental sustainability framework including metrics, targets and reporting. Forums have been established to monitor progress, innovate and work towards achieving the targets. Improved tracking of relevant metrics against targets is ongoing.

The Group is committed to developing and sourcing products that not only require fewer resources to produce, but enable our customers to save water and electricity and reduce waste. We continue to innovate and invest in technology to use our resources more efficiently.

Reducing, reusing, recycling and recovering are key principles to limit our waste and minimise our contribution to emissions, effluents and landfill.

In the year under review, a range of initiatives were implemented to advance our ongoing endeavour to reduce the Group’s environmental impact.

Retail and supply chain operations

AWARENESS

In our retail and supply chain businesses, we advocate for eco-friendly practices such as recycling, the efficient utilisation of water and energy, the integration of green technologies, and environmentally conscious construction techniques throughout our operations. The responsible sourcing of our products also remains a key focus. Throughout the year, we have actively engaged in various initiatives to raise awareness, including conducting educational talks at brand conferences, incorporating ESG content into induction presentations, and convening a Group environmental forum aimed at monitoring our progress toward achieving environmental goals.

Improved monitoring through Smart Meters

The Group initiated a Smart Meter project in the prior financial year that records the consumption of water and electricity in real time. The meters provide greater clarity on consumption behaviour in stores and assist with the early detection of resource waste. This project minimises reliance on municipal readings and mitigates against billing errors due to incorrect meter readings. To date, meters are installed in 38 buildings across the Group network.

Energy management

The Group is actively working to reduce its reliance on electricity from the national grid and increase its use of clean energy sources. A total of 48 retail stores are fitted with solar PV systems. The Group has three entirely off-grid properties, and seven stores with hybrid battery back-up installations, currently serving as pilot cases to determine the feasibility of rolling out similar systems. During the review period, installations were completed at CTM Brits, CTM Springfield, TopT Mabopane and TopT Rustenburg.

Of the total energy consumed by our retail stores, 13,32% is now supplied by solar energy, an 8,11% improvement on the prior year. The Properties division will continue to monitor and assess technological developments to ensure optimum solutions to align with the Group’s sustainability goals and targets.

Water management



Climate change, deteriorating infrastructure and poor municipal service delivery levels are increasingly impacting on our business's access to water. The Group continues to investigate and implement measures to mitigate this potential risk to our operations. Boreholes are installed on all new-build sites, where geotechnical soil conditions allow. While the water is tested with each installation to determine the quality, usage is restricted to irrigation, sanitation and evaporative cooling. Smart water meters are used to measure and encourage responsible consumption.

We will continue to install boreholes on our owned properties. By the end of the 2025 financial year, all boreholes will have check-meters installed to monitor consumption and reporting.

Waste management



Adopting the principles of a circular economy, we strive to minimise, reuse, and recycle all waste generated by our business. In Gauteng, 60% of CTM stores and 86% of Italtile Retail stores implement recycling programmes. In total, 26 tonnes of waste from these stores were recycled during the review period.

Green buildings



In our construction projects, we continue to explore alternative eco-friendly building materials, energy-efficient equipment, and optimal waste management practices. When redevelopments and alterations are done, we reuse steel and crush clean building rubble from demolitions for fill in earthworks.

Manufacturing operations CERAMIC INDUSTRIES

Water management



Ceramic Industries uses borehole water for production purposes, and monitoring water consumption is a priority. Automated meters have been installed at the Vereeniging factories and real-time access to data has assisted with the detection of underground leaks and led to consumption savings.

Recycled water is used in Ceramic's water treatment facilities in Vereeniging and Hammanskraal. Most recently, stirrers have been installed at the Pegasus and Gryphon factories, which have reduced the amount of wastewater discharged by maintaining the water quality evenly through prevention of sedimentation.

Energy management



The gas-saving heat-recovery technology implemented in our factories uses recycled heat to substitute gas for drying purposes. We have recently implemented an automated system in our Vereeniging factories that identifies gas in the heat-recovery system, and immediately alerts operators, enabling them to manage technical issues promptly, thereby reducing downtime and improving efficiencies.

Ceramic continues to invest in solar technology to reduce its dependence on the grid. Gryphon, Samca Floor and Samca Wall now all have active solar PV generation systems. Solar generated by the business in the review period was higher than in the prior two years, affording a concomitant decrease in the consumption of grid electricity.

ENVIRONMENTAL REPORT CONTINUED

Environmentally sensitive packaging



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
15 LIFE ON LAND

During the review period, Ceramic implemented a pallet recycling project aimed at saving on packaging costs and preserving natural resources. The project was conducted by Betta Sanitaryware, in conjunction with the Group's stores in Gauteng and North West, whereby Betta collected used pallets and refurbished them at an in-house workshop. From the commencement of the project in November 2023, Betta has recovered an average of 2 400 pallets per month. The tile manufacturing factories have subsequently joined the initiative, and account for an average of 38% of the overall pallets recycled.

Quarry rehabilitation



15 LIFE ON LAND

Ceramic's policy is to minimise the impact of its operations on the environment, through concurrent rehabilitation during mining activities. In the past financial year, rehabilitation through backfilling was undertaken at the Steelpark, Driefontein and Cyferfontein quarries. Rehabilitation of end-of-life quarries for other suitable purposes is also conducted.

Green buildings and production efficiency




7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Vitro production line replacement project commenced in 2023 and is being commissioned in phases. The new production line will replace outdated equipment, which will facilitate improved production efficiency through reduced consumption of energy and raw materials and result in less waste. It is hoped that the energy savings achieved will qualify the factory for incentives offered by section 12L of the South African Income Tax Act.

**EZEE TILE
Vulcania plant**

Energy-efficient, environmentally conscious practices, equipment, and processes were taken into consideration throughout the construction of the new flagship factory in Vulcania, Gauteng, and we anticipate environmentally positive practices to become core to our operation.

Energy management



7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

At the Vulcania factory, energy management practices include constant monitoring of the utilisation of the solar system to reduce grid consumption. The factory also has motion-detection lighting to save energy.

During the financial year, there has been a focus on improving the efficiency of the sand-drying operations to reduce volumes of combustible fluid (i.e. diesel and paraffin) being burnt.

Dust emissions mitigation at sand-drying plants



13 CLIMATE ACTION
15 LIFE ON LAND

In 2024, wet scrubbers were installed at the Cape Town and Mokopane Ezee Tile sites. There was a noticeable decrease in dust emissions as a result. Management is in the process of planning the commissioning of scrubbers at its other manufacturing sites.

Waste management



11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
15 LIFE ON LAND

Ezee Tile Vulcania has implemented a waste separation process which assists in recycling plastic and paper commodities. This waste separation process will be improved in the new financial year to accommodate all waste streams, including food waste. The waste separation projects will be rolled out to all Ezee Tile branches in the future.

Water management



We have commissioned a water treatment plant for our paint production facility at Vulcania. The plant recycles a significant portion of waste water generated through production and cleaning. This process reduces discharge into municipal water networks and limits excessive use of fresh water from water mains. All water discharged is safe treated water.

We have a borehole and rainwater harvesting tanks at the Vulcania site that are used for irrigation.

In future, we plan to install meters at various locations at Vulcania, such as water treatment, canteens and ablution stations, to obtain information on consumption. We will explore the possibilities of separating the paint plant and canteen water lines to receive only fresh municipal water, while the rest of the factory will use borehole water. Borehole water analysis is key to the project's success.

Water consumption is minimal at all other Ezee Tile branches, as liquid products are not produced at these facilities.

Innovation for the environment



We have successfully replaced ammonia as a pH controller used in the paint production process with a less corrosive Discoat product substitute.

Transport management system



We implemented a Transport Management System in Vulcania during the 2024 financial year, which is currently being rolled out to other South African Ezee Tile sites. This will enhance load efficiency and route optimisation, thus reducing downstream emissions.

Carbon footprint report

The 2024 financial year carbon footprint analysis focuses on the main emitters within the Group, being the manufacturing and retail entities. The reported footprint results consist of the following emissions:

- direct emissions from fossil fuels and manufacturing processes (scope 1);
- indirect emissions from purchased electricity (scope 2); and
- indirect emissions associated with activities supporting the business entities (scope 3) which includes contractor logistics, business travel, water and paper usage.

The emissions associated with the Group's activities were calculated to align with South African legislative requirements. Scope 1 emissions are determined according to the National GHG Emissions Reporting Regulations as issued by the DFFE and the Carbon Tax Act. Scope 2 emissions are based on Eskom's latest grid emission factor. The scope 3 emissions are determined in accordance with the UK's Department for Environment, Food and Rural Affairs ("DEFRA") guidelines. Generally, all calculations align with The Greenhouse Gas Protocol and ISO 14064 standards.

OVERVIEW OF THE 2024 FINANCIAL YEAR CARBON FOOTPRINT ASSESSMENT

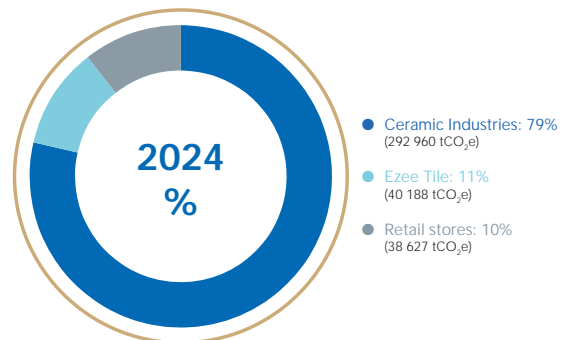
The carbon footprint assessment categorised the Group's results into three main entities: Ceramic Industries (Manufacturing), Retail stores (consisting of the CTM, Italtile Retail and TopT stores and retail distribution centres owned by the Group), and Ezee Tile.

The carbon footprint of Manufacturing, Retail, and Ezee Tile reduced by 7,5%, 0,5%, and 0,4% respectively in terms of total emissions compared to the previous financial year. The main driver behind the overall footprint reduction was a decrease in emissions for Stationary, Downstream logistics and Electricity. This report presents an overview of the Group's footprint with selective detailed analysis focused on explaining significant year-on-year changes.

Results and observations

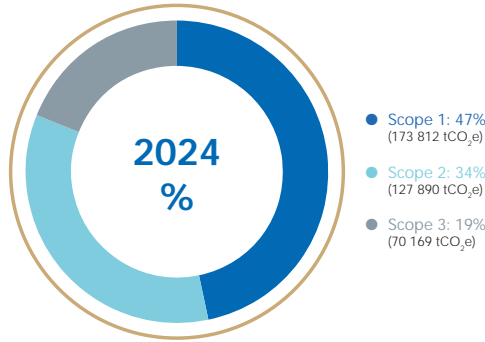
The image below illustrates each entity's contribution to the overall footprint of 371 775 tCO₂e which consists of scope 1, scope 2 and selected scope 3 emissions.

FY2024 emissions per entity (tCO₂e and % of total)



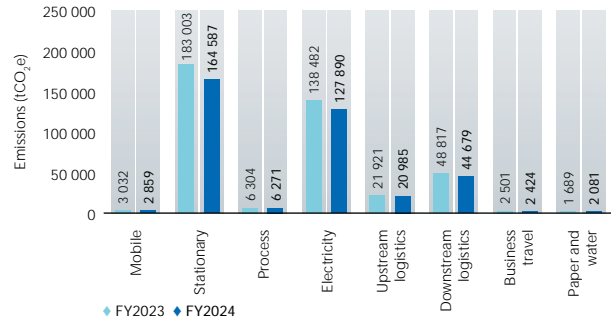
ENVIRONMENTAL REPORT CONTINUED

FY2024 emissions per scope (tCO₂e and % of total)



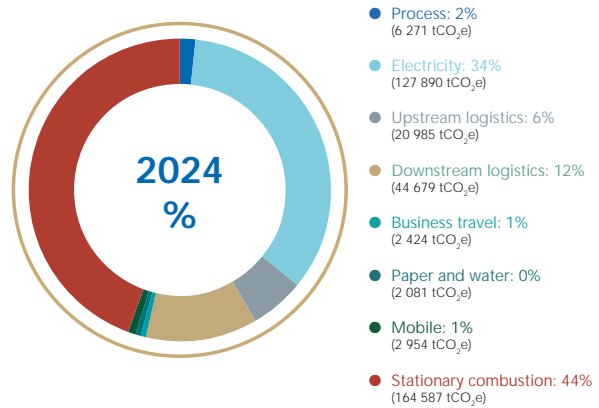
The figures below present a comparison of results for the 2023 and 2024 financial years.

Italtile Group – annual carbon footprint



The image to the right gives a breakdown of the Group's emissions based on the various source categories. The specified fuels (i.e., burner, diesel, paraffin, petrol and Sasol gas) all fall under the classification "Stationary combustion" emission. These are all scope 1 emission sources while electricity is a scope 2 emissions source. The selected scope 3 emissions sources are "Upstream logistics" representing emissions from service providers transporting goods from source to facility and "Downstream logistics" which represent the transport of goods to customers as well as the movement of goods between different retail stores. The remaining categories represent indirect emissions resulting from business travel, paper and water use.

Breakdown of FY2024 emissions (tCO₂e and % of total)



The different classes of emissions are presented in the table below:

Classification	Description	FY2024 (tCO ₂ e)	FY2023 (tCO ₂ e)	% change
Scope 1	Mobile	2 859	3 032	(5,7)
	Stationary	164 587	183 003	(10,0)
	Process	6 271	6 304	(0,5)
Scope 2	Electricity	127 890	138 482	(7,6)
Scope 3*	Upstream logistics	20 985	21 921	(4,3)
	Downstream logistics	44 679	48 817	(8,5)
	Business travel	2 424	2 501	(3,1)
	Paper and Water	2 081	1 689	23,2
Total		371 775	405 749	(8,4)

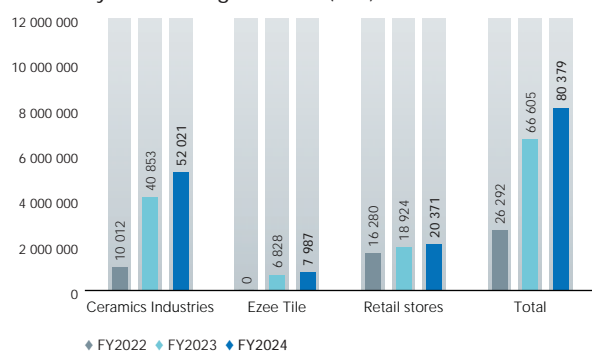
* The quantification of scope 3 emissions remains challenging considering the complexity of Up- and Downstream logistic supply chains.

Stationary fuel (scope 1) and Electricity (scope 2)

Emissions from electricity use is 34% of the Group's overall footprint. Year-on-year changes in emissions associated with electricity consumption contributed 34% to the overall movement in the Group's carbon footprint. The specific year-on-year change of electricity-related emissions (isolated from the rest of the footprint) has seen a decrease in electricity consumption, attributable to the following:

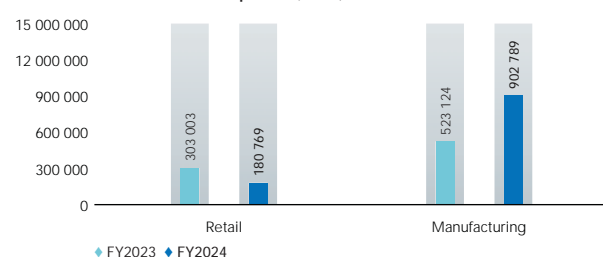
- Eskom's grid emission factor decreased by 2,88%, which in turn decreased the emissions associated with every kilowatt hour of electricity the Group purchased from Eskom and local municipalities; and
- the Group managed to increase its use of solar-generated electricity by 20,68% (year-on-year), thereby reducing its reliance on Eskom's electricity supply. This increase in electricity from solar generation per site is illustrated in the graph below:

Electricity from solar generation (kWh)



- Onsite diesel consumption by Retail also decreased as a result of the lower generator capacity needed at the sites due to lower load shedding in FY2024.
- An increase in manufacturing fuel can be attributed to an increase in consumption by Gryphon, Vitro and Pegasus, Samca+ and Samca Wall as well as Ezee Tile brought on by the sand quarry purchased during the year.
- The decrease in onsite consumption of fuel by Retail and the increase in Manufacturing is illustrated below:

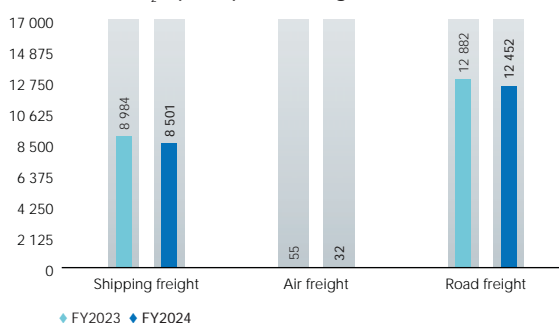
Onsite diesel consumption (litres)



Upstream logistics (scope 3)

The emissions associated with this activity contribute 5,64% to the overall footprint. A 4,3% decrease was noted for overall Upstream logistics. The decrease is due to a reduction in imports, production, and sales volumes.

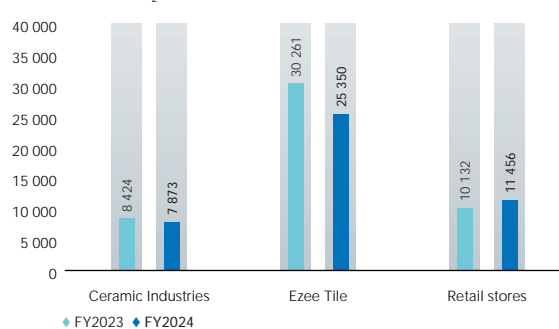
Emissions (tCO₂e) per Upstream logistics activities



Downstream logistics (scope 3)

The emissions associated with this activity contribute 12% to the overall footprint. The biggest contributors to Downstream logistics-linked emissions are Ezee Tile (down by 16%) and the Retail stores (up by 13%). The increase in emissions in Retail is due to more frequent inter-branch transfers while the decrease at Ezee Tile is attributable to the implementation of a transport management system at the business which improved route planning and load optimisation.

Emissions (tCO₂e) per Downstream road freight activities



Performance assessment of specific entities CERAMIC INDUSTRIES TILE AND SANITARYWARE FACTORIES

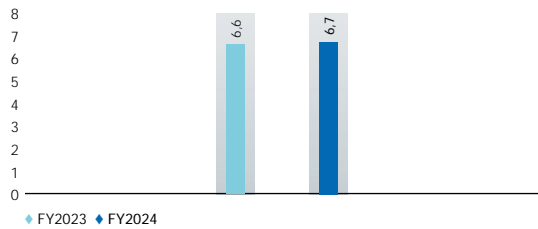
The scope 1 and 2 emissions associated with the Ceramic Industries' factories are responsible for 71,36% of the Group's overall footprint. Regular investment in new technologies, energy efficiency and new products ensured that these factories showed a continued year-on-year reduction in emissions. Independent assessment has enabled the Group to claim income tax deductions under the section 12L tax incentive. Savings to date are illustrated below:

Site	Saving (kWh)	Before-tax benefit R	After-tax benefit R
Vitro	2 988 165	2 838 757	766 464
SAMCA+	8 676 103	8 242 298	2 225 420

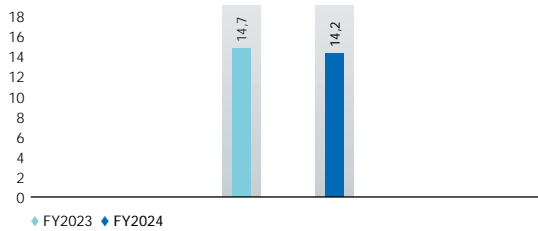
ENVIRONMENTAL REPORT CONTINUED

A detailed assessment of Ceramic Industries' tile factories performance in the review period showed a decrease in production combined with a decrease in facility level electricity and natural gas consumption (combined energy consumption decreased by 8,6%). Sanitaryware production increased whereas energy consumption decreased by 2,4%, supported by the increase in solar use. In both cases the in-production versus energy consumption indicates a slight decrease in overall manufacturing efficiency of 1,7%. The tables below illustrate the year-on-year performance intensity. The decrease in tile volumes and sales also impacted on intensity.

FY2024 Tile factory emissions intensity
(kgCO₂e per m² of tile produced)



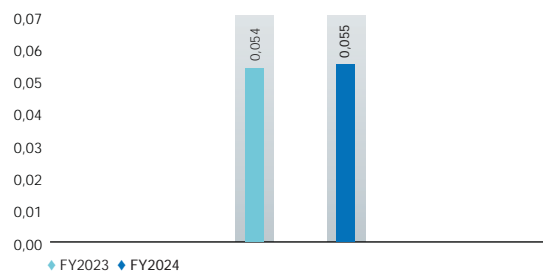
FY2024 Sanitaryware and bath factory emissions intensity
(kgCO₂e per piece produced)



RETAIL STORES

The scope 1 and 2 emissions associated with the Italtile, CTM, and TopT stores are responsible for 3,16% of the Group's overall footprint. Effectively all these emissions are linked to electricity consumption with backup generators and forklifts adding to the overall emissions. Comparing the emissions intensity of the 2024 financial year to 2023 shows an increase of 1,91% in tCO₂e/m² which can be linked to the impact of lower sales volumes offset by reduced load shedding and increased solar power generation. In total the stores generated 2,04 GWh of electricity from solar.

Emissions (tCO₂e) per GLA (m²)

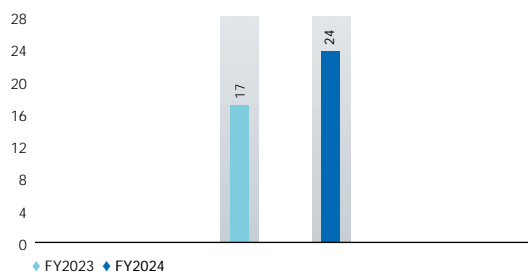


* Note results only represent stores that are owned by the Group, franchised units are excluded from the reporting boundary as per the GHG protocol.

EZEE TILE

The scope 1 and 2 emissions associated with the Ezee Tile Adhesive factories are responsible for 2,13% of the Group's overall footprint. The overall production intensity increased by 39,6%. The increase can be attributed to the additional site (Silica Quartz), which increased the total energy related emissions by 39,9%.

Overall production intensity (kgCO₂e/tonne Adhesive and Grout)

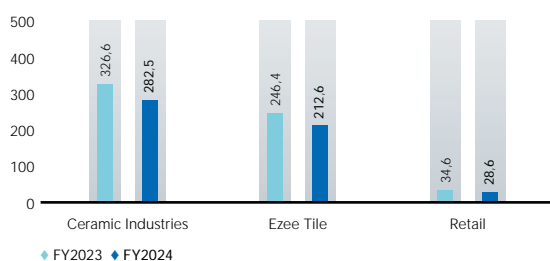


The previous sections assessed the performance of different parts of the Group using metrics that are appropriate for the specific activities. The results below present an additional emissions intensity view based on more generalised metrics: Employment, Retail sales and Group turnover. It is noted that there was a decrease in emissions per personnel for all three entities, while a decrease was noted for emissions per turnover for 2024.

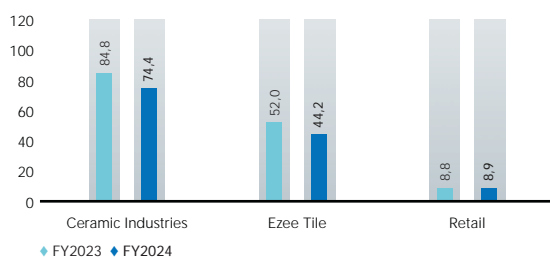
Ezee Tile's headcount reduced significantly due to the restructuring undertaken with the commissioning of the new plant in Vulcania.

Assessment of year-on-year changes based on normalised emissions intensities (averages of the 2023 financial year used for sales and turnover)

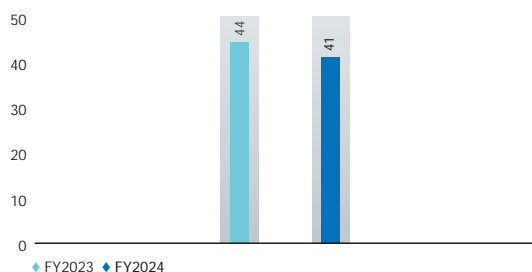
Emissions (tCO₂e) per personnel employed



Emissions (tCO₂e) per sales (Rm)



Emissions (tCO₂e) per annual turnover (Rm)



Compliance

ENVIRONMENTAL INCIDENTS

Over the past year, no material environmental complaints were received and no environmental incidents took place in the manufacturing, retail or supply chain operations.

CARBON TAX

The recent 2023 carbon tax payments (due annually in July) made to SARS covers the emissions from 1 January 2023 to 31 December 2023. Presently, the carbon tax applies to selected activities covering scope 1 emissions and only directly affects the Group's manufacturing entities. The carbon tax amounts due per entity for the 2023 tax period were: Ceramic Industries (SA): R6 206 482,19 and Ezee Tile: R138 379,44.

Carbon tax also presents an indirect exposure risk through increasing the costs of purchased fuels, electricity, and general services. Currently, the headline rate of carbon tax is set to increase to R462/tCO₂e by 2030 and will target US\$120/tCO₂e by 2050.

CLIMATE CHANGE ACT

In July 2024, the Climate Change Act 22 of 2024 was signed into law, however, is not yet in effect, introducing mandatory carbon budgets. This Act sets the legally binding emission-reduction targets to limit overall greenhouse gas emissions. Companies will therefore have to adhere to their allocated carbon budget, which will be an assigned amount of greenhouse gas emissions allocated to the company over a period, with the inclusion of potential penalties for exceeding given budgets. These increased costs associated with fossil fuel use continue to motivate the uptake of energy efficiency and alternative energy projects. The sectors for inclusion and timelines are still to be gazetted.

The Group will consider the implementation of the latest guidelines of this newly promulgated Act.

EXTENDED PRODUCER RESPONSIBILITY

The South African Extended Producer Responsibility ("EPR") Regulations are part of the National Environmental Management: Waste Act of 2008 (Act no 59 of 2008) and impact entities within the value chain of various sectors, including electrical and electronic equipment, lighting, paper, packaging, and some single-use products. Producers, brands, and importers of specified products exceeding prescribed thresholds are mandated to comply with the requirements outlined by the EPR Regulations. The Group has registered with the DFFE as a Producer for each of the Producer categories and has selected a Producer Responsibility Organisation ("PRO") where ongoing fees for qualifying items are paid bi-annually. A total of R300 200,71 was paid to the PRO in the last reporting period.

ENVIRONMENTAL REPORT CONTINUED

CARBON FOOTPRINT ANALYSIS	2024				2023	2022	2021
	Ceramic Industries	Ezee Tile	Retail stores	Total	Total	Total	Total
Total direct energy consumption (gigajoules) – non-renewables	2 892 741	46 426	13 807	2 952 974	3 282 344	3 100 000	3 243 887
Total direct energy consumption (gigajoules) – renewables	1 445	222	566	2 233	1 850	1 194	#
Total direct energy consumption (gigajoules) – all fuels reported	2 894 186	46 648	14 373	2 955 207	3 284 194	3 101 194	3 243 887
Total direct energy consumption (gigajoules) – all fuels – calculated	2 894 186	46 648	14 373	2 955 207	3 282 344	#	#
Percentage of direct energy consumption from renewable fuels	-	-	-	0,0756%	0,0563%	0,0385%	#
Direct energy efficiency: total direct energy consumed per person hour worked (kJ/PHW)	1 454	154	6	605	564	641	681
Total volume of electricity purchased (MWh) – excluding self-generated from solar, wind or other sources	110 435	4 938	11 250	126 623	133 156	132 502	129 794
Total volume of electricity self-generated (MWh) – i.e. from solar, wind or other sources	5 202	799	2 037	8 038	6 660	2 536	506
Total volume of electricity consumed (MWh) – purchased + self-generated – calculated	115 637	5 737	13 287	134 661	139 817	135 038	130 300
Percentage of electricity consumed that was self-generated	4,50%	13,92%	15,33%	5,97%	4,76%	1,88%	0,39%
Electricity efficiency: average electricity consumed per person hour worked (kWh/PHW)	58,08	18,91	5,13	27,57	24,03	27,92	27,34
Total indirect energy consumption (i.e. electricity) in gigajoules – calculated	4 416 294	20 652	47 835	4 484 781	503 340	477 007	467 258
Total direct and indirect energy (i.e. electricity) energy consumption (gigajoules) – calculated	3 310 479	67 300	62 208	3 439 987	3 787 534	3 578 201	3 711 145
Total energy efficiency: Total direct energy and indirect energy consumed per person hour worked (kJ/PHW)	1 663	222	24	704	651	740	779
Total carbon emissions (tonnes CO ₂ e) – scope 1	169 240	3 415	1 062	173 717	192 339	193 658	195 470
Carbon emissions (tonnes CO ₂ e) – scope 2	111 539	4 987	11 363	127 889	138 482	138 112	130 307
Carbon emissions (tonnes CO ₂ e) – scope 3	12 181	31 785	26 202	70 168	74 927	118 684	109 501
Total carbon emissions (tonnes CO ₂ e)	292 961	40 188	38 627	371 776	405 749	450 453	435 279
Carbon intensity: Average volume of carbon emissions per person hour worked (tonnes CO ₂ e/PHW)	0,15	0,13	0,01	0,08	0,07	0,09	0,09

Not measured.

ITALTILE AND CERAMIC FOUNDATION TRUST REPORT

Dear Stakeholder

I am pleased to present the Italtile and Ceramic Foundation Trust's ("Foundation") report for the 2024 financial year.

BACKGROUND

The Foundation is a broad-based black ownership scheme, with the objective of conducting public benefit activities (public benefit organisation ("PBO") ref no 930044728) in a non-profit manner and with an altruistic and philanthropic intent, working towards the transformation and upliftment of previously disadvantaged communities.

The Foundation accepts and deploys socio-economic development and skills development donations in terms of the B-BBEE legislation and is authorised to issue section 18A certificates.

The Foundation's distributions are made to public benefit activities relating to education, sport and conservation, as outlined in the following narrative.

Education

The Foundation continues to invest in young people from their earliest years in early childhood development ("ECD"), through to schooling and post-schooling. Education is one of our strategic priorities and we strive to contribute to supporting learner outcomes in the communities in which we have a footprint.

Current projects

Bursaries

The bursary programme provides financial support for students with acute financial needs and strong academic potential in both high school and tertiary education institutions.



There are currently 40 active bursary students, of whom 77% are females. Ten of the bursary recipients are high school learners and three are students living with a disability. The students, from various tertiary academic institutions, study engineering, accounting and marketing, among other subjects.

Active bursary students

40

77% are females

10 are high school learners



**Forte High School,
Soweto, Gauteng and
One School at a Time
("OSAAT")**



Forte High School was ranked as the second leading township school in Gauteng and achieved a 97,2% matric pass rate in 2023 (95,3% in 2022), of which 55% were Bachelor passes. The school currently has a total of 296 matriculants.

Forte High is partnered with the non-profit CSI initiative, OSAAT, which is focused on "creating a proper solution for education in South Africa". Its goal at Forte High is to elevate the matric pass rate to 100% with a 60% university exemption rate. In 2008, when OSAAT first started working with Forte High, the pass rate was 52% with only 18% Bachelor passes.

During the reporting period, the Foundation's funding for Forte High continued to be directed to:

- Project Top Class – rewarding the top-performing matric class with an outing of its choice every term to encourage dedication and team work;
- Project 100% – provision of extra lessons for matric students;
- academic achievement awards for top students, top teachers and support staff of the school; and
- motivational guest speakers and presentations.

In addition to this funding, we assisted with refurbishing the school hall by providing the tiles and labour for the project.



**Foundation Phase
Teacher and Learner
Development (READ
Educational Trust)**



READ is a South African educational trust that operates broadly in the education and literacy sectors, specifically in educator training and the provision of school resources. In 2013, the Foundation partnered with READ to improve literacy through providing a homework support programme at Setlabotjha Primary School in Sebokeng, Gauteng. In 2020, a teacher-support programme was introduced to strengthen the programme.

The programme now works with four primary schools in Sebokeng and four primary schools in Hammanskraal. The total number of beneficiaries in this project is 14 462 learners.



**Mathematics and
science support in
Kagiso high schools
(TRAC)**



The TRAC programme for high schools in Kagiso, Gauteng, was launched in 2020 and consists of three pillars, namely academic intervention, assistance with tertiary education applications and bursary applications.

In terms of academic intervention, TRAC offers a Mathematics and Physical Science programme, through which the learning facilitators visit each school once a week, conducting interactive mathematics and physical science classes for Grades 11 and 12.

The TRAC intervention in the five targeted Kagiso high schools has made good progress since inception, having recorded an increase in the number of learners taking mathematics and physical science. The Kagiso TRAC point has once again outperformed the district and national pass rates, recording an increase from 61,47% (2022) to 72,96% (2023) in mathematics, and 79,4% in physical science.

During the reporting period, the Foundation held a roadshow with TRAC and Ceramic Industries' Betta Sanitaryware division. The purpose of the roadshow was to highlight the importance of the disciplines of science, technology, engineering and mathematics.

**Total number of students
in the TRAC programme**

482 students



Field Band Foundation ("FBF")



The Foundation continued to support the FBF, an organisation that provides young people with a constructive recreational outlet while teaching them important life skills. In the year under review, the FBF continued to work with Setlabotjha Primary School and the Tshirela Group in Sharpeville, Gauteng.

It is rewarding to report that during the period, the Setlabotjha Field Band competed against 10 other bands at the Field Band National Championships and was awarded the Bertie and Ronnie Lubner National Champions Trophy for First Place overall. The Band was also awarded trophies for: Best pit percussion; Best brass performance; Best show design and Best dance performance.

The FBF has 306 band members.



Italtile and Ceramic Foundation Classroom in Soweto, Gauteng



On three days each week, a classroom tutor appointed and funded by the Foundation, conducts homework classes for primary scholars of all grades at the CTM Sports Field facility in Soweto, Gauteng. Approximately 42 learners attend the classes weekly.

In 2023, a library, adjacent to the classroom, was opened by the Foundation for the learners who attend these homework classes. This facility has fast gained popularity, requiring the Foundation to purchase additional books; we also continue to collect books from various external sources to meet the high demand. The reading material includes primary school books that help the children to improve their spelling, grammar, visual learning and general knowledge. In the year under review, the Foundation also appointed a librarian to manage the facility.



Dignity Drive in Sebokeng, Gauteng



In 2020, the Foundation launched the Dignity Drive campaign in communities around Ceramic Industries’ factories and Group stores, aimed at improving ablution facilities in local schools. In the year under review, Sandile Primary School in Kagiso was selected for this year’s intervention. In addition, we also renovated the bathrooms in two schools in Soweto, Livhuwani and Thembaletu Primary Schools. The schools are participants in the Dreamfields programme (discussed further under Sport).

Materials required for the refurbishment project were sourced from within the Italtile Group, including tiles and sanitaryware from Ceramic Industries and taps from ITD. The total number of students at the schools is 1 994.



Kagiso and Soweto Crèche Forums in conjunction with Participate Empower Navigate (“PEN”)



In partnership with the PEN organisation, the Foundation continues to invest in reducing the problem of poor quality ECD centres by offering owners and caregivers holistic support and a realistic opportunity to improve their centres themselves, thereby implementing changes that will be sustainable post-NPO interventions. Areas identified for improvement and support include facilities, health and safety, administration and education and learning.

The PEN team continues to operate from our CTM Sports Field in Soweto, Gauteng, and at Athlolang Primary School in Kagiso, where the teachers from the various centres meet weekly with the PEN coaches.

The Kagiso programme was established in 2019, while the Soweto programme started in 2022. There are currently 30 crèches in the Kagiso Forum and another 20 crèches in the Soweto Forum, catering for a total of 2 263 learners.

While PEN has two key programmes in the crèches, namely SOUNS and Duplo Play Box, the Foundation sponsored an additional programme – The Living Kids – that had initially been rolled out in 11 centres only, but has since been delivered to all of the other crèches during the year under review.

Sport



Sports fields for local communities



GOOD HEALTH AND WELL-BEING

During the reporting period, the Foundation continued to support the Italtile Group in maintaining its community-centred sports fields in Meadowlands and Steelpark, Vereeniging, in Gauteng, Thohoyandou in Limpopo and Acornhoek in Mpumalanga. In addition, in partnership with the brands and business units in the Italtile Group, annual soccer and netball tournaments are hosted for schools situated in the respective communities where the sports fields are located.



Partnership with Dreamfields



GOOD HEALTH AND WELL-BEING



PARTNERSHIPS FOR THE GOALS

The Foundation continued to partner with the Dreamfields organisation, which conducts soccer and netball clinics for schools in Mpumalanga (52 schools), Thohoyandou (16 schools), Vereeniging (12 schools), and Hammanskraal, Kagiso, Soweto and Empangeni (eight schools each).

We currently have a reach of 32 964 students through the Dreamfields' initiatives.

Total reach through the Dreamfields initiatives
32 964 students

Conservation



Students from schools that are sponsored by the Foundation, namely Forte High School, Salvazione Christian School, Mahareng Secondary School and Setlabotjha Primary School, attend the LWS for one week each year to learn about the importance of the environment and how to take care of it and preserve it.

In addition to the annual programme, the Foundation contributed to the World Environment Day held by LWS during the year. The total number of LWS beneficiaries is 3 220.



The Foundation continues to work with BirdLife South Africa to support the facilitation and development of community conservation projects via the Empowering People programme in Mpumalanga and KwaZulu-Natal.

This project aims to promote education about conservation issues and thereby engender a positive attitude among communities for the protection of their local ecosystems. Goals include supporting local livelihoods by protecting species, securing ecosystem services, promoting resilience and fostering the equitable use of natural resources through community-led conservation and education initiatives. Key activities include upskilling BirdLife South Africa community bird guides, training environmental monitors/education officers, and investing in school and community education projects.

During the year under review, the Foundation also contributed to BirdLife’s Red List Project. BirdLife is the official scientific source of information on birds for the International Union for the Conservation of Nature’s (“IUCN”) Red List of Threatened Species, a compendium on the threats to species, their ecological requirements, their habitats and conservation actions that can be taken to reduce extinction. BirdLife, as the unique global authority on birds, is coordinating the process of evaluating all of the world’s bird species against the Red List categories and criteria in order to assess their extinction risk.

MORE Community Foundation (“MCF”)

The MCF is a non-profit organisation supporting social development and environmental conservation in Southern Africa. The programme aims to upskill and train black youth and local community members as qualified field guides at luxury safari lodge level. MCF’s goal is to increase employment and gender equality in participating lodges.

The one-year career guide course comprises six months of theory, including 17 modules and an apprentice trails programme; six months of experiential training (in-lodge practical placement with partner lodges) and practical training through a “Get Your Hands Dirty” initiative in local communities.

During the review period, the Foundation funded one female student, who graduated from the programme in December 2023. The student has been successfully placed with the Timbavati Foundation, which will enable her to advance her skills in the workplace and further her long-term career prospects.



South African Wildlife College ("SAWC")

4 QUALITY EDUCATION **15** LIFE ON LAND **17** PARTNERSHIPS FOR THE GOALS

SAWC conducts nature conservation training that covers the full spectrum of skills needed in the conservation industry. The practical hands-on training focuses on providing courses that will open up career opportunities for people already employed in the conservation sector and for those seeking to enter the sector. The courses are also designed to help transform the biodiversity economy of the region and develop Southern Africa's existing protected area network and broader trans-frontier conservation areas.

In the course of this reporting period, the Foundation funded four learners to attend the Youth Access Bridging Programme, a six-month youth development programme aimed at transitioning school leavers into the field of conservation. The programme's structure involves five months of contact training, followed by practical experience in host organisations for three weeks.

APPRECIATION

We would like to pay tribute to our partners who work with us to improve the lives of disadvantaged communities and conserve the natural environment. Their passion and commitment is inspirational and we are privileged to have their continued support.

Thoko Phakathi

Thoko Phakathi
Project Manager



Group CSI and Foundation spend for the 2024 financial year

Total spend including donations, grants and loans	R114,0 million
Percentage of spend in South Africa	100%
ITEMISED SPEND	
Sports	R13,3 million
Education and bursaries (excluding B-BBEE skills development)	R13,3 million
Environment and conservation	R3,2 million
Other CSI initiatives	R3,4 million
B-BBEE skills development	R39,1 million
Supplier and enterprise development grants to black-owned entities	R2,1 million
Supplier and enterprise development loans to black-owned entities	R50,1 million

CORPORATE SOCIAL INVESTMENT REPORT

OVERVIEW

Our retail brands and manufacturing businesses support the Group’s commitment to working towards achieving the United Nations Sustainable Development Goals to realise a better and more sustainable future for all. Our corporate social investment (“CSI”) projects are aligned with the Group’s purpose and mission, strategy and material issues, and are a combination of structured and *ad hoc* projects that arise from community needs in the areas in which we conduct our business. The common thread is to achieve shared value for the Group and our local communities. Most of our projects fall within the spheres of education, sports and environment.

Ceramic Industries

In the year under review, good progress was made with our CSI programmes in our communities in the Vaal, Hammanskraal and Krugersdorp.

Our educational projects covered the spectrum, from early childhood to employment level and enterprise development.



As part of our early childhood development Read for Meaning programme, Ceramic orchestrated a teacher training session for early care education practitioners at the **Boiketlong Catholic School** and **Setlabotjha Primary School**, aimed at addressing the literacy gap within township-based early care centres.



Our **Vitro** and **Support Centre** employees helped transform the **Bona Lesedi Early Care Centre**, establishing a mini-library, providing essential equipment to facilitate the addition of a new classroom, and donating therapeutic educational toys. This crèche is adjacent to Lebohang High School, where some of the top achievers were previously young learners at the crèche. Lebohang High School is also one of our five TRAC Maths and Science partner schools.



Our flagship **Maths and Science TRAC** programme, aimed at encouraging young people to consider and prepare for careers in science, maths, engineering, and technology has had tremendous success for our 10 partner high schools. Established in 2019 in Hammanskraal, the programme has expanded to the Vaal. Through TRAC we assist the schools with highly experienced facilitators and equip mathematics and science learners in Grades 11 and 12 with calculators and study guides. The programme also ensures each matric learner is assisted with applying to three higher learning institutions and accessing bursaries and to the National Student Financial Aid Scheme. More than 1 500 of our TRAC Maths and Science learners over the past five years have gained admission to higher learning institutions, with some having been absorbed in our Company apprenticeship programmes.



Ceramic's Career Awareness and Factory Visit Week was hosted by **Betta Baths** and **Betta Sanitaryware**. At the Mogale City Naga Lipudi Career Centre, our technical team and engineers educated the TRAC 2023 learners about careers in manufacturing baths and bathroomware. Each day concluded with an informative factory tour. Since its inception in 2016, the programme has directly benefitted over 1 000 students from local secondary schools.



Our support for bridging the gaps in under-resourced schools extends beyond TRAC's traditional classroom activities. Our Vaal Triangle factories hosted visits for more than **200 learners** from our **five Vaal partner high schools** namely, Eskowazi, Mohloli, Lekoa Shandu, Maxeke and Lebohang. Calculators and study guides were also provided to each learner.

500 learners and educators positively impacted by Career Awareness and Factory Visit Week hosted by Betta



We recently established our **Enterprise Development Pilot programme** for **Tilers and Transporters** with the aim of incubating and supporting small and medium enterprises to drive economic growth and social inclusion, by creating opportunities for their sustainable development in Hammanskraal and the Vaal. In our Hammanskraal programme, 41 beneficiaries, comprising 14 transporters and 27 tilers, graduated from the programme, which delivered an impressive average revenue growth of 198%. We have also recently launched our Vaal programme with three prospective beneficiaries in the construction and fabrication sector. The beneficiary businesses of both programmes are **100% black-owned**.

Notably, seven of the Hammanskraal graduates progressed to our **Supplier Development programme**, designed to offer support and resources to assist fledgling businesses to overcome regulatory and other barriers and achieve sustainable growth.



21 jobs were created in the local community as a result of the Enterprise Development pilot programme

Ceramic Industries continued



MANDELA MONTH PROJECTS



Ceramic continued to partner with the **Sedibeng District Academy** at the **Ulusha Elite Sports Centre**, Vereeniging, to upgrade the previously dilapidated centre to reach more youths, introduce additional sports and help **develop future sports stars**. Ceramic has donated tiles, bathroomware and construction labour to the ongoing project. Today, 150 male high school student-athletes attend the institution. Ceramic is also currently helping to further revamp the facility to accommodate young female soccer athletes.

Employees from **Pegasus, Vitro, Gryphon** and **Support Centre** helped to clean the newly renovated facilities and raise funds for soccer kits for the academy's youngsters. We also participated in a 67-minute charity soccer game, which Team Pegasus won. Pegasus made a R10 000 donation towards the sports kit fund, which earned them the title of **Champions of the 2023 Ceramic Industries Employee Community Involvement Programme**.



For the annual **Ablution Dignity Project**, **Samca Wall, Samca+ and Ceramic's factory shop employees**, partnered with **Mamotse Primary School** in Hammanskraal, Gauteng. All the tiles, toilets and basins used in the project are manufactured by our factories. Our team, which incorporated our Tiler and Transporter Enterprise Development beneficiaries, revamped the school's bathrooms, ECD class and playground.



Ceramic is an active participant in the Sedibeng District Municipality Air Quality Implementation Task Team, working collaboratively with the municipality and surrounding communities to address air quality concerns transparently. In 2023, the municipality approached the company for support with equipment for their **Expanded Public Works programme** project, aimed at clearing illegal dumping sites and enhancing cleanliness in local townships while creating employment opportunities. We donated 300 rakes and T-shirts to aid their efforts.



GOOD HEALTH AND WELL-BEING QUALITY EDUCATION GENDER EQUALITY LIFE ON LAND



The Group has played a significant role in **addressing period inequality** over the years by distributing new, environmentally-friendly reusable sanitary pads on an annual basis. Each year during **Women's Month**, Ceramic combines these efforts with a confidence-building programme for girls who have started menstruating.

At the two-day roadshow, students from the 10 TRAC Maths and Science schools in the Vaal and Hammanskraal participated in an immersive, internationally recognised workshop with qualified instructors. The students also received care packs and educational literature.

Italtile Retail



QUALITY EDUCATION DECENT WORK AND ECONOMIC GROWTH PARTNERSHIPS FOR THE GOALS



2023 was the sixth successful year of the **Italtile-University of Pretoria Student programme**, a collaboration between Italtile and the University of Pretoria's Marketing Department. Third-year students participated in a series of modules developed to test their marketing, branding and sales promotion knowledge through practical challenges. Prizes were awarded for Best Groups, Top Student and Highest Marks. The warmest applause was for the **89 students who won internships at Italtile showrooms**. Through this programme, Italtile and the university demonstrated the rich rewards of collaboration between the world of work and the domain of academic study.

Italtile Retail continued



The Little Optimist Trust is an organisation that focuses on uplifting and supporting marginalised children. Italtile Retail has been a proud sponsor of the Little Optimist Boat Race since 2018. This year, the event enabled 50 at-risk youths to experience the V&A Waterfront, the Two Oceans Aquarium and learn how to sail.

Italtile Retail and ITD partner with marine biologist, Dr Sara Andreotti of Stellenbosch University, on the **Italtile SharkWise project**. Italtile supports Dr Andreotti's extraordinary work, helping to fund her students and raise awareness of the importance of a working ocean ecosystem. Our valued customers make a meaningful contribution when they purchase an ITD Tivoli tap: for every Tivoli tap purchased, R2 is donated to the fund. The total sponsorship raised to date is R469 618.



Over the past two years, the Trust has also coordinated an **extensive renovation at the Astra School for physically disabled children** in Montana, Cape Town. The school caters for **300 learners** with special education needs and disabilities, 45 of whom stay in the hostel. The R1 million project included the complete revamp of the school's bathrooms. The project was successfully concluded with the collaboration of Italtile Retail, the Italtile Foundation, AMF Construction and Flyfleet, as well as the Back a Buddy campaign. All tiles, baths and basins – valued at over R340 000 – were donated by Italtile stores across the country. The Italtile Foundation contributed funds towards the labour costs.

Partnerships with The Wildlife and Environment Society of South Africa (“WESSA”)



Through our sustainable LiveGreen mandate, we partner with like-minded eco-conscious businesses and sustainability pioneers. This year, we worked with WESSA during its immersive learner education programme at **Reshomile Primary School** in Diepsloot, Gauteng. The activities were designed to contribute to **National Water Week**, encouraging children to put water conservation at the heart of each day. On the final day, artworks created by the learners, focusing on a water conservation theme, were showcased. A community clean-up was held and the programme concluded with the art competition prizegiving.



To celebrate **Africa Day**, the students of **Phomolong Secondary School** in Gauteng presented a beautiful cultural showcase of South African traditional dance and clothing. The outdoor event extended to the vegetable garden created by the learners, where they recycled and painted tyres to double as planters for the medicinal plants and herbs that WESSA introduced to them. In support of the eventful day, we contributed to the vegetable garden.

CTM



CTM's **Pad Dignity Drive** project, in collaboration with our implementation partner, distributed 1 700 new reusable biodegradable sanitary pads to girl learners. As part of the initiative, the girls were afforded the opportunity to engage in a safe, accepting environment on the subject of menstrual health, the reproductive system, the various menstrual products available and puberty.

CTM continued



As a leading retailer of tiles and sanitaryware, our business is committed to restoring dignity and enhancing learning conditions through improved sanitation for schools in need. **Umthambeka Primary School** in Tembisa, Gauteng, was selected as the recipient of the 2023/24 **CTM Bathroom Dignity Drive** project. We renovated four bathroom blocks and a double classroom that also serves as the school hall. CTM has pledged to improve sanitation and hygiene in schools, one school at a time.



Arbour Month is celebrated each year in September, with activities dedicated to planting indigenous trees and raising awareness of the environmental and social benefits that trees provide. In support of this important initiative, CTM, in partnership with WESSA, held an **Arbour Month Challenge**, whereby all CTM stores were encouraged to plant 10 trees each, to reach the **goal of 1 000 trees** planted by the CTM network.



We hosted the fourth annual **Champions Cup** at the CTM sports fields in Thohoyandou and Meadowlands in Soweto. These events promote health and fitness among the youth and raise awareness of the CTM sports fields for use by local communities. Sixteen schools each from Thohoyandou and Soweto participated and each participant received a new sports kit, shoes and related equipment. **Tshivhulana Primary School** (netball) and **Pfunekeni Primary School** (soccer) were the overall winners for Thohoyandou. The winners from Soweto were **Sapebuso Primary School** (netball), **Shomang Primary School** (soccer), **Kwadedangendlale High School** (netball) and **Dr Beyers Naude Secondary School** (soccer). The victorious schools each won R20 000 to address a critical need in their schools.



CTM Empangeni, in partnership with the Italtile and Ceramic Foundation and Dreamfields project, were proud sponsors of the **Umbonambi Primary School's** Under 13 girls' netball team. After being crowned provincial champions in May 2024, the young athletes from KwaZulu-Natal showed impressive talent and determination to win the **SA Schools Netball National Championships** in July. Having progressed from third place in 2023, the new champions demonstrated how unwavering passion for their sport, dedication and teamwork paid off.



CTM and Ceramic Industries partner with the **Stop Rhino Poaching** foundation to support rhino conservation in South Africa. Our commitment to protecting this endangered species is demonstrated by the donation of R5 per box for each box sold of selected **Kilimanjaro tiles**. Since the inception of our partnership, over **R6 million** has been donated to fund the foundation in its frontline fight against poaching.

TopT

Our charitable contributions to a range of worthy causes are centred on giving back to the communities we trade in, aimed at fostering community well-being and relationship building.



TopT Ga-Rankuwa, Gauteng, has formed a collaborative partnership with a local NGO and the Department of Social Development in the area to **address the pressing issue of crime**. Together, we have set up a range of sports activities, including athletics, aerobics, soccer and netball, with a specific focus on youths. The shared view is that sport is a positive influence to prevent youth crime, by providing structured, supervised activities that instil discipline and occupy free time, reducing opportunities for delinquent behaviour. The goal is to provide a sense of belonging, positive peer influence and mentorship for the youngsters.



At **TopT Rustenburg**, North West, we partnered with Total to support a local **school sports tournament**, providing essential resources and sponsorship to ensure the success of the event and create an enriching experience for the learners. This investment in local sports promoted a spirit of teamwork and healthy competition among the young athletes, and highlights the positive impact of community partnerships.



TopT continued



Following the opening of our new store in **Nzhelele**, Limpopo, we formed a valuable partnership with the local municipality to arrange an **impactful soccer tournament** aimed at nurturing the talents of young players, while building unity among community members. This tournament served as a platform to empower these promising athletes, providing them with opportunities to showcase their skills and foster a sense of pride and camaraderie.



In partnership with a dedicated NGO, our TopT Vanderbiljpark store in Gauteng contributed R44 000 to purchasing Christmas hampers for the **Sibonile School for Visually Impaired and Disabled Children**, helping to uplift the learners' spirits and create memorable experiences for them.



The local **community centre in Atteridgeville**, near our TopT store in **Mabopane**, is a vital hub for the community, accommodating learners receiving after-school lessons and artisan training, hosting various community events and providing crucial services, including counselling and medical check-ups. Our project to paint the centre to create a more welcoming and vibrant environment brought together volunteers and local artists, fostering a spirit of unity and enhancing the centre's role as a **cornerstone of community life**.



In the Eastern Cape, **TopT Matatiele**, donated 320 pairs of **school shoes and socks**, lunch boxes and water bottles to needy children at a local primary school, while our store in **Lusikisiki** demonstrated its commitment to community welfare by distributing over **50 blankets** to local residents, providing comfort for the winter season.



Also helping to keep the cold at bay, **TopT Tzaneen**, Limpopo, donated **school jerseys** to the learners of three local schools, demonstrating in a modest, but meaningful way, our support for education and making a positive impact on the lives of young learners.

Corporate sponsorship



The Group is a Platinum Partner of the **National Sea Rescue Institute**, the local voluntary non-profit organisation whose mission is to save lives through drowning prevention. Since 2014, through its annual contributions, the Group has assisted with rebuilding and equipping several bases around the country and donated materials for the renovation of others.

OUR GOVERNANCE

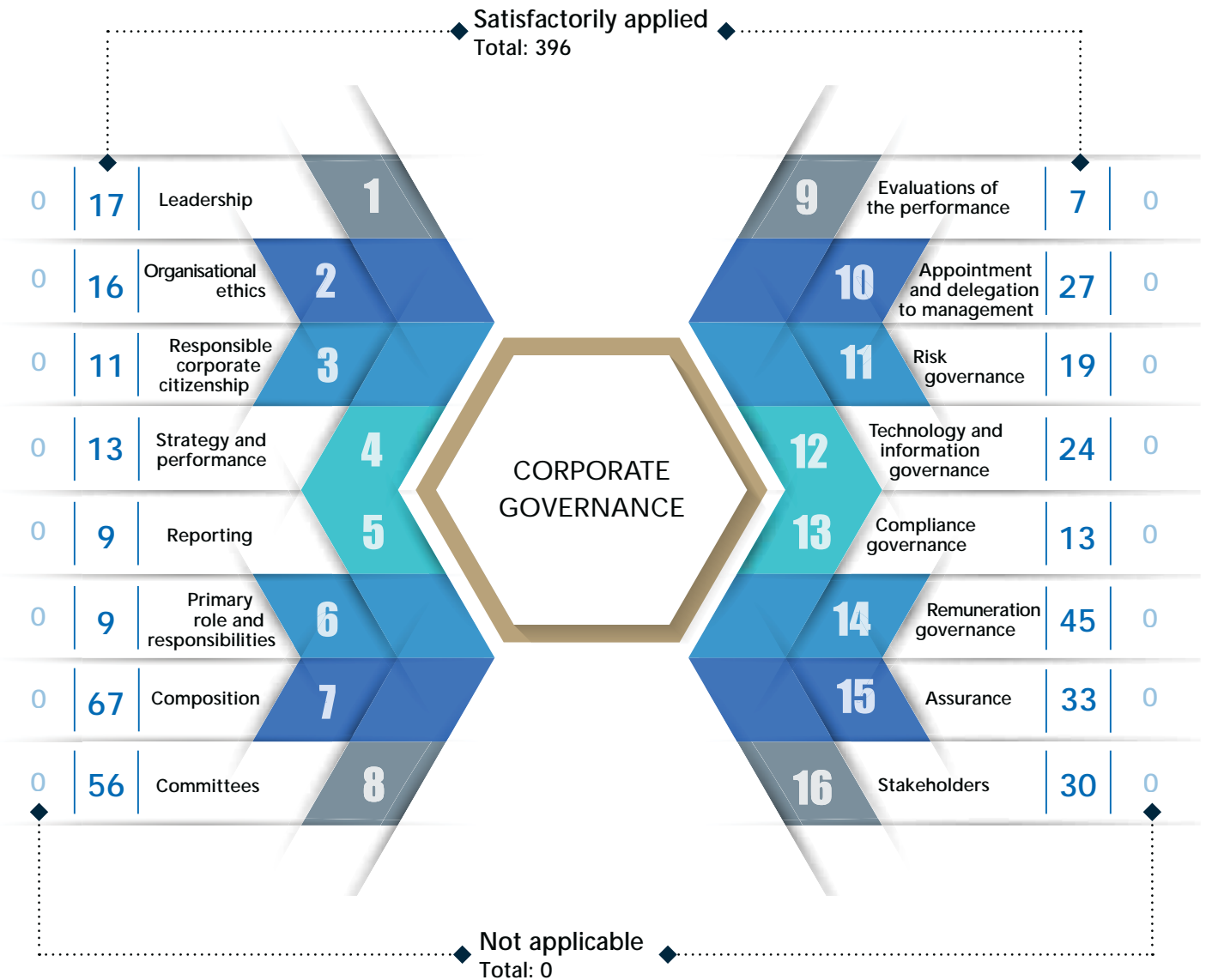
Sound governance and responsible corporate citizenship underpin our business model. Strategic clarity; purpose driven; ethical leadership and customer and staff-centric partnerships form the essence of who we are. Through our culture of continued improvement we strive to be top of mind for our customers and the employer of choice in our industry.

CORPORATE GOVERNANCE

KING IV

Italtile believes that the application of effective governance is essential to establishing an ethical and successful organisation which creates sustainable value for its stakeholders, and embraces the principles set out in King IV. King IV's outcomes-driven approach to corporate governance aligns with Italtile's existing governance framework and commitment to sustainable value creation and continuous improvement.

The Group subscribes to the Institute of Directors' Governance Assessment Instrument ("IoDSA GAI"), and the following summary report on the application of King IV is extracted from the IoDSA GAI, with the full assessment of all principles of King IV included on the Italtile website, www.italtile.com.



In accordance with the JSE Listings Requirements and King IV, the table below provides further detail on assessment of Italtile's application of the governance principles as recommend by King IV. This table should be read in conjunction with additional corporate governance and other disclosures provided in this IAR. The Italtile Board supports the various principles of King IV and commits to continuous improvement in this regard.

King IV principle	Affirmation statement	Application
LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
Leadership		
Principle 1: Leadership	The Italtile Board leads ethically and effectively.	<ul style="list-style-type: none"> • The Board is committed to high standards of corporate governance and ethics, and is the primary custodian of the Group's values and culture. • The Board's roles and responsibilities are set out in its Charter which include, <i>inter alia</i>, providing effective leadership that stands on an ethical foundation, oversight of the Group's ethics policies, and ensuring that the Group's ethics are managed effectively. • In fulfilling its duties, the Board ensures that all its members act with integrity and competence, are transparent and fair, and are individually and collectively responsible and accountable. • The Board completes an annual self-evaluation which is reviewed by the Chairperson. • No external Board evaluation is performed. • Declaration of interests is a standing agenda item for each Board meeting. • The Group's stakeholder engagement processes are well established, with the assistance of the Group's investor relations expert. • The Board completes an annual attestation relating to the roles and responsibilities set out in the Board Charter. • The Board has a formal induction process.
Organisational ethics		
Principle 2: Organisational ethics	The Italtile Board governs the ethics of Italtile in a way that supports the establishment of an ethical culture.	<ul style="list-style-type: none"> • The Board Charter mandates the Board to review, approve, monitor and evaluate the strategy proposed by management, while simultaneously monitoring the Group policies in place. • The Group's corporate culture and values, and Business Conduct policy form an integral part of its strategy and success. • Reports from the Group's whistle-blowing line as well as the annual employee engagement survey are reviewed by the Board. Such reports detail concerns, allegations and findings, and management's response to or remediation thereof. • The Board is assisted in the execution of these duties by its Social and Ethics Committee, as well as its Audit and Risk Committee. • The promotion and preservation of the corporate culture and values, which is underpinned by high ethical standards, is delegated by the Board to its executive directors. • Employees of the Group undergo ethics-related and diversity training. • Significant suppliers outside of the integrated supply chain sign declarations confirming compliance with the UN Global Compact.

King IV principle	Affirmation statement	Application
LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP continued		
Responsible corporate citizenship		
<p>Principle 3: Responsible corporate citizenship</p>	<p>The Italtile Board ensures that Italtile is, and is seen to be, a responsible corporate citizen.</p>	<ul style="list-style-type: none"> • Italtile is committed to being a responsible corporate citizen and the Board ensures that the Company pursues its activities within the confines of social, environmental and governance responsibilities as legislated or otherwise. In establishing its strategy, the Board considers the impact of its activities on the business, communities, stakeholders and the environment. • The Board has tasked the Social and Ethics Committee with overseeing responsible corporate citizenship, which also monitors compliance with the UN Global Compact principles, and UN Sustainable Development Goals. • The Group has a full-time Corporate Citizenship Manager who oversees projects related to environmental initiatives (such as water preservation and renewable energy), community upliftment (including renovation of ablution facilities at schools) and other charitable activities. • The Group has further established the Italtile and Ceramic Foundation Trust, which is a broad-based black ownership scheme, with the objective of carrying on public benefit activities in a non-profit manner and with an altruistic and philanthropic intent, focusing primarily on education, sport and conservation. • The Social and Ethics Committee receives reports on the work of the Corporate Citizenship Manager and that of the Italtile and Ceramic Foundation Trust to ensure Italtile's commitment to being a responsible corporate citizen is carried out.
STRATEGY, PERFORMANCE AND REPORTING		
Strategy and performance		
<p>Principle 4: Strategy and performance</p>	<p>The Italtile Board appreciates that Italtile's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.</p>	<ul style="list-style-type: none"> • The Board delegates the detailed formulation and implementation of the Group's strategy to management. • The Board reviews, approves, monitors and evaluates the implementation of the Group's strategy. The strategy is revisited and debated annually in detail at a breakaway session attended by the Board and members of the Group's Executive Committee and senior management. • In approving the strategy, the Board ensures a sustainable alignment of the Group's business model, strengths, weaknesses and opportunities. • The Board evaluates performance of strategy implementation with reference to both financial and non-financial outcomes, to ensure that sustainable value creation is achieved. • Progress against the key strategic imperatives is reported on by the CEO quarterly.

King IV principle	Affirmation statement	Application
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STRATEGY, PERFORMANCE AND REPORTING continued

Reporting

<p>Principle 5: Reporting</p>	<p>The Italtile Board ensures that reports issued by Italtile enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.</p>	<ul style="list-style-type: none"> • The Board, assisted by the Audit and Risk Committee, ensures that reports are compliant with legal reporting requirements and timeously meet the reasonable and legitimate needs of the Group's stakeholders. Further, the Board, again assisted by the Audit and Risk Committee, ensures that the necessary controls are in place to verify the integrity of disclosed reports, and makes use of the Group's enterprise risk matrix as a basis for determining material items for disclosure. • Reports prepared by the Group, all of which are reviewed and approved by the Board prior to publication, include the: <ul style="list-style-type: none"> – IAR and annual financial statements; – King IV corporate governance disclosures; – interim financial reports; and – trading updates (including voluntary statements) and other announcements on SENS as required by the JSE Listings Requirements. • The Board ensures that all relevant stakeholders have access to its published reports, with this responsibility being delegated to management. • The executive directors engage with shareholders on a one-on-one basis semi-annually (when interim and final results are announced).
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GOVERNING STRUCTURES AND DELEGATION

Primary role and responsibilities of the Board

<p>Principle 6: Primary role and responsibilities</p>	<p>The Italtile Board serves as the focal point and custodian of the organisation's corporate governance.</p>	<ul style="list-style-type: none"> • The Board has overall responsibility for corporate governance across the Group. • The Board is supported by its four sub-committees (Audit and Risk Committee, Social and Ethics Committee, Nominations Committee and Remuneration Committee) whose chairpersons provide feedback at Board meetings. • The roles and responsibilities of the Board are contained in its Charter, with each sub-committee having its own charter which is reviewed annually. • Although the Board retains overall responsibility for the Group, it delegates the management of the day-to-day operations of the Group to the executive directors, who operate according to a delegation of authority framework. • The executive directors of the Board are either members of subsidiary boards or attend by invitation to ensure consistent application of the Group's overall strategy and governance. • The delegation of authority framework is regularly reviewed.
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King IV principle	Affirmation statement	Application
GOVERNING STRUCTURES AND DELEGATION continued		
Composition of the Board		
<p>Principle 7: Composition</p>	<p>The Italtile Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively.</p>	<ul style="list-style-type: none"> • The Board recognises that an appropriately balanced and diverse governance body is important for enhanced debate and decision making. • The Board believes that its current composition is appropriate for the current size and complexity of the Group, with half of the Board members being independent non-executive directors. The executives of the Group, including the CEO, are members of the Board, and members of the Group's Executive Committee and senior management attend Board meetings by invitation. • Given that the Chairperson of the Board is not independent, a strong lead independent director has been appointed to the Board. • The Nominations Committee ensures that any Board candidates have the necessary skills, knowledge and experience to make a meaningful contribution to the Board, while ensuring that diversity and independence of the Board is preserved and all nominations are handled in a transparent manner. • Non-executive directors are subject to rotation and re-election after the Board satisfies itself that they remain fit and proper. • The Board completes an annual self-evaluation which is reviewed by the Chairperson, with no areas of concern being noted during the most recent evaluation. • Declaration of interests is a standing agenda item for each Board meeting. • The Board Diversity policy includes gender, race, culture, age, field of knowledge, skills and experience.
Committees of the Board		
<p>Principle 8: Committees</p>	<p>The Italtile Board ensures that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.</p>	<ul style="list-style-type: none"> • The Board is supported by its four sub-committees (Audit and Risk Committee, Social and Ethics Committee, Nominations Committee and Remuneration Committee) whose chairpersons provide feedback at Board meetings. • The responsibilities delegated to each sub-committee are formally documented in committee charters which are reviewed annually. • The Board ensures that the composition of the sub-committees is appropriate for delegated responsibilities and that there is effective collaboration through cross-membership (while maintaining a balanced distribution of power). • Any member of the Board is entitled to attend any Committee meeting as an observer, and members of management may also attend such meetings by invitation.

King IV principle	Affirmation statement	Application
GOVERNING STRUCTURES AND DELEGATION continued		
Evaluations of the performance of the Board		
Principle 9: Evaluations of performance	The Italtile Board evaluates its own performance and that of its committees, its chair and its individual members, and supports continued improvement in its performance and effectiveness.	<ul style="list-style-type: none"> • The Board completes an annual self-evaluation which is reviewed by the Chairperson. • The Board is satisfied that each sub-committee is functioning effectively.
Appointment and delegation to management		
Principle 10: Management appointment and delegation	The Italtile Board ensures that the appointment of, and delegation to, management contributes to role clarity and effective exercise of authority and responsibility.	<ul style="list-style-type: none"> • Although the Board retains overall responsibility for the Group, it delegates the management of the day-to-day operations of the Group to the executive directors, who operate according to a delegation of authority framework. • The Group's CEO is held accountable for the performance of the Group and the implementation of the approved strategy. Progress against key strategic imperatives and a summary of Group performance is reported by the CEO quarterly. • The executive directors are appointed by the Board, and their performance is measured against KPIs (financial and non-financial) by the Remuneration Committee. • The executive directors are not members of the sub-committees (barring the Social and Ethics Committee) but do attend Committee meetings by invitation. • The Board has formalised succession planning for executive directors. • The Board believes the Company Secretary has the requisite knowledge, experience and stature. • The executives operate according to a delegation of authority framework which is regularly reviewed.

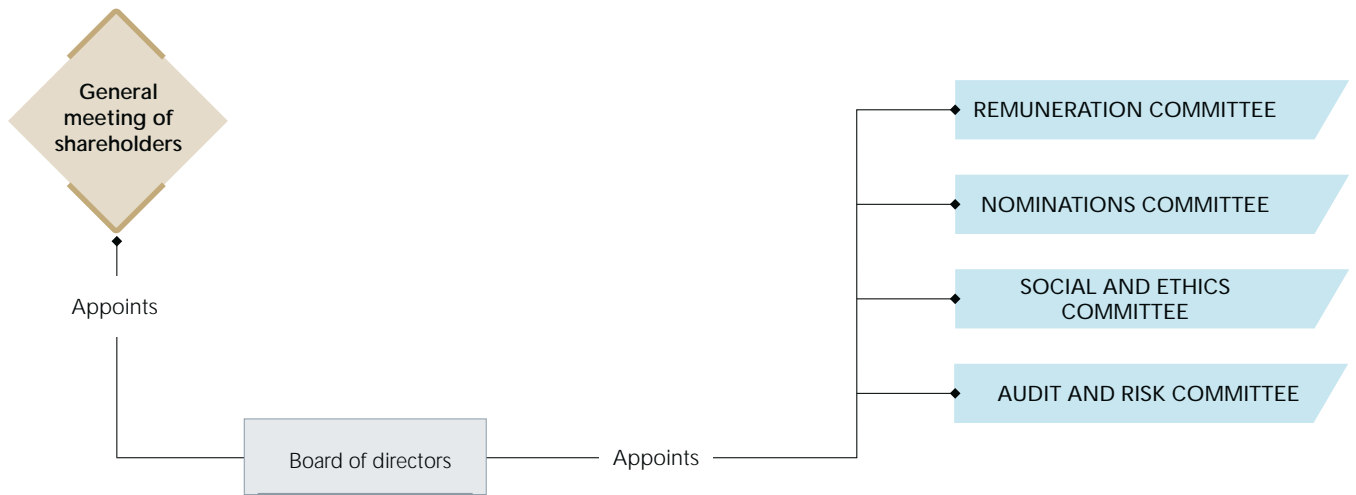
King IV principle	Affirmation statement	Application
GOVERNANCE FUNCTIONAL AREAS		
Risk governance		
<p>Principle 11: Risk governance</p>	<p>The Italtile Board governs risk in such a way that supports the organisation in setting and achieving its strategic objectives.</p>	<ul style="list-style-type: none"> • The Board is ultimately responsible for ensuring that risks are effectively managed and has delegated this responsibility to the Audit and Risk Committee, with the understanding that the overarching aim of effective risk management is preservation of sustainable value creation for stakeholders. • An enterprise risk framework has been approved by the Audit and Risk Committee and is used to identify material risks (in accordance with a defined risk appetite) to which the Group's strategy and controls are to be responsive. A top-down and bottom-up approach is used to identify risks. • Risks identified using the enterprise risk framework are regularly reviewed and debated and a combined assurance model is adopted for assessing the effectiveness of controls to address the risks. Providers of assurance include management, internal audit and external audit. • As part of the risk identification process, opportunities related to such risks are identified and leveraged where possible. • The Board has delegated the implementation and execution of effective risk management to the executive directors.
Technology and information governance		
<p>Principle 12: Technology and information governance</p>	<p>The Italtile Board governs technology and information in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<ul style="list-style-type: none"> • The Board understands that IT is a critical component of the business and is supported by the Audit and Risk Committee to oversee governance of technology and information. • The day-to-day management of the IT environment is delegated to management which includes a subject specialist Group IT Executive. Management reports at least quarterly to the Board on matters relating to IT, including security, governance and key projects. • Risks related to technology and information are incorporated into the Group's enterprise risk framework with particular focus on controls to prevent unauthorised access to IT systems and information and disaster recovery. • Incorporated in the Group's overall strategy is a dedicated focus on the IT strategy to ensure alignment and critical support with the overall strategy. • Independent assurance relating to IT controls is obtained on an annual basis. • IT governance and protection of personal information ("PoPI") compliance continues to be an area of focus, with third-party expertise and assistance sought where necessary.

King IV principle	Affirmation statement	Application
GOVERNANCE FUNCTIONAL AREAS continued		
Compliance governance		
<p>Principle 13: Compliance governance</p>	<p>The Italtile Board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<ul style="list-style-type: none"> • The Board is assisted by the Audit and Risk Committee and the Social and Ethics Committee to oversee compliance with applicable laws, regulations, codes and standards, including voluntary codes such as the UN Global Compact and UN Sustainable Development Goals. • The Board has delegated the responsibility for implementing compliance to management, who consult with subject matter experts where deemed necessary. • Management participates in training sessions facilitated by subject matter experts where necessary. • An independent review of compliance with laws and regulations is performed every three years with the assistance of a credible legal firm, and findings thereof are reported to the Board and addressed by management. No material findings were noted during the previous review. In addition to this review, further limited assurance is obtained annually from the Group's external auditor and taxation consultants with regard to adherence to relevant laws and regulations. • The Group was not subject to any material penalties, sanctions or fines for contravention of, or non-compliance with, regulatory obligations during the period under review. • Refer to principle 3 for further disclosure relating to the Company's governance of ethics and considerations for being a responsible corporate citizen.
Remuneration governance		
<p>Principle 14: Remuneration governance</p>	<p>The Italtile Board ensures that the organisation remunerates fairly, responsibly and transparently in order to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<ul style="list-style-type: none"> • With the assistance of the Remuneration Committee, the Board ensures that executives, management and other staff are remunerated fairly and transparently, in order to support the Group's long-term sustainability and success. • The Group's Remuneration policy is reviewed by the Remuneration Committee and approved by the Board. It is designed to attract and retain key personnel, promote the achievement of strategic objectives by establishing a high-performance culture, and preserve the corporate culture and ethics. • The Group's Remuneration policy and Implementation report is subject to non-binding votes by shareholders and received significant support at the previous AGM.

King IV principle	Affirmation statement	Application
GOVERNANCE FUNCTIONAL AREAS continued		
Assurance		
<p>Principle 15: Assurance</p>	<p>The Italtile Board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and external reporting purposes.</p>	<ul style="list-style-type: none"> • The Board, assisted by the Audit and Risk Committee, ensures adequate assurance is obtained over the internal control environment, integrity of information for management decision making and external reporting. • Italtile implements a combined assurance model comprising management, internal audit and external audit. • The Audit and Risk Committee reviews the internal and external audit approaches to ensure that significant risk areas and material matters are addressed. • The Internal Audit Charter and plan is approved by the Audit and Risk Committee, as it is responsible for overseeing this function. • The Head of Internal Audit has direct access to the Chairperson of the Audit and Risk Committee and is not a member of executive management, thus preserving independence. • The Audit and Risk Committee receives regular reports related to assurance from the external auditor, Head of Internal Audit and management. • The Audit and Risk Committee recommends the appointment of the external auditor. • The Board is satisfied that the external auditor is independent.
Stakeholders		
<p>Principle 16: Stakeholders</p>	<p>In the execution of its governance roles and responsibilities, the Italtile Board has adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time.</p>	<ul style="list-style-type: none"> • The material stakeholders of Italtile are its shareholders, employees, franchisees, suppliers and business partners, government and regulators, communities and customers. • The management of stakeholder relationships and interactions is overseen by the Board with the assistance of the Social and Ethics Committee, both well aware of the importance of maintaining sound stakeholder relationships. • Italtile adopts an inclusive approach and engages stakeholders on multiple levels and through various mediums, allowing the Group to be effectively responsive to their needs, interests and expectations. • Management proactively encourages engagement with stakeholders. • The AGM is attended by all directors and the external auditor, providing shareholders with an opportunity to engage with them.

King IV principle	Affirmation statement	Application
GOVERNANCE FUNCTIONAL AREAS continued		
Responsible investment		
Principle 17: Institutional investors	The Italtile Board does not apply this principle as the organisation is not an institutional investor.	

GOVERNANCE STRUCTURE



BOARD OF DIRECTORS

A formal Board Charter has been adopted and includes a code of ethics to which all directors subscribe. Procedures exist in terms of which unethical business practices can be brought to the attention of the Board by directors.

COMPOSITION OF THE BOARD

The Board comprises three executive directors, a non-executive Chairperson and seven non-executive directors, five of whom are independent.

The directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and broad deliberations in the decision-making process.

CLASSIFICATION OF DIRECTORS

The basis on which directors have been classified in terms of their independence in this report is as follows:

- executive directors are involved in the management of Italtile and/or its subsidiaries and are employed in a full-time capacity by Italtile;
- non-executive directors are those who have been nominated by a shareholder owning more than 20% of the Group, or who were in the employ of the Group in the preceding financial year. Non-executive directors are not involved in the day-to-day management and are not in the full-time salaried employment of Italtile and/or its subsidiaries; and
- independent non-executive directors are all other directors irrespective of the period during which they have been members of the Board and as defined in King IV and the JSE Listings Requirements.

No director has an automatic right to a position on the Board. All directors are required to be elected by the shareholders at an AGM on a rotational basis.

BOARD RESPONSIBILITIES

The Board is responsible to shareholders for the conduct of the business of the Group, which includes providing Italtile with clear strategic direction. The schedule of matters reviewed by the Board includes:

- approval of the Group's strategy and annual budget;
- overseeing Group operational performance and management;
- ensuring that there is adequate succession planning at senior levels;
- overseeing director selection, orientation and evaluation;
- approval of major capital expenditure or disposals, material contracts, material acquisitions and developments;
- reviewing the terms of reference and approving charters of Board Committees;
- determining policies and processes which seek to ensure the integrity of the Group's risk management and internal controls;
- maintaining and monitoring the Group's systems of internal control and risk management;
- communication with shareholders, including approval of all circulars, prospectuses and major public announcements;
- approval of the interim financial statements and IAR (including the review of critical accounting policies and accounting judgements and an assessment of the Company's position and prospects); and
- approval of dividends.

The Board retains full and effective control over the business of Italtile. The Board has defined levels of materiality through a written delegation of authority, which sets out decisions the Board wishes to reserve for itself. The delegation is regularly reviewed and monitored.

DIVISION OF RESPONSIBILITY

The Company conducts an annual evaluation of its Board, Board Committees and individual directors, and is confident that there is an appropriate balance of power and authority on the Board to ensure that no one director has unfettered powers of decision making.

The division of responsibilities maintains a balance of power and authority on the Board.

TERM OF OFFICE

The three executive directors have employment contracts without fixed terms. In accordance with the Company's memorandum of incorporation ("MOI"), all non-executive directors are subject to retirement by rotation and re-election by shareholders at least every three years. Any director who has been in office for longer than nine years shall retire annually at each AGM.

If requested to serve a further term, those retiring directors may offer themselves for re-election by shareholders. Any director appointed during the year must retire at the AGM held immediately after his or her appointment.

BOARD MEETINGS

The Board meets at least every quarter or more frequently if circumstances require. At the meetings, the Board considers both financial and non-financial qualitative information that might have an impact on the Group's stakeholders. Prior to every Board meeting, each director receives an information pack that provides background information on the performance of the Group for the year to date and any other matters for discussion at the meeting.

Board members have full and unrestricted access to relevant information, management, and the Company Secretary, and may, at the cost of the Group, seek independent professional advice in the fulfilment of their duties.

Details of attendance at Board meetings are set out below:

Board member	Attendance at meetings
L R Langenhoven (Chairperson)*	4/4
G A M Ravazzotti	4/4
L A Foxcroft	4/4
B G Wood	4/4
S G Pretorius	4/4
S M du Toit	4/4
N P Khoza	4/4
L C Prezens	4/4
J N Potgieter	4/4
A M Mathole	4/4

*Appointed Chairperson of the Board on 1 July 2023.

BOARD APPOINTMENT POLICY

The Board evaluates its composition each year to ensure an appropriate mix of skills, experience, and professional and industry knowledge to meet the Company's strategic objectives. Demographic representation is also a consideration. New directors are subject to a 'fit-and-proper' test. An induction programme is available to incoming directors, providing guidance on their responsibilities. The appointment of the directors is approved at the AGM of shareholders.

None of the non-executive directors have entered into service contracts or standard letters of appointment with Italtile.

LEAD INDEPENDENT DIRECTOR

While the Board is led by a non-executive Chairperson, Ms S M du Toit continues to serve as lead independent non-executive director of the Company's Board.

BOARD COMMITTEES

The Board has established four committees to which it has delegated specific responsibilities in meeting its corporate governance and fiduciary duties.

These Committees operate within written terms of reference and charters approved by the Board. These are the:

- Audit and Risk Committee;
- Remuneration Committee;
- Nominations Committee; and
- Social and Ethics Committee.

AUDIT AND RISK COMMITTEE

The Committee met five times during the period under review. Attendance at the meetings was as follows:

Board member	Attendance at meetings
L C Prezens (Chairperson)*	5/5
S M du Toit	5/5
N P Khoza	5/5
S G Pretorius	5/5
L R Langenhoven**	4/5
L A Foxcroft**	5/5
B G Wood**	5/5

*Appointed Committee Chairperson on 1 July 2023.

**By invitation.

For the full Audit and Risk Committee report, refer to page 144.

REMUNERATION COMMITTEE

The Committee met twice during the period under review. Attendance at the meetings was as follows:

Members	Attendance at meetings
A M Mathole (Chairperson)*	2/2
L R Langenhoven	2/2
G A M Ravazzotti	2/2
S G Pretorius	2/2
S M du Toit	2/2
L A Foxcroft**	2/2
B G Wood**	2/2

*Appointed Committee Chairperson on 1 December 2023.

**By invitation.

For the full Remuneration Committee report, refer to page 123.

NOMINATIONS COMMITTEE

The Nominations Committee is a sub-committee of the Board and meets on an *ad hoc* basis as required, but at least once a year. The Committee is chaired by the non-executive Chairperson and comprises a majority of independent non-executive directors. The current members of the Committee are: Ms L R Langenhoven (Chairperson), Mr G A M Ravazzotti, Mr S G Pretorius and Ms S M du Toit.

The Nominations Committee’s key roles include the identification and evaluation of suitable candidates for appointment to the Board, as well as succession planning.

The Nominations Committee considers gender, race, culture, age, field of knowledge, skills and experience when nominating appointments of directors to the Board. The current Board composition is diverse in terms of both race and gender.

The Committee met twice during the period under review. Attendance at the meeting was as follows:

Board member	Attendance at meetings
L R Langenhoven (Chairperson)*	2/2
G A M Ravazzotti	2/2
S G Pretorius	2/2
S M du Toit	2/2

*Appointed Committee Chairperson on 1 October 2023.

The Board considers the composition of the Nominations Committee to be appropriate for the needs of the Group at this time, and believes that the members are suitably equipped with the necessary knowledge, skills and experience.

SOCIAL AND ETHICS COMMITTEE

The Committee met three times during the year. Attendance at the meetings was as follows:

Board member	Attendance at meetings
N P Khoza (Chairperson)	3/3
L A Foxcroft	3/3
B G Wood*	3/3
A M Mathole	3/3

*By invitation.

For the full Social and Ethics Committee report, refer to page 64.

The Board considers the Committee’s composition appropriate in terms of the necessary skills and experience of the members.

COMPANY SECRETARY

The Company Secretary is Acorim Proprietary Limited, who were appointed on 01 December 2023, and they are neither a director nor a shareholder of Italtile or any of its subsidiaries. On that basis, the Board believes that Acorim Proprietary Limited maintains an arm’s length relationship with the executives, the Board and the individual directors.

The Company Secretary is responsible for administering the proceedings and affairs of the directorate, the Company and, where appropriate, owners of securities in the Company, in accordance with the relevant laws. The Company Secretary is available to assist all directors with advice on their responsibilities, their professional development and any other relevant assistance they may require.

The Nominations Committee has considered the skills and experience of the Company Secretary and the level of competence. The Board, on the recommendation of the Nominations Committee, is satisfied with the level of competence of the Company Secretary. It requires a decision of the Board as a whole to remove the Company Secretary, should this become necessary.

CODE OF BUSINESS AND ETHICS

The Group has adopted a formal code of business ethics and conduct (“the Code”) which requires all directors and employees to act with honesty and integrity and maintain the highest ethical standards. The Code deals with compliance with laws and regulations through a system of values and standards.

The Board oversees and ensures that management throughout the Group assumes responsibility for training and mentoring staff on the Group’s values and standards and ensuring compliance.

STAKEHOLDER COMMUNICATION

Italtile is committed to open, honest and regular communication with key stakeholders on financial and non-financial matters. A working partnership between the Group, its suppliers, franchisees, employees and members of the community forms the basis of a mutually beneficial association.

The AGM provides an opportunity to communicate directly with shareholders. The meeting provides a forum for shareholders to question and express their views about the Company’s business. The chairpersons of the Audit and Risk and Remuneration Committees are available at the meetings to answer questions from shareholders.

Notice of the AGM ("Notice") and related documents are mailed to shareholders at least 15 business days before the meeting. Separate resolutions are proposed on each substantially different issue. The Notice is contained in the IAR.

The Group's executive management team meets with investors after the publication of interim and annual results.

SHARE DEALINGS

All directors of the Company are required to comply with the requirements of the JSE regarding inside information, transactions and disclosure of transactions.

In line with the Financial Markets Act, No 19 of 2012, the Board enforces a restricted period for dealing in Italtile shares, in terms of which any dealings in shares by all directors and senior personnel is disallowed from the time that the reporting period has elapsed to the time that results are released and at any time that such individuals are aware of unpublished price-sensitive information, whether the Company is trading under cautionary announcement as a result of such information or not.

RISK MANAGEMENT AND INTERNAL CONTROLS

Italtile recognises that managing risk and compliance is an integral part of generating sustainable shareholder value and enhancing stakeholder interests.

The Group has in place an enterprise risk management framework which is based on a combined assurance model comprising: management (divisional and executive directors); external auditor (PricewaterhouseCoopers Inc.); and support centre oversight (including the internal audit function). The structure of this model and its activities are designed to ensure that the Group's risks are adequately addressed.

The Board, assisted by the Audit and Risk Committee, is responsible for risk, risk tolerance determination, risk management within the Group, performance of risk assessments, the use of acceptable risk methodologies and the monitoring of risk on a continual basis.

The Board ensures there is regular assessment of financial and non-financial risks in the context of the Group's business environment, with a view to mitigating and/or eliminating risk through the Group's strategies and processes.

Internal controls are designed to manage rather than eliminate risks of failure to achieve business objectives, and provide reasonable rather than absolute assurance against material misstatement or loss. The internal audit function is a structured review of internal controls based on risk assessment.

The Strategic management of material risks report on page 70 of this report discusses the Group's top risks and the management thereof in detail.

SUSTAINABILITY

Italtile is committed to good corporate citizenship practices and organisational integrity in the direction, control and stewardship of the Group's affairs.

The Group recognises the imperative to balance returns for shareholders with the long-term needs of the business, its employees, the broader society and the environment.

The Company is aware of its responsibility to safeguard the interests of all stakeholders and believes that good governance is essential to the Group's long-term sustainability and functioning. The Group's objective is to conform stringently to transparency, while operating profitably and remaining accountable to the broader community which it serves.

The Group philosophy is that a well-structured, efficiently implemented ESG strategy makes a significant contribution to the strength of the corporate brand and positions the business to create and unlock sustainable value for all stakeholders.

Shareholders, customers, employees, suppliers and business partners, franchisees, regulators and the communities in which the Group operates are regarded as key stakeholders.

King IV places emphasis on the principles of strategy, sustainability and governance and provides for greater integration of those elements. Accordingly, Italtile continues to strive to align the Group's practices with the recommendations of King IV.

Refer to pages 58 to 106 for further disclosures relating to sustainability.

TRANSFORMATION

Italtile is committed to empowerment in its business and is supportive of transformation in the country. The Group endorses the principles in the Employment Equity Act and aligns its HR policies accordingly. Refer to page 78 for the detailed Transformation report.

EMPLOYMENT EQUITY STATISTICS

As at 30 June 2024

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled to top management	232	23	17	88	125	10	13	55	563
Semi-skilled and unskilled	1 151	35	7	40	411	21	1	21	1 687
Total	1 383	58	24	128	536	31	14	76	2 250

The above statistics apply to South African operations only and do not include the franchised stores. The Group submits its employment equity reports to the Department of Labour on an annual basis and has substantially met relevant targets in recent prior years.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to uplifting the communities in which it operates through following sound employment practices and meeting the real needs of those communities. Refer to pages 98 to 106 in this regard.

OCCUPATIONAL HEALTH AND SAFETY

Italtile complies with the Occupational Health and Safety Act, No 85 of 1993 and other relevant legislation, regulations and codes of practice for South Africa and other territories in which it operates. The aim of the Group's Health and Safety policies are to prevent and minimise work-related injuries and health impairments by ensuring that all employees are provided with adequate training and supervision to undertake their roles.

ENVIRONMENTAL MANAGEMENT

The Group's Citizenship Manager oversees the implementation of Italtile's long-standing environmental consciousness values across the business. Programmes are aimed at measuring, managing and reducing the Group's impact on the environment and promoting its long-term sustainability. This Citizenship Manager operates in conjunction with executive management, with a view to aligning and integrating the green agenda into the day-to-day processes and functioning of the business.

The Group's Environmental report is on page 82.

HUMAN CAPITAL DEVELOPMENT

Italtile strives to be the employer of choice in its industry. The Group's strategy is to recruit and retain the best people from the diverse communities in which it operates, and to ensure they are empowered, accountable for their actions and rewarded accordingly. Refer to page 75 in this regard.

SKILLS DEVELOPMENT

Training and development initiatives are formulated and conducted in-house, ensuring relevance to the Group's culture, values and strategy.

Training courses are designed for students ranging from beginners to intermediate and advanced levels. Training courses include an induction course for all new employees, as well as focused business, technical, management and corporate governance programmes. Training competencies have been mapped for all job titles to support consistent standards across the Group.

Over the past year, training and bursary spend on employees of the Group and franchisees amounted to R39 million (2023: R55 million).

ECONOMIC IMPACTS

Italtile is committed to satisfying the needs of its customers while delivering acceptable profit growth. The Group endeavours to create wealth for the benefit of all stakeholders.

The value added statement on page 57 is a measurement of the wealth the Group created in its operations by adding value to the cost of raw materials, products and services purchased. The statement shows the total wealth created and how that was distributed.

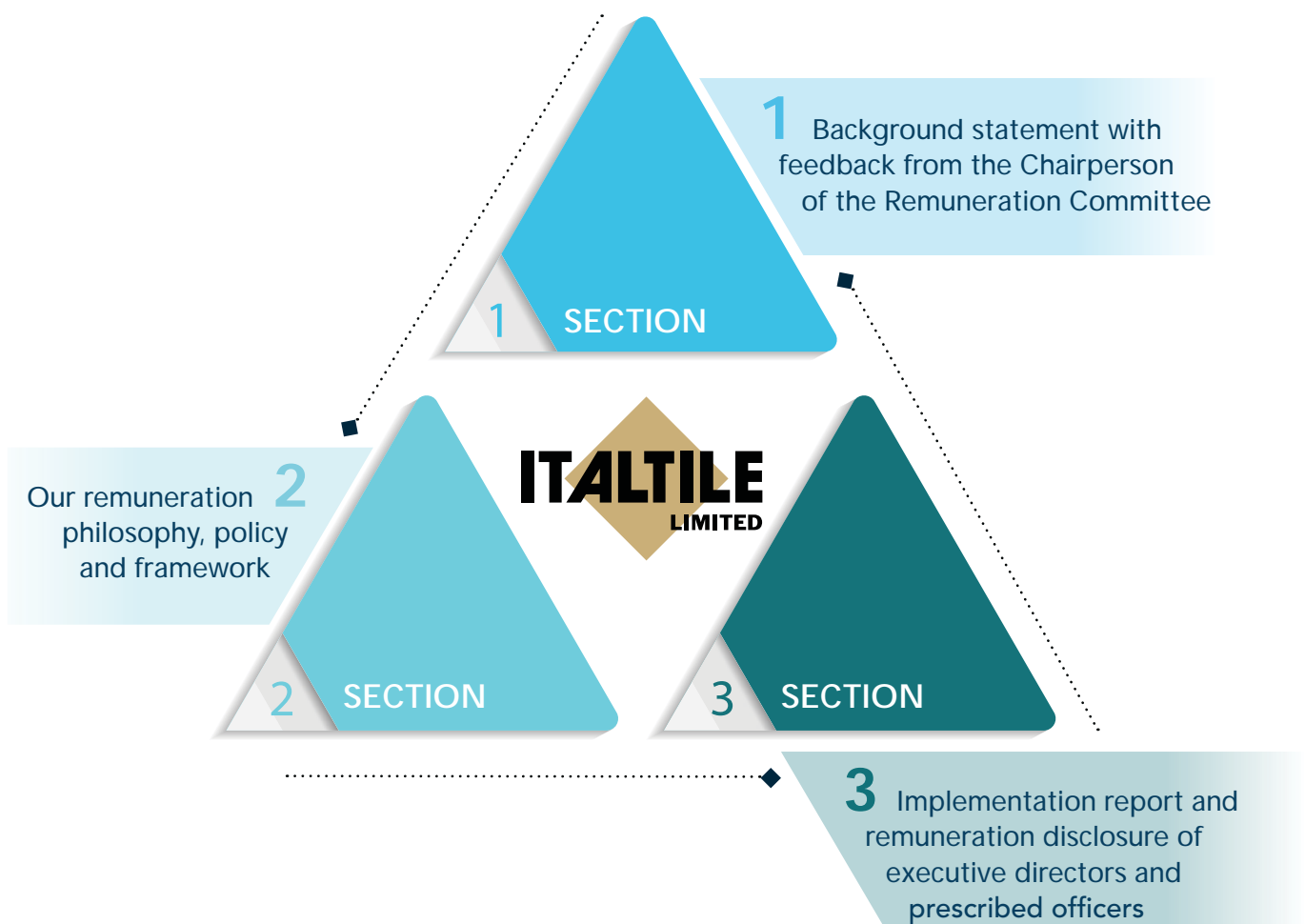
The statement also takes into account the amounts retained and reinvested in the Group for the replacement of assets and development of future operations.

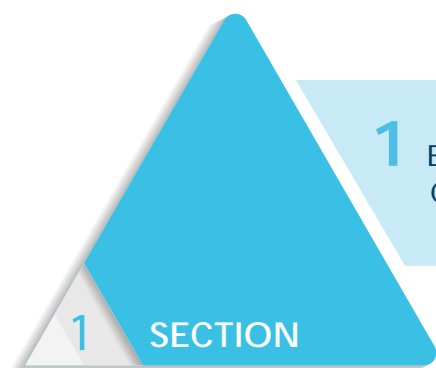
REMUNERATION COMMITTEE REPORT

This report outlines Italtile's remuneration philosophy and policy for non-executive directors, executive directors and prescribed officers. It also provides a description as to how the policy has been implemented and discloses payments made to non-executive and executive directors and prescribed officers during the year under review.

The report focuses on the fixed and variable elements of executive remuneration, as well as fees paid to non-executive directors and uses the single-figure disclosure format. Assessed against King IV and the amended JSE Listings Requirements, the Remuneration Committee is satisfied with the Company's compliance.

In line with leading practice as prescribed by King IV, this report is divided into three sections:





1 Background statement with feedback from the Chairperson of the Remuneration Committee

Dear stakeholder

Background statement

I am pleased to present the Remuneration report of Italtile for the year ended 30 June 2024.

It is an honour to have the opportunity to serve as the Chairperson of the Remuneration Committee, and I wish to thank the Board for affording me this privilege. Mrs Susan du Toit stepped down as Chairperson, effective from 1 December 2023, she does however remain a member of the Committee. I wish to express my deep appreciation to Susan for her exemplary leadership in steering the Committee over the years and for her valuable support during the transition.

I believe that my business understanding and 27 years of experience in legal, governance, risk and regulatory compliance across various industries will add value to the Remuneration Committee as we navigate the changing framework under the proposed amendments to the Companies Act and align ourselves to the evolving reporting environment.

The mandate of the Committee is to exercise oversight of the remuneration practices and policies of the Group. It focuses on responsible remuneration practices across the Company and strives for fair, competitive and transparent remuneration.

The Committee is committed to:

- the principles of merit and ‘pay for performance’;
- ensuring that remuneration policies and practices effect alignment between the interests of executive management and shareholders;
- continuously monitoring pay levels to ensure market-related, competitive remuneration;
- ensuring fair pay and that there is no discrimination based on race or gender or any other factor; and
- narrowing the gap in compensation between executives and employees at lower levels to prevent unacceptable levels of inequality.

The approach of the Committee is to communicate and engage extensively with a range of shareholders regarding matters raised around the Remuneration policy and Implementation report.

At the AGM held on 9 November 2023, the Group’s shareholders approved the Company’s Remuneration policy and the Implementation report.

	2022 in favour	2023 in favour
Remuneration policy	94,91%	94,96%
Implementation report	93,46%	88,37%

REMUNERATION COMMITTEE AT A GLANCE

As tasked by the Board, the Committee assists in setting the Company’s Remuneration policy and reviews, recommends and approves the remuneration of executive and non-executive directors, prescribed officers and senior management (collectively referred to as ‘the executive team’).

A core responsibility of the Remuneration Committee is to ensure that the remuneration philosophy and policy support Italtile as follows:

- aligns the executive team’s reward with the Group’s commercial success and long-term sustainability; and
- supports the Group’s strategic objectives and allows for the recruitment, motivation and retention of senior executives, ultimately maximising shareholder value while complying with relevant legislation and the requirements of King IV.

As per its terms of reference, the Committee’s responsibilities are to:

- assist the Board in developing and setting the Group’s Remuneration policy;
- determine and approve the total remuneration of the executive team;
- review executive performance contracts;
- determine and approve the performance measures for the executive team;
- review the compensation basis and proposed average annual increases for the Group’s employees;
- review remuneration and apply best practice and trends in order to ensure the appropriateness of the Remuneration policy;
- review remuneration matters for executive team promotions, transfers and termination of employment;
- oversee any proposed major changes to employee benefit structures throughout the Group;
- review and recommend short and long-term incentive policies and targets for directors and executive management;
- set the participation principles for the various remuneration schemes;

- review and recommend performance management policies;
- ensure compliance with applicable laws and codes;
- advise on the fees for non-executive directors;
- review the Group's succession plan for the executive team; and
- review and evaluate the contribution of each member of the executive team and determine their salary adjustments on an annual basis, ensuring pay for performance and as a result, a high level of motivation, engagement and commitment.

Key decisions taken by the Remuneration Committee during the year under review include:

- an annual review of the guaranteed salaries of executives;
- approval of the framework for increases for all other employees;
- approval of short and long-term incentive structures and awards for the executive team, as well as the framework for all other employees;
- approval of the KPIs for the executive team; and
- recommendation of non-executive director fees for approval by the Board.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM, details of which can be found in the Notice:

- binding vote on non-executive directors' fees; and
- non-binding advisory vote on the Group's Remuneration policy and Implementation report.

In the event that the Remuneration policy or Implementation report is voted against by shareholders representing 25% or more of the voting rights, dissenting shareholders will be invited to engage with the Company. The manner and timing of such engagement will be communicated to these shareholders, if necessary.

The Committee Chairperson reports to the Board after each Committee meeting and attends the AGM to answer questions from shareholders on the Committee's area of responsibility.

The Committee is focused on maintaining competitive remuneration practices across the Company while balancing the reward and motivation of key personnel with the need to drive accountability for performance. We recognise the need to retain top talent as it is a prerequisite to meet growth targets and shareholder expectations.

REMUNERATION COMMITTEE COMPOSITION

The Remuneration Committee is a sub-committee of the Board and meets at least twice per annum. The Committee is chaired by an independent non-executive director and comprises five directors. The majority of directors on the Committee are independent.

The assessment of the independence of any director who has been on the Board for longer than nine years is done annually by the Nominations Committee, to ensure the directors exercise objective, unfettered judgement and meet the required standards for independence.

The current members of the Committee are: Mrs A M Mathole (Chairperson), Mrs L R Langenhoven, Mr G A M Ravazzotti, Mrs S M du Toit and Mr S G Pretorius.

The Board considers the Committee's composition to be appropriate in terms of the necessary knowledge, skills and experience of its members. The Committee obtains expert advice to ensure it is kept up to date on remuneration practices.

The Italtile Group Company Secretary, Acorim Proprietary Limited, attends all meetings of the Committee as secretary. The Chairperson of the Board attends meetings by invitation. The CEO and CFO attend all meetings by invitation to provide input and guidance regarding executive team remuneration.

No attendee may participate in any discussion or decision regarding his or her own remuneration.

The Committee met twice during the year. Attendance at the meetings was as follows:

Members	Attendance at meetings
A M Mathole*	2/2
L R Langenhoven	2/2
G A M Ravazzotti	2/2
S G Pretorius	2/2
S M du Toit	2/2
L A Foxcroft**	2/2
B G Wood**	2/2

*Appointed Committee Chairperson on 1 December 2023.

**By invitation.

We trust that this Remuneration report provides an accurate overview of the Remuneration policy of the Company, its implementation and specifically an in-depth view on executive management remuneration in the past year.

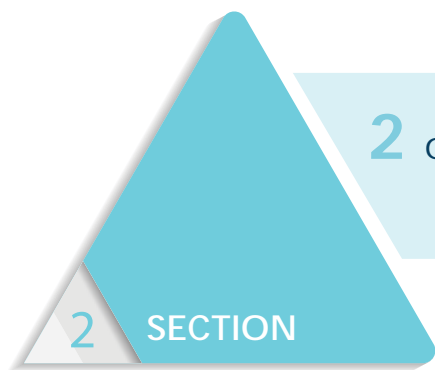
As the applicable framework and environment change in the year ahead, we will adapt accordingly to ensure that our remuneration practices and disclosures are compliant and appropriate.



Alex Motshwanetsi Mathole

Remuneration Committee Chairperson

20 September 2024



2 Our remuneration philosophy, policy and framework

REMUNERATION PHILOSOPHY

Italtile is committed to maintaining pay levels that reflect an individual's worth to the Group. The Group's philosophy is to treat employees as business partners, developing their sense of ownership, and to pay for performance.

Our remuneration philosophy is governed by the principles of equity, fairness, pay for performance and affordability, ensuring alignment between management and shareholder requirements.

Remuneration policies are designed to attract, reward and retain the executive team and employees needed to deliver on the business strategy, as well as the key corporate objectives.

REMUNERATION POLICY

The Remuneration policy subscribes to King IV recommendations and principles on which it is based including the following principles:

- remuneration practices are aligned with Company strategy;
- total rewards are set at competitive levels in the relevant market to ensure we attract, motivate and retain highly talented individuals;
- total rewards are managed to align to the principle of responsible and fair pay;
- total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders;
- incentive-based results are linked to achieving demanding performance conditions consistent with shareholder interest over the short, medium and long term; and
- performance measures and targets for incentive plans are structured to operate effectively throughout the business cycle and support the business strategy.

ELEMENTS OF REMUNERATION

Italtile has an integrated remuneration and reward model which includes guaranteed remuneration, and short-term incentives ("STIs") and long-term incentives ("LTIs"). The components of total remuneration for permanent employees, prescribed officers and executives are fixed and variable remuneration.

Fixed remuneration comprises a basic salary and benefits, aligned to roles and performance. Variable remuneration comprises STIs and LTIs, aimed at retention of critical employees. Performance is measured against set performance indicators.

All employees share in Group profits, based on an individual's contribution to the Group. The Group has a minimum annual cost-to-company target of R134 600 per employee (2023: R134 000).

A new Staff Share Scheme for all employees of the Group and its franchisees was approved by shareholders in November 2022. The first awards under this new scheme were made to qualifying employees in March 2023, with subsequent awards in March 2024. Awards to participants are in the form of units linked to shares held by a trust, and dividends accruing to participants from the date of issue of awards are retained by the trust to offset the future income tax liability of participants on vesting of the awards. Awards vest after three years if the participant remains in the employ of the Group or its franchisees.

The various elements of remuneration are outlined below.

Guaranteed salary for employees

Guaranteed salary is reviewed annually and positioned competitively against peers that are comparable in size, sector and business. Company performance, affordability, individual performance and average industry and sector increases are considered in determining any annual adjustment. Increases are generally inflation-linked and, where affordable, additional budget is allocated for adjusting remuneration levels that are not appropriately aligned to internal pay ranges and/or market rates for a specific job.

Benefits

Benefits offered to employees include medical aid, provident fund and other benefits relevant to Italtile.

Fair and responsible remuneration

Steps that have been taken to improve the lives of the most junior employees are as follows:

- the minimum monthly basic wage levels were increased to R8 050 for CTM (4,5%), R7 250 for TopT (5,1%) and R8 300 (5,1%) at Ceramic Industries with effect from 1 July 2024;
- assistance to buy property: pension-backed housing loans are offered through FNB;
- programmes helping employees manage their finances are available through our Employee Wellness Programme, Ask Nelson. Employees have access to qualified financial consultants who can assist with budgeting, saving, investments, debt counselling, wills and estate planning, home loans, insurance, personal tax, garnishee orders and vehicle finance;
- training programmes are run for incoming employees. CTM and TopT incoming employees are placed on a six-week induction programme, consisting of factory visits, practical plumbing and tiling courses, as well as sales training. In addition, they go through a four-week NQF 4 qualification in retail management over 12 months; and
- primary healthcare cover (medical assistance or insurance) has been introduced for full-time permanent employees, fully funded by the Company.

Incentives

The Italtile Group administers incentive schemes to encourage and reward delivery of its strategic priorities over the short, medium and long term. The STI focuses on achieving business targets in that financial year, while the long-term incentive closely aligns the interests of executives with shareholders over the longer term. It is also a retention mechanism.

Short-term incentives

All employees in the Group share in profit. There is a direct correlation between profit share and the profitability of the business. Therefore, no additional performance targets are set for profit share, as the profit share allocation is directly impacted by the level of the business's profitability, thereby ensuring a clear alignment between performance and pay. This is consistent for all employees across the business and demonstrates the core principle of partnership.

The profit pool range is determined as a percentage of profits per business unit.

Executives take part in the Executive Profit Share Scheme. The Executive Profit Pool is 0,25% of Group profit before tax shared between the CEO and CFO on a shared unit basis:

- CEO: 60 units
- CFO: 40 units

For the 2025 financial year, the Executive Profit Pool will be 0,33% of Group profit before tax shared between the CEO, COO and CFO on a shared unit basis:

- CEO: 45 units
- COO: 30 units
- CFO: 25 units

The prescribed officer (the CEO of Ceramic Industries) shares in a percentage of Ceramic's profit. The profit pool at Ceramic for senior management is calculated as 0,89% of profit before tax, shared by five individuals. The CEO of Ceramic is a prescribed officer because he exercises general executive control and management over a significant portion of the business and he is allocated 40,8% (100/245 units) of the pool.

Long-term incentives

In terms of the policy on LTIs, there are three long-term incentive schemes within the Italtile Group, each rewarding performance in an appropriate manner, designed to reward and retain key personnel. The LTIs include:

- the Italtile Share Appreciation Rights Scheme ("SARS");
- the Italtile Retention Scheme; and
- the Ceramic Industries Share Retention Scheme.

Qualifying criteria for the LTIs are as per the executive scorecards.

- SARS
 - In accordance with the SARS, selected directors and employees of the Group are awarded a conditional share award linked to the value of notional Italtile Limited shares ("shares"). A total of 25% of the awards vest after three years from grant date, and the balance (75%) after five years. The value of an award is equal to the increase in the value of the shares between grant date and vesting date (the value at the latter date is defined as the volume-weighted average price of Italtile Limited shares as traded on the JSE over the 10 trading days preceding and including the vesting date).
 - The qualifying criteria specific to SARS awards are the short-term strategic initiatives and operational KPIs per the executive scorecards.

- The Italtile Retention Scheme
 - In line with the Group's remuneration philosophy of partnership and in accordance with the Group's recognition of the importance of efficient and transparent succession planning, Italtile established the scheme to retain and incentivise selected high-performing employees, identified by the Remuneration Committee from time to time, with a proven track record of their contribution to the growth and sustainability of the Group.
 - Performance targets for each award are set by the Remuneration Committee. The targets include HEPS, return on invested capital ("ROIC") and individual performance targets as appropriate, considering the role of the employee, and are weighted at the time of the award.
 - Awards to participants are in the form of units linked to shares held by a trust, and participants receive dividends from the date of issue of units.
 - To the extent that the performance targets have been attained at the end of the five-year retention period, awards are automatically redeemable and shares are transferred to participants.
 - The number of shares allocated for all share schemes ("SARS", existing Executive Retention Scheme and the new Retention Scheme) cannot exceed 154 999 923 shares, being 11,7% of issued shares.
 - The number of shares linked to units that may be acquired by any participant in terms of the scheme, when added to the number of Italtile shares which are issued and/or transferred to the same participant under the SARS, Italtile Retention Scheme and the former Executive Retention Plan, may not exceed 20 666 656 Italtile shares, being 1,6% of issued shares.
- Ceramic Industries Share Retention Scheme
 - This scheme is a mechanism to retain and reward selected high-performing Ceramic executives and senior management in line with the Group's values and philosophy of partnership. Shares are held in escrow for participants without monetary payment being made for such shares. The consideration of the shares is the rendering of services by the participant over the retention period. Participants receive dividends from the date of issue of awards. The shares are held in escrow until the end of the retention period of five years, at which time the shares are transferred out of escrow to the participant if performance targets are achieved.

Executives and prescribed officers are encouraged to build a meaningful shareholding in the Company over time. The guideline from the Remuneration Committee is for executives to hold between 0,5% and 1,5% of issued shares.

Malus and clawback

The Remuneration Committee has the discretion to implement a Malus and Clawback policy, pursuant to which, on the occurrence of a trigger event, and at the instance and direction of the Remuneration Committee, the relevant employer in the Group will be entitled to clawback, in cash, the whole or any portion of the pre-tax proceeds and/or the value of any variable pay which has been paid to an executive director or prescribed officer, including any short-term incentives, discretionary payments or Italtile shares which have been transferred to such executive director or prescribed officer in terms of the Italtile Retention Scheme.

A trigger event would include, *inter alia*, the occurrence of any of the following events or circumstances:

- the discovery of any material misstatement of the financial statements, in terms of which any incentive payment was made, in respect of which the Remuneration Committee is satisfied that the executive director or prescribed officer has contributed to or is responsible for;
- the discovery that the assessment of any metric, figure, value or component upon which an incentive payment was made was based on erroneous, inaccurate or misleading information;
- the discovery of any action or conduct which, in the reasonable opinion of the Remuneration Committee, amounts to either dishonesty, gross negligence, misbehaviour, fraud or misconduct on the part of the executive director or prescribed officer;
- the discovery of a material failure in risk management to which the executive director or prescribed officer had contributed to or is responsible for; and/or
- the discovery that performance related to financial and/or non-financial targets was misrepresented, misstated or presented in error, and such misstatement led to the over-payment or miscalculation of any incentive payments.

The clawback applies for a period of three years after the cash payment of any short-term incentive and/or discretionary payment has been made to the executive director or prescribed officer in question or, in the case where payment has been made in the form of Italtile shares, three years after the Italtile shares have been transferred to the executive director or prescribed officer in question in terms of the Italtile Retention Scheme.

EXECUTIVE AND KEY MANAGEMENT PERFORMANCE MANAGEMENT

Executive and key management's performance is measured in the following categories, with specific performance targets/indicators per category, namely:

- financial performance (growth in trading profit and HEPS, and return on shareholders' interest ("ROSI"));
- strategic plan objectives per five-year plan;
- operations;
- human capital;
- B-BBEE;
- customer satisfaction and operational excellence;
- cultural fit/values;
- stakeholder relations; and
- ESG.

Targets are set for each individual scorecard. Financial targets carry a weighting of 70% (HEPS, operating profit and ROSI). The other non-financial KPIs carry a weighting of 30%.

For the 2025 financial year, there is a 50/50 split in weighting of financial and non-financial targets. This is informed by the need to enhance focus on operational and strategic goals that are crucial to drive financial performance.

The Remuneration Committee believes that the set of KPIs as per the executive scorecard agreed with the CEO, is suitably challenging.

ESG matters have become more prominent globally. Given the appreciation of material sustainability issues facing our business and the strategic importance of building a sustainable business, additional tangible KPIs related to ESG matters have been included in the year-end scorecards from 2021, in order to improve the link between ESG and remuneration.

The outcome of the performance evaluation of the CEO is disclosed in the Implementation report to follow.

SERVICE CONTRACTS OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Executive directors and prescribed officers have permanent contracts, and the notice period prescribed by the contracts is one calendar month. Contracts are periodically reviewed to ensure they remain aligned with governance and legislative requirements.

NON-EXECUTIVE DIRECTOR FEES

- Non-executive director appointments are made in terms of the Company's MOI and confirmed at the AGM of shareholders after the appointment.
- Fees reflect the directors' role and Committee membership and are not linked to Italtile's share price. A fee applies to any additional *ad hoc* work not exceeding 144 hours a year above Board and Committee meetings.
- Fees are reviewed by the Committee annually and require approval from shareholders at the AGM.
- Non-executive directors do not participate in any of the Company's short or long-term incentive plans and they are not employees of the Company.
- The recommendation of the Remuneration Committee on the proposed fees is submitted to the Board for consideration before being proposed to shareholders for consideration and approval at the AGM.

Non-executive director fees for 2024 are tabulated in the Implementation report overleaf.

USE AND JUSTIFICATION OF REMUNERATION BENCHMARKS

The Remuneration Committee reviews remuneration and Board-leading practice and remuneration trends to assess competitiveness in the market. External remuneration benchmark reviews published by PwC, EY and the Institute of Directors in South Africa are reviewed and taken into account when determining pay levels and structures.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on section 2 of this Remuneration report (Remuneration policy).





3 Implementation report and remuneration disclosure of executive directors and prescribed officers

The Implementation report details the outcomes of implementing the approved policy in section 2 of this report.

The financial performance in the last year has been disappointing as sales volumes declined and profits did not grow at anticipated levels. Total system-wide turnover was flat at R11,5 billion (2023: R11,5 billion). The Group’s trading profit declined by 11% to R2,1 billion (2023: R2,3 billion).

While the results failed to meet expectations, the largely solid performance was achieved under very difficult trading conditions.

Despite the performance, the Group considered the current economic conditions and the need for remuneration to remain competitive and the following salary increases were approved effective 1 July 2024:

- Under-achievers 0 – 3%;
- Achievers 3 – 4%; and
- Superior achievers 5 – 6%.

In accordance with the Group’s commitment to fair pay and being cognisant not to increase the wage gap, the following minimum basic adjustments will be implemented as from 1 July 2024:

Minimum basic salary	1/7/2024 – 30/6/2025	1/7/2023 – 30/6/2024	% increase
CTM	R8 050	R7 700	4,5%
TopT	R7 250	R6 900	5,1%
Ceramic Industries	R8 300	R7 900	5,1%

As part of the focus to promote fair and responsible remuneration, the Committee is committed to identifying and addressing pay gaps.



PERFORMANCE ASSESSMENT OUTCOME FOR THE CEO

The key performance areas for the CEO for the year under review were as per KPIs set for each category of the scorecard, as done in prior years. Below is an extract of key KPIs and an assessment of performance against targets set.

	Notes and targets	Assessment
Financial (70%)	Group-wide trading profit declined by 11% and HEPS declined by 7%, compared to growth targets of CPI +2%. Group working capital decreased by R95 million compared to a target of R30 million. ROSI of 18% was achieved compared to a target of 23%.	Under-achieved
Strategic (5%)	Retail tile sales volumes declined by 2%. Online sales contribution grew by 2,5%. Target achieved. Profitability of East African business declined by 6%. Ceramic Industries Energy Security Plan developed. Turnaround performance at manufacturing operations – profit declined by 27% – target not met. However, improvements were noted in manpower, systems, quality, and product range.	Under-achieved
Operations (5%)	Return on property portfolio in South Africa improved by 16,4% compared to a target of 18,5%. Operating costs as a percentage of net sales was 27,5% from 27,0% in prior year. Various cost leadership and productivity initiatives showed improvements, however, targets were not achieved.	Under-achieved
Human capital (5%)	Health and safety scores and employee engagement scores improved. Pipeline targets for retail and manufacturing executives, factory managers, and store operators were achieved. Revised organisational structure implemented. Senior executive succession plan developed.	Achieved
B-BBEE (2,5%)	Level 2 B-BBEE target score achieved.	Achieved
Customer experience (2,5%)	A new CRM software platform was implemented. Net promoter score declined for two of the three retail brands. Online experience and content were improved.	Partially achieved
Cultural and values (5%)	Core values of partnership, a hands-on approach, being performance driven, entrepreneurial flair, high work ethic, transparency in communication, dignity, empowerment, integrity, and customer first continue to be promoted. There is scope for improvement in the performance and customer service dimension. Driving a performance culture across the Group with KPIs and performance reviews, showed progress.	Partially achieved
ESG (5%)	Solar power infrastructure was expanded. Targets were adopted for monitoring energy emissions and water consumption intensity. Social investments through the Italtile and Ceramic Foundation corporate social investment initiatives made meaningful impact. Supplier and enterprise development initiatives were supported, and local products sold by local people were prioritised.	Achieved

Considering the disappointing financial results relative to targets set for the year, the overall performance of executives and the prescribed officer is regarded as 'under-achieved'. Financial targets weigh 70% of the overall scorecard, and the balance of the KPIs is 30%. It should be noted that management has placed enormous focus on leveraging opportunities related to people, products, and processes, and good progress has been made towards achieving other targets related to human resources, ESG and B-BBEE. The resolve, resilience and resourcefulness displayed by the management team in difficult trading conditions is commended.

Although key performance indicators can be further improved, the following successes are noteworthy:

- Group-wide working capital reduced by R76 million year on year;
- online sales as a percentage of Group sales continued to improve;
- management capacity in manufacturing and retail operations was strengthened;
- like-on-like cost growth was contained through cost leadership disciplines; and
- B-BBEE and transformation targets were achieved.

Areas of focus for improvement include increasing tile sales volumes, improving manufacturing productivity measures and improving customer experience.

REMUNERATION COMMITTEE REPORT CONTINUED

EXECUTIVE PERFORMANCE IMPACT ON REMUNERATION

The outcome of the performance assessment directly impacts decisions on guaranteed pay, STIs and LTIs, as illustrated in the table below.

Description	Assessment of performance	Impact on executive remuneration
Guaranteed basic salary	<p>The rating for the CEO and CFO was ‘under-achieved’ due to the non-achievement of the financial targets.</p> <p>Good progress was made in other areas as noted above.</p>	<p>Performance-based increases approved:</p> <ul style="list-style-type: none"> • CEO: 0% • Prescribed officer: 0%. <p>Due to the former CFO assuming a more complex portfolio as COO effective 1 July 2024, his basic salary was increased by 6,1%. The new CFO was appointed effective 1 July 2024.</p>
Short-term incentives (“STIs”)	<p>0,25% of Group profit before tax is shared between the CEO and CFO on a shared unit basis:</p> <ul style="list-style-type: none"> • CEO: 60 units • CFO: 40 units <p>The prescribed officer shares in a percentage of Ceramic’s profit. Ceramic’s profit share pool for senior management is 0,89% of profit before tax and the CEO is allocated 31,7% of the pool.</p>	<p>Executives and the prescribed officer shared in profit as disclosed in the table below.</p> <p>Profit share across the Group is a core remuneration principle. As profits decrease, so does profit share, linking pay to performance. The pool remains constant unless the number of participants change.</p> <p>Group profit before tax decreased by 11%, and the direct impact on executive STIs can be seen in the like-on-like STI pool:</p> <ul style="list-style-type: none"> • 2024: R5,4 million • 2023: R6,1 million • 2022: R7,1 million
Long-term incentives (“LTIs”)	<p>Awarded to high-performing, high-potential employees, and executives in line with the Group’s philosophy of partnership. LTIs are subject to performance conditions.</p> <p>Performance targets for each award are set by the Remuneration Committee. The targets include HEPS, ROIC and individual performance targets as appropriate, considering the role of the employee, and are weighted at the time of the award.</p>	<p>Both executives and the prescribed officer share in LTIs as disclosed in this section of the report.</p> <p>New retention awards set out below were made to executives, the prescribed officer and the newly appointed CFO effective 30 August 2024:</p> <ul style="list-style-type: none"> • CEO: 1 500 000 units • COO: 1 000 000 units • CFO: 1 000 000 units • Prescribed officer: 1 500 000 units <p>The units are linked to the Italtile Retention Scheme Trust shares and vest in five years. Units are allocated without consideration but subject to set performance targets (ROIC, HEPS and individual performance targets) as appropriate.</p>

BENCHMARKING OF GUARANTEED PAY AND STIs AND LTIs

A review of the industry and JSE benchmarks of executive remuneration was conducted during the year, looking at best practice and comparable companies in terms of market capitalisation ("cap") to ensure competitiveness while considering fairness and stakeholder expectations around executive pay.

The September 2023 executive directors' practices and remuneration trends report, published by PwC, shows the following Total guaranteed package ("TGP") for medium cap companies:

- CEOs: R6,55 million for the lower quartile and R10,45 million for the upper quartile; and
- CFOs: R3,70 million for the lower quartile and R6,20 million for the upper quartile.

Further internal sector benchmark reviews confirmed that Italtile provides more moderate executive base salaries relative to peers with similar market caps.

The Remuneration Committee approved zero increases to the basic salary of the CEO and the prescribed officer. Due to the CFO assuming a more complex portfolio as COO effective 1 July 2024, his basic salary was increased by 6,1%.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' PARTICIPATION IN SHARE INCENTIVE SCHEMES

Executive directors' holdings under the SARS are set out in the table below.

Changes in directors' interest in the stated share capital of the Company after financial year-end, as well as participation in share incentive schemes, were announced on SENS on 3 September 2024.

Directors' participation in share incentive schemes

Directors' holdings under the Share Appreciation Rights Scheme are set out in the table below:

Executive director	Awards held at 1 July 2023	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2024
B G Wood	1 350 000	-	-	(337 500)	1 012 500

Note: Directors no longer participate in new awards under the Share Appreciation Rights Scheme but rather only in the Italtile Retention Scheme.

Directors' and prescribed officers' holdings under the Italtile Retention Scheme are set out in the table below:

Executive director/ prescribed officer	Awards held at 1 July 2023	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2024
B G Wood	1 500 000	-	-	-	1 500 000
L A Foxcroft	4 500 000	-	-	-	4 500 000
G Maartens	200 000	-	-	-	200 000

REMUNERATION COMMITTEE REPORT CONTINUED

Directors' participation in share incentive schemes continued

Prescribed officers' holdings under the Ceramic Industries Retention Scheme are set out in the table below:

Prescribed officer	Awards held at 1 July 2023	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2024
G Maartens	20 161	15 000	(2 661)	-	32 500

Refer to note 6 for further details pertaining to these schemes.

Directors' remuneration

All figures in R'000	Salary	Short-term incentives	Provident fund and medical aid contributions	Gain on share scheme awards	Other	Total 2024	Total 2023
Executive directors							
L A Foxcroft	4 485	3 237	744	9 438	624	18 528	23 401
B G Wood	3 000	2 158	497	3 146	528	9 329	10 439
2024	7 485	5 394	1 240	12 584	1 152	27 857	
2023	6 819	6 075	1 136	17 832	1 978		33 840

All figures in R'000	Salary	Short-term incentives	Provident fund and medical aid contributions	Gain on share scheme awards	Other	Total 2024	Total 2023
Prescribed officers							
G Maartens*	3 000	1 698	834	148	396	6 076	1 309
T Molefakgotla**	-	-	-	-	-	-	6 640
2024	3 000	1 698	834	148	396	6 076	
2023	2 879	3 935	703	44	388		7 949

* Appointed on 24 May 2023 as a prescribed officer.

** Resigned on 28 April 2023.

NON-EXECUTIVE DIRECTORS' FEES

Payments to non-executive directors

All figures in R'000	Board fees	Other	Total 2024	Total 2023
Non-executive directors				
L R Langenhoven	3 124	7	3 131	416
G A M Ravazzotti	468	–	468	2 050
S M du Toit	777	3	780	960
S G Pretorius	745	–	745	763
N P Khoza	526	2	528	501
L C Prezens	638	2	640	608
J N Potgieter	370	–	370	370
A M Mathole	483	–	483	473
2024	7 131	14	7 145	
2023	6 141	–		6 141

The following fixed fees (excluding VAT) were in place for the year under review:

Basic annual fee	R131 000
Board meeting fee	R31 500
Committee fee	R26 500
Chairperson of Committee	R32 750
Strategy session	R38 000
Chairperson of the Board	R1 575 000

Hourly rate for *ad hoc* work, not exceeding 144 hours a year: R4 500 per hour.

BOARD MEETING ATTENDANCE OF EXECUTIVE DIRECTORS

Executive directors and prescribed officers do not draw any additional remuneration for attending the main Board or Committee meetings.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on section 3 of this Remuneration report.

STAKEHOLDER ENGAGEMENT

We value our continued engagement with various stakeholders, and we endeavour to maintain our relationships with all in the hope that we will continue to receive their valued input.

APPROVAL

This Remuneration report was approved by the Board of directors of the Company on 20 September 2024.

FINANCIAL STATEMENTS

Irrespective of the external challenges, our growth focus will always be on the internal levers within our control. We have the assets to do this: the right people, robust iconic brands, industry-leading technology and products, and the competitive advantage of a vertically integrated supply chain. We also have the determination to improve our competitiveness across all our operations. Despite the difficult circumstances, we have competent, engaged and motivated teams to succeed in this challenge.





DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for both the preparation and integrity of the consolidated and separate financial statements and related financial information contained in the IAR. In their opinion, the consolidated and separate financial statements fairly represent the Company's and the Group's financial position and results of operations. It is the responsibility of the independent auditor to report on the consolidated and separate financial statements. Their report to the members of the Company is set out on pages 146 to 149. In order for the directors to discharge their responsibility, the Group maintains adequate accounting systems, risk control procedures and accounting records. A system of internal control, focused on critical risk areas and designed to provide reasonable assurance that assets are safeguarded, and that the risk of error, fraud or loss is reduced in a cost-effective manner, has been implemented. All controls are frequently monitored and subject to review and audit. There was no material breakdown in the system of internal control during the year under review.

The Group adopts appropriate accounting policies and the consolidated and separate annual financial statements are prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No 71 of 2008 of South Africa ("Companies Act"). The consolidated and separate financial statements incorporate full and meaningful disclosure, and have been prepared using reasonable and proven judgements and estimates.

The consolidated and separate financial statements have been prepared under the supervision of the CFO, Mr L Booysen CA(SA), and have been audited in terms of the Companies Act.

WEBSITE AND ELECTRONIC DISTRIBUTION

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and the Companies and Intellectual Property Commission.

GOING CONCERN

The directors are of the opinion that the consolidated and separate business will continue as a going concern in the year ahead. The annual financial statements have accordingly been prepared on a going concern basis.

CODE OF ETHICS

The directors have complied with the Group's Code of Ethics.

COMPLIANCE

The directors confirm that the Company is compliant with the provisions of the Companies Act, specifically relating to its incorporation, and is operating in conformity with the Memorandum of Incorporation ("MOI").

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group set out on pages 150 to 204 were approved by the Board on 20 September 2024 and signed on its behalf by:



L A Foxcroft
Chief Executive Officer



L Booysen
Chief Financial Officer

20 September 2024

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

In line with paragraph 3.84(k) of the JSE Limited ("JSE") Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 150 to 204, fairly present in all material respects the financial position, financial performance and cash flows of the Company and Group in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Company and the Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



L A Foxcroft
Chief Executive Officer

20 September 2024



L Booysen
Chief Financial Officer

COMPANY SECRETARY'S CERTIFICATE

We certify that, to the best of our knowledge and belief, Italtile Limited, in terms of section 88(2)(e) of the Companies Act, has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices as prescribed by the Companies Act, and that all such returns and notices appear to be true and up to date.



Acorim Proprietary Limited
Company Secretary

20 September 2024

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES OF THE COMPANY

Retail

Italtile Limited ("Italtile" or "the Company" or "the Group"), headquartered in Bryanston, Johannesburg, is a leading manufacturer, retailer and franchisor of tiles, bathroomware and related products in South Africa.

Franchising

The Group operates as a franchisor, featuring a streamlined parent operation focused on growing market share and fostering entrepreneurial opportunities through its franchise and joint venture programmes.

The Group is represented via its high-profile branded retail outlets, Italtile Retail, CTM and TopT, which cater to homeowners across the income spectrum, holding appeal for market segments ranging from the premium upper-end to entry-level consumers. These stores are situated on high-visibility sites and/or close to underserved markets, and their comprehensive offerings position them as one-stop solution destinations. The Group also has an online presence, with webstores operating for all retail brands and across multiple territories. Ranges include ceramic and porcelain wall and floor tiles, sanitaryware, bathroom furniture, brassware, fittings, accessories, laminate and vinyl flooring, shower enclosures, paint, home-finishing products, lighting, décor and tools.

As at 30 June 2024, the store network comprised 208 stores, including six webstores (2023: 216 stores, including seven webstores), situated in Southern and East Africa. Direct webstore sales continue to represent a minor component within overall retail sales.

Property investment

Underpinning the retail network is an extensive property portfolio. The Group derives important strategic advantage by supporting its brands with high-profile prime sites that enhance Italtile's positioning as a destination retailer. The Group's manufacturing operations comprise well-maintained state-of-the-art factories which are supplied with high-quality raw materials sourced from productive quarries.

Supply chain

The Group's vertically integrated supply chain includes International Tap Distributors ("ITD"), an importer and distributor of brassware and accessories, and Cedar Point, an importer and distributor of sanitaryware, laminated and vinyl boards, shower enclosures, bathroom furniture and décor. The Group holds a controlling interest in both of these businesses. ITD and Cedar Point service the Italtile Retail, CTM and TopT retail network.

The Group's Distribution Centre, which has facilities in KwaZulu-Natal and the Western Cape, sources imported products and provides warehousing and distribution facilities to CTM, Italtile Retail and TopT. It is also responsible for arranging import services, logistics and foreign exchange for the Group's retail brands as well as ITD and Cedar Point.

Manufacturing


Ceramic Industries (Pty) Ltd ("Ceramic")

The Group holds an effective 99,12% stake in Ceramic, its largest supplier of tiles, sanitaryware and baths. Ceramic delivers tactical advantages by supporting the Group's growth programme through the supply of local high-quality, affordable products.

Ezee Tile Adhesive Manufacturers (Pty) Ltd ("Ezee Tile")

The Group holds an effective 99,12% stake in this business, a national manufacturer of grout, paint, adhesive and related products.

STATEMENTS OF RESPONSIBILITY

 The responsibilities of the Group's directors are detailed on page 138 of this report.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee report, which discusses the responsibilities of this Committee and how these were discharged during the year, appears on page 144.

FINANCIAL REVIEW

The challenging trading conditions reported in the first half of the year worsened in the second half as living costs and interest rates continued to rise, putting further pressure on homeowners experiencing high levels of unemployment and real wage decreases.

Difficult trading conditions and internal inefficiencies impacted negatively on the Group's performance, with disappointing results in the South African businesses, although our East African and Australian operations reported better results. While our resilient business model and high-performance culture stood us in good stead, we regret that opportunities for growth were missed, specifically in the manufacturing operations.

System-wide turnover

System-wide turnover across the Group increased marginally to R11,54 billion (2023: R11,50 billion). Like-for-like retail store turnover (excluding sales of stores opened and closed during the period) decreased by 2% and manufacturing sales for the year under review decreased by 6% compared to the previous corresponding period.

Trading profit

Reported trading profit decreased by 11% to R2,1 billion (2023: R2,3 billion). Like-for-like operating cost growth increased marginally by 0,7%, with costs being well-managed.

Earnings per share

The Group's basic earnings per share decreased by 8% to 122,1 cents (2023: 132,6 cents), while HEPS decreased by 7% to 123,0 cents (2023: 132,3 cents).

Property, plant and equipment

During the year under review, capital expenditure of R609 million was incurred including R21 million on the new Ezee Tile factory, R102 million on retail property enhancements, and R185 million on the Vitro Poppi Kiln replacement, with the balance of the spend being on factory upgrades.

Cash and cash equivalents

At 30 June 2024, the Group's cash balance was R1 844 million (2023: R1 049 million).

Material cash outflows for the period include:

- capital expenditure of R609 million (2023: R671 million);
- tax payments of R543 million (2023: R633 million);
- purchase of own shares by the Group totalling R212 million (2023: R104 million); and
- total dividend payments of R606 million (2023: R785 million).

The outflows were partially offset by cash proceeds of R76 million from the sale of properties.

The Group's net asset value per share at 30 June 2024 increased to 707,5 cents (2023: 641,8 cents).

PROSPECTS

The trading environment will remain extremely challenging in the short term. Competition in both the manufacturing and retail segments will likely intensify until the vast imbalance between excess manufacturing supply and weak demand levels out. Despite this concern, we are mildly optimistic about prospects for growth in the market. South Africa is underhoused and the dynamics of the housing market are favourable – evidenced by a young, growing,

upwardly mobile demographic with a strong popular culture of owning a home.

Key to conditions improving will be the sustained downward trend of inflation and an improvement in consumer investment sentiment. The possibility of an interest rate reduction cycle starting in the current calendar year should further boost disposable income and confidence, while implementation of the two-pot retirement system in September may provide an injection of cash into the economy. If load shedding remains manageable and support for the GNU holds firm, it is also likely that the currency will stabilise and investors and customers will adopt a more positive stance.

Irrespective of the external challenges, our focus will remain on the internal levers within our control. Our goal is to ensure that the business is fighting-fit and we are determined to succeed in improving our competitiveness across all our operations. We are confident that we have assets to achieve this, namely competent, engaged and motivated teams; robust iconic brands; industry-leading technology and products; and the competitive advantage of a vertically integrated supply chain.

STATED CAPITAL

The authorised share capital remains unchanged at 3 300 000 000 shares of no par value. Issued share capital remains unchanged at 1 321 654 148 shares of no par value (2023: 1 321 654 148).

ORDINARY CASH DIVIDEND ANNOUNCEMENT

The Group's dividend cover is two-and-a-half times. The Board has declared a final gross ordinary cash dividend (number 116) for the year ended 30 June 2024 of 22,0 cents per share (2023: 21,0 cents) out of income reserves to all shareholders of Italtile as at the record date of Friday, 13 September 2024. The dividend cover remains at two-and-a-half times.

A gross special cash dividend (number 8) of 78,0 cents per share (2023: nil) has also been declared. The net special dividend amount is 62,4 cents per share for shareholders liable to pay dividends tax and 78,0 cents per share for shareholders exempt from paying dividends tax.

These final dividends, together with the interim gross ordinary cash dividend of 27,0 cents per share (2023: 32,0 cents per share), produces a total gross cash dividend declared for the year ended 30 June 2024 of 127,0 cents per share (2023: 53,0 cents).

DIRECTORATE

The details of the directors of the Company are set out on pages 4 and 5 of this report.

Changes in directorate

As advised in the SENS announcement published on 30 May 2024, from 1 July 2024, Brandon Wood, formerly CFO, was appointed as COO and will remain an executive director. Lamar Booysen, formerly Group Finance Executive, was appointed as CFO and executive director.

These appointments are aligned with the Group's long-standing succession plan and ongoing strategy to enhance depth of management in the business.

DIRECTORS' SHAREHOLDING AND OTHER INTERESTS

Except for the long-term incentive schemes detailed below, the Company was not party to any arrangement during the year or at year-end, which would enable the directors or officers, or their families, to acquire benefits by means of acquisition of shares in the Company.

Other than disclosed in note 37, none of the directors or officers of the Company had any interest in any contracts which significantly affected the affairs or business of the Company or its subsidiaries during the year.

It is Company policy that all directors (and employees who have access to price-sensitive information) may not deal directly or indirectly in the shares of the Company from the end of a reporting period until publication of the interim results or annual profit announcement.

The directors' beneficial and non-beneficial interest in the stated share capital of the Company at the reporting date is set out in note 37.

DIRECTORS' PARTICIPATION IN SHARE INCENTIVE SCHEMES

Directors' holdings under the Share Appreciation Rights Scheme, Executive Retention Plan and Italtile Retention Scheme as at 30 June 2024 are set out in note 37.

DIRECTORS' EMOLUMENTS

All emoluments paid to directors are short term in nature, other than gains on long-term share incentive plans, and contributions to medical aid and provident fund.

The remuneration of both executive and non-executive directors is determined by the Remuneration Committee. Other benefits include once-off benefits paid and the fringe benefit value of company cars for executive directors, and fees for services rendered by non-executive directors or as otherwise noted. Refer to note 37 for detailed disclosure relating to directors' remuneration.

SUBSIDIARY COMPANIES

Details of the Company's interest in its subsidiaries are set out on pages 202 and 203.

The Company's interest in the profits or losses after taxation and the non-controlling shareholders' interest of its subsidiaries (direct and indirect) is:

	2024 Rm	2023 Rm
Profits	1 462	1 605

CORPORATE GOVERNANCE

The Corporate Governance report is set out on pages 108 to 122.

SHAREHOLDERS

An analysis of the shareholdings of the Company appears on page 205.

EMPLOYEES

As at 30 June 2024, the Group permanently employed 2 297 employees (2023: 2 477).

SPECIAL RESOLUTIONS

At the AGM of shareholders held on Thursday, 9 November 2023, three special resolutions were approved by the requisite majority of votes, namely authorising the Company to purchase its own shares; authorising the Company to provide financial assistance to related and inter-related entities; and approving the Company's non-executive directors' fees.

Full details of the special resolutions passed will be made available to shareholders on request.

SHARE SCHEMES

Details related to share schemes operated by the Group are disclosed in note 6. The schemes include:

- The Italtile Staff Share Scheme, which replaces the previous staff share scheme, for all employees of the Group and its franchisees who meet certain qualifying criteria;
- The Share Appreciation Rights Scheme ("SARS") in accordance with which selected directors and employees of the Group will receive a conditional right to receive a share award as determined by the rules of the plan and scheme;
- The Italtile Retention Scheme, an additional mechanism, over and above the SARS, to retain and reward selected employees and directors of the Group; and
- The Ceramic Industries Share Retention Scheme, a mechanism to retain and reward selected high-performing Ceramic Industries executives and senior management.

BORROWING POWERS

In terms of the MOI, the Company has unlimited borrowing powers.

AUDITOR

At the AGM of 9 November 2023, shareholders approved the reappointment of PricewaterhouseCoopers Inc. as auditor for the 2024 financial year, with Mr T J Howatt being the individual registered auditor undertaking the audit.

COMPANY SECRETARY

The Company Secretary is Acorim (Pty) Ltd, whose business and postal address is:

Registered office: 13th Floor, Illovo Point
68 Melville Road, Illovo
Sandton 2196

Telephone number: +27 (11) 325 6363

Fax number: +27 (11) 325 6362

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (“Committee”) presents its report for the year ended 30 June 2024. The report has been prepared in accordance with the requirements of the Companies Act, King IV and the JSE Listings Requirements.

MANDATE

The Committee is constituted as an independent statutory committee in respect of its duties in terms of section 94(7) of the Companies Act, and has been delegated the responsibility to provide meaningful oversight of the effectiveness of the internal and external audit functions, confirm that the assurance provided supports the integrity of information produced and reported on by the Group, and ensure that a sound risk management and system of internal controls is maintained.

A formal Audit and Risk Committee Charter (“Charter”), approved by the Board, guides the Committee in terms of its mandate (objectives, authority and responsibilities). The Charter is reviewed annually and, if necessary, amended to meet market, regulatory and statutory requirements.

RESPONSIBILITY

The role of the Committee is, *inter alia*, to:

- review the effectiveness of the Group’s systems of internal control, including internal financial control and risk management, and ensure that effective internal control systems are maintained;
- oversee the risk management process;
- review financial statements for proper and complete disclosure of timely, reliable and consistent information and confirm that the accounting policies used are appropriate;
- deal with concerns and complaints relating to accounting policies, internal audit, external audit or content of the IAR and internal financial controls;
- review the effectiveness of the internal audit function;
- nominate the appointment of the external auditor as the registered independent auditor after satisfying itself through enquiry that the auditor is independent as defined in terms of the Companies Act;
- determine the fees to be paid to the external auditor and the terms of engagement;
- ensure that the appointment of the external auditor complies with the Companies Act, as well as the JSE Listings Requirements and any other legislation relating to the appointment of the auditor; and
- approve the scope of non-audit services, which the external auditor may provide to the Group and pre-approve any non-audit services to be provided by the external auditor.

ATTENDANCE AND COMPOSITION OF THE COMMITTEE

The Committee consists of four independent non-executive directors, with three forming a quorum. The members have the necessary financial literacy, skills and experience to execute their duties effectively. The management team is regularly engaged, and the Group’s internal auditor and the external auditor have direct access to the Committee,

including closed sessions without management, on any matters that they regard as relevant to the fulfilment of the Committee’s responsibilities.

The Committee provides independent oversight of the effectiveness of the Group’s assurance and compliance functions, with particular focus on a combined assurance model comprising management, internal audit and external audit. The Committee ensures the integrity of the annual financial statements and, to the extent delegated by the Board, other governance matters and external reports issued by the Group.

Non-executive directors	Attendance at meetings
L C Prezens (Chairperson)	5/5
S M du Toit	5/5
N P Khoza	5/5
S G Pretorius	5/5
L R Langenhoven*	4/5

* By invitation.

The Committee met five times during the year under review. The Chairperson, CEO, COO, CFO, external audit partner, the Head of Internal Audit and the Head of IT attend meetings by invitation. The Company Secretary, Ms Roxanne Cloete, attends and minutes all meetings of the Committee.

RISK MANAGEMENT AND COORDINATION OF ASSURANCE ACTIVITIES

The Committee oversees the risk management process. At least one Committee meeting a year is dedicated to the detailed review of the Group’s risk assessment including IT risks. The Committee coordinates all assurance activities using the Group’s combined assurance model.

Internal audit

The internal audit function provides assurance on the adequacy of the internal control environment across the Group’s significant operations. The role of internal audit is contained in the Internal Audit Charter, which is reviewed annually by the Committee. The Committee approved the internal audit plan for the year.

Independence and objectivity are maintained through the internal audit’s appropriate organisational positioning, reporting functionally to the Committee and administratively to the CFO. Internal audit regularly reports its findings and recommendations to the Committee and senior management and joins each Committee meeting as an invitee.

The Committee is responsible for the appointment and removal of the Head of Internal Audit and the assessment of his performance. The Head of Internal Audit has direct and unrestricted access to the Chairperson of the Committee and regular meetings are held between both.

The Committee has considered the above and is satisfied with the effectiveness of the internal audit function. The Committee has also considered and is satisfied with the expertise and experience of the Head of Internal Audit.

External auditor

During the year under review, the Committee, in consultation with executive management, approved the external audit plan and fee proposal. The Committee was provided with the information detailed in paragraph 22.15(h) of the JSE Listings Requirements by PwC and Mr Thomas Howatt. This information was used by the Committee to assess audit quality and the suitability for appointment of both PwC and Mr Thomas Howatt.

The Committee is satisfied that PwC is independent of the Company whose review included the criteria for independence specified by the Independent Regulatory Board for Auditors and the Companies Act. The Chairperson of the Committee has regular discussions and meetings with the external auditors, independently of management.

The Group has a clearly defined non-audit services policy, which is strictly followed. The extent of non-audit services is minimal and is continuously monitored, with no excessive, unusual or unnecessary engagements noted.

The Committee is of the view that the Group received a high-quality external audit considering the standard of audit planning and scope of activities performed. The Committee met with PwC prior to the approval of this report to discuss key audit matters, the Group's annual financial statements, commentary thereon and general matters.

The Committee has ensured that the appointment of PwC is presented and included as a resolution at the AGM pursuant to section 61(8) of the Companies Act. In terms of section 92 of the Companies Act, the designated auditor of a company is required to be rotated after serving as a company's auditor for five consecutive years. Mr T J Howatt will be rotated as audit partner at the end of the 2024 audit.

Financial function

In accordance with the JSE Listings Requirements, the Committee must consider the appropriateness of the expertise and experience of the CFO of the Company on an annual basis.

The Committee is satisfied that Mr Lamar Booyesen possesses the appropriate expertise and experience to meet his responsibilities as the Group's CFO.

The Committee confirmed that the finance function meets the King IV requirements to fulfil all financial reporting and control functions. Further, we are satisfied that the composition, experience and skill set of the finance function are adequate to fulfil all financial, control and reporting requirements of the Group.

Whistle-blowing

The independent external whistle-blowing lines operated effectively for the year under review. Instances of whistle-blowing are reported to the Chairperson of the Committee. At the reporting date, the Committee is satisfied that there were no material matters reported.

Internal financial controls

Based on the results of work done by the internal audit function and external auditor on the Group's system of internal financial controls, and considering feedback and information from management, the Committee is of the view that the Group's system of internal financial control was effective for the period under review and that it formed a reliable basis for the preparation of the Group's financial statements.

Financial statements

The Committee reviewed the financial statements of the Company and the Group and is satisfied that they comply with IFRS Accounting Standards and that the accounting policies applied are appropriate.

The Committee believes that the Company has, with consideration of all entities included in the consolidated Group IFRS Accounting Standards financial statements, established appropriate financial reporting procedures and that those procedures are operating effectively.

IT governance

The Committee periodically reviews the Group's maturity in respect of IT governance by considering reports from the Group's Head of IT and assurance as provided by both the external auditors and the internal audit function in accordance with the approved internal audit plan.

RECOMMENDATION OF THE IAR AND RELATED SUSTAINABILITY INFORMATION FOR APPROVAL BY THE BOARD

At its meeting held on 20 September 2024, the Committee reviewed and recommended the IAR and related sustainability information for the year ended 30 June 2024 for approval by the Board of directors.

The Committee reports that it has discharged its legal and other responsibilities and duties in compliance with its Charter.



L C Prezens CA(SA)

Audit and Risk Committee Chairperson

20 September 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Italtile Limited

Report on the audit of the consolidated and separate financial statements

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Italtile Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

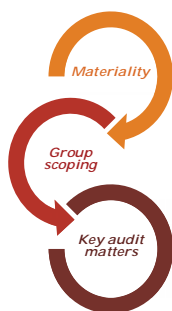
What we have audited

Italtile Limited's consolidated and separate financial statements set out on pages 150 to 204 comprise:

- the consolidated and separate statements of financial position as at 30 June 2024;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

OUR AUDIT APPROACH

Overview



Overall group materiality

- Overall group materiality: R105 million, which represents 5% of consolidated profit before taxation.

Group audit scope

- The Group audit scope has been tailored based on indicators such as the components contribution to consolidated profit before taxation, revenue and other material financial statement line items in the consolidated financial statements.
- Full scope audits were performed over all eight financially significant components.
- Seven components were scoped in for the audit of specific account balances, classes of transactions or disclosure due to the risk and financial impact associated with the components.
- Analytical procedures were performed over the remaining components.

Key audit matters

- Inventory provisions.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R105 million.
How we determined it	5% of consolidated profit before taxation.
Rationale for the materiality benchmark applied	We chose consolidated profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of the financial significance of the Group's components as well as the sufficiency of work planned to be performed over material financial statement line items. We identified eight financially significant components in the Group based on their contribution to consolidated profit before taxation. We also included a number of other components in the scope of our Group audit, based on their contribution to financial statement line items. The remainder of the components were considered to be individually insignificant to the Group.

For the eight financially significant components, we performed a full scope audit and for the other in-scope components we performed a combination of full scope audits, reviews and audits of one or more significant account balances, classes of transactions or disclosures. This, together with additional procedures performed at the Group level, including testing of consolidation journals and

intercompany eliminations, gave us sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole. Analytical review procedures were performed over the remaining components as they were deemed to be financially inconsequential for group scoping purposes.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team and by component auditors operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Detailed group audit instructions were communicated to all in-scope components and the group engagement team has been involved in determining the component team audit approach. Throughout the audit, various planning, execution and completion calls and discussions were held with the component audit teams.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Inventory provisions <i>This key audit matter applies to the consolidated financial statements only.</i> <i>Refer to the following notes to the consolidated financial statements for detail:</i></p> <ul style="list-style-type: none"> • Note 1.4: Accounting policies - Judgements and estimates; • Note 1.14: Accounting policies - Inventory; and • Note 21: Inventories <p>Inventories held by the Group at year-end amounted to R1,271 million and were carried at the lower of cost and net realisable value on a weighted average cost basis after deducting provisions for obsolescence amounting to R144 million.</p> <p>The provision for inventory obsolescence is determined by management on a continuous basis and incorporates inputs and judgements relating to the expected future saleability of inventory items based on historical experience, analyses of market and fashion trends, and a review of the ageing of inventory items.</p> <p>We considered the valuation of the inventory obsolescence provision to be a matter of most significance to the audit of the consolidated financial statements due to the judgements applied by management in the determination thereof and the nature and quantum of the inventory balances to which the provision relates.</p>	<p>Our procedures relating to the inventory provision included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of management’s processes and controls in relation to the determination of accounting estimates, and specifically those relevant to inventories. • We evaluated management’s methodology in determining the inventory provision for consistency with prior periods and for reasonability through consideration of prior and current period write offs, industry benchmarking and analyses, and analyses of the inventory ageing categories. We noted no significant matters requiring further consideration. • We tested the accuracy of the inventory inputs into management’s provision calculation by comparing the inventory totals used for provisioning to the underlying subledgers and noted no material differences. • We tested the ageing of inventory on a sample basis by comparing the system ageing of purchases to purchase dates reflected on supporting third party documentation and noted no differences. • We recalculated the inventory obsolescence provision for mathematical accuracy and noted no material differences. • We attended and observed a sample of inventory counts performed by management and internal audit and physically inspected the condition of inventories to determine whether any additional physical indicators of obsolescence existed that could impact provision. We noted no additional considerations in this regard. • We applied alternative input assumptions, based on our independent research and analyses of the industry, to the provision percentages used by management and noted no material sensitivities to the overall valuation of the provision.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled “Italtile Limited Integrated Annual Report 2024”, which includes the Directors’ Report, the Audit and Risk Committee Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our

knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Italtile Limited for five years.



PricewaterhouseCoopers Inc.
Director: T J Howatt
Registered Auditor
Johannesburg, South Africa

20 September 2024

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

Company		Group			
2024 Rm	2023 Rm	Note	2024 Rm	2023 Rm	
653	801	Revenue	3	9 282	9 340
		Turnover	3	9 064	9 136
		Cost of sales	4	(5 377)	(5 185)
		Gross profit		3 687	3 951
		Other revenue and operating income		419	396
11	9	Management fees		-	-
(10)	(9)	Operating expenses		(2 033)	(2 034)
		Impairment of property, plant and equipment	13	(15)	-
		(Loss)/profit on sale of property, plant and equipment		(2)	5
		Trading profit	5	2 056	2 318
642	792	Finance income	7	120	65
		Finance cost	8	(87)	(82)
		Share of profits from associates and joint ventures after tax	17.2	12	9
643	792	Profit before taxation		2 101	2 310
(4)	(3)	Taxation	9	(594)	(654)
639	789	Profit for the year		1 507	1 656
		Other comprehensive income, net of taxation			
		Items that may be reclassified subsequently to profit or loss (net of taxation)			
		Foreign currency translation difference		(19)	(42)
639	789	Total comprehensive income for the year, net of taxation		1 488	1 614
		Profit attributable to:			
		Equity holders of the parent		1 462	1 605
		Non-controlling interests		45	51
639	789			1 507	1 656
		Total comprehensive income attributable to:			
		Equity holders of the parent		1 443	1 563
		Non-controlling interests		45	51
639	789			1 488	1 614
		Earnings per share (all figures in cents)			
		Earnings per share	10	122,1	132,6
		Diluted earnings per share	10	122,1	132,4

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2024

Rm	Stated capital	Non-distributable reserves	Treasury shares	Share option reserve	Retained earnings	Total	Non-controlling interests	Total equity
GROUP								
Balance at 30 June 2022	4 314	5	(935)	242	3 070	6 696	302	6 998
Profit for the year					1 605	1 605	51	1 656
Other comprehensive income for the year		42				42		42
Total comprehensive income for the year		42			1 605	1 647	51	1 698
Purchase of own shares	–	–	(104)	–	–	(104)		(104)
Dividends paid	–	–	–	–	(730)	(730)	(55)	(785)
Transactions with non-controlling interests	–	–	–	–	2	2	(13)	(11)
Share incentive costs (including vesting settlement)	–	–	(48)	(38)	58	(28)	–	(28)
Balance at 30 June 2023	4 314	47	(1 087)	204	4 005	7 483	285	7 768
Profit for the year					1 462	1 462	45	1 507
Other comprehensive income for the year		(19)				(19)		(19)
Total comprehensive income for the year		(19)			1 462	1 443	45	1 488
Issue of shares						–		–
Purchase of own shares	–	–	(212)	–	–	(212)	–	(212)
Dividends paid	–	–	–	–	(563)	(563)	(43)	(606)
Transactions with non-controlling interests	–	–	–	–	(5)	(5)	16	11
Share incentive costs (including vesting settlement)	–	–	6	5	14	25	–	25
Balance at 30 June 2024	4 314	28	(1 293)	209	4 913	8 171	303	8 474
Note	24	25	6	6				

Rm	Stated capital	Treasury share	Share option reserve	Retained earnings	Total equity
COMPANY					
Balance at 30 June 2022	4 314	(97)	137	(743)	3 611
Profit for the year				789	789
Dividends paid				(780)	(780)
Share incentive transactions (including vesting settlement)				24	35
Balance at 30 June 2023	4 314	(97)	148	(710)	3 655
Profit for the year				639	639
Dividends paid				(634)	(634)
Share incentive transactions (including vesting settlement)			(14)	19	21
Balance at 30 June 2024	4 314	(111)	164	(686)	3 681
Note	24	6	6		

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2024

Company		Group			
2024 Rm	2023 Rm	Note	2024 Rm	2023 Rm	
(11)	#	Cash generated by operations	28	2 714	2 976
3	#	Finance income	7	120	65
		Finance cost	8	(47)	(51)
		Lease liability finance costs	8	(40)	(31)
639	792	Dividends received	7	-	-
(634)	(780)	Dividends paid	32	(606)	(785)
(4)	(3)	Taxation paid	29	(543)	(633)
(7)	9	Cash flow from operating activities		1 598	1 541
		Additions to property, plant and equipment	13	(597)	(671)
		Dividend income from associates	17.2	2	2
		Additions to intangible assets	16	(12)	(18)
		Proceeds on disposal of property, plant and equipment	13	76	63
		Increase/(decrease) in long-term financial assets	18	43	(4)
53	(16)	Repayments from share trust			
		Proceeds from share trust		(22)	-
		Purchase of interest in subsidiaries			
(53)	25	Repayment of loans by related parties			
		Loans to related parties			
#	9	Cash flow from investing activities		(510)	(628)
		Repayment of loans and borrowings		-	(52)
		Share scheme vesting	6	(12)	(21)
		Acquisition of non-controlling interest		-	(15)
		Acquisition of treasury shares	6	(212)	(152)
		Lease liability payments	31	(69)	(55)
-	-	Cash flow from financing activities		(293)	(295)
(7)	18	Net movement in cash and cash equivalents for the year		795	618
18	#	Cash and cash equivalents at the beginning of the year		1 049	431
11	18	Cash and cash equivalents at the end of the year	23	1 844	1 049

[#]Less than R1 million.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. ACCOUNTING POLICIES

1.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with and comply with IFRS Accounting Standards, its interpretations issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Interpretations Committee ("IFRIC"), the Listings Requirements of the JSE ("the JSE Listings Requirements"), the requirements of the Companies Act, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

1.2 Basis of preparation

The consolidated and separate financial statements are prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements.

1.3 Standards and interpretations

1.3.1 International Financial Reporting Standards and amendments effective for the first time for June 2024 year-end

Number	Effective date	Executive summary
IFRS 17, 'Insurance Contracts'	Annual periods beginning on or after 1 January 2023. (Published May 2017)	<p>The IASB issued IFRS 17, 'Insurance Contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.</p> <p>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.</p> <p>The impact is not material to the Group.</p>
IFRS 17, Insurance Contracts Amendments	Annual periods beginning on or after 1 January 2023. (Published June 2020)	<p>In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.</p> <p>The impact is not material to the Group.</p>
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	<p>The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.</p> <p>The impact is not expected to be material for the Group as the amendments have been considered in the taxation note.</p>

1. ACCOUNTING POLICIES *continued*

1.3 Standards and interpretations *continued*

1.3.1 International Financial Reporting Standards and amendments effective for the first time for June 2024 year-end *continued*

Number	Effective date	Executive summary
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. No such events have occurred in the current year, therefore the impact is not material to the Group.
Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules	The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. (Published May 2023)	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The impact is not expected to be material for the Group as the amendments have been considered in the taxation note.

1.3.2 International Financial Reporting Standards, interpretations and amendments issued but not effective

Number	Effective date	Executive summary
Amendments to IAS 1 – Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The impact is not material to the Group.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact is not material to the Group.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact is not material to the Group.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact is not material to the Group.

1. ACCOUNTING POLICIES *continued***1.4 Judgements and estimates**

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, relates to the following:

Inventory obsolescence provision

The Group determines whether there is obsolete inventory on a continuous basis. This requires an estimation of the expected future saleability of inventory items based on historical experience, an analysis of market and fashion trends and a review of the ageing of the inventory items. Details pertaining to carrying values and write-offs are provided in note 21.

Classification of leased land and buildings

Underpinning the retail network is an extensive property portfolio. The Group derives important strategic advantage by supporting its brands with high-profile prime sites that ensure stores are easily accessible, well presented and maintained, and contribute to an aspirational shopping experience. The Group leases certain properties it owns to its franchisees. The leased properties do not generate cash flows largely independently of other assets of the Group, as rental income is directly linked to the franchise agreement and does not account for the significant portion of income generated from the franchise agreement.

In determining whether these properties are classified as investment property or property, plant and equipment, the Group considers the following factors:

- As part of the franchise agreement, a franchisee enters into a lease agreement with the Group for the property from which it will operate its business. As a result, the lease agreement is considered to be part of the franchise agreement rather than a standalone lease agreement;
- Rental income is based on a percentage of the turnover generated by the franchisee; and
- The leased property also facilitates the generation of other franchise income for the Group, including royalty income through the use of trademarks; IT fees through the use of IT infrastructure; and other operational-related fees such as human resource fees. These income streams are based on turnover generated by the franchisee.

The above considerations indicate that the Group retains significant exposure to the variation in the cash flows generated by the operations of the properties. As such, these leased properties are accounted for as property, plant and equipment.

Residual values and useful lives of buildings

The Group depreciates its buildings to estimated residual values over an estimated useful life. These estimates are reviewed annually by the Group at each reporting period with reference to expected usage of the buildings, expected physical wear and tear, and current market values. Details of residual values and useful lives are disclosed in note 1.11.

Impairment of tangible and intangible assets

The Group evaluates the carrying value of assets with finite useful lives when events and circumstances indicate that the carrying value may not be recoverable and when there are indicators of impairment. These assets (notes 13, 15 and 16) are tested annually for impairment and more frequently when events or circumstances indicate that there may be impairment.

Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model. The assumptions and models used are disclosed in note 6.

Control of franchisees

The Group does not include franchised stores in its consolidated results as it has assessed its rights over franchised stores to be protective in nature (to preserve the franchised brands), with the holder of the franchise rights (the franchisees) having the ability to direct the franchised store operations and activities. In addition, financial support to franchisees over and above arm's length trading terms for supply of product and services is limited, as is the Group's exposure to variability of returns and profitability of the franchised stores (franchise fees are not dependent on the returns made by franchisees).

1. ACCOUNTING POLICIES *continued*

1.5 Basis of consolidation

The consolidated financial statements incorporate the results and financial position of the Company, its subsidiaries, its associates, the Share Incentive Trust, the Empowerment Trust, the Retention Trust, the Foundation Trust, and the Italtile Staff Share Scheme Trust.

Subsidiaries are those companies in which the Group has the power to exercise control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power of the investee. The results of subsidiaries are included from the effective dates of acquisition, being the dates on which the Group obtains control, until the dates that control ceases. The identifiable assets and liabilities of companies acquired are assessed and included in the statement of financial position at their fair values as at the effective dates of acquisition.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intragroup balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

All entities controlled by the Group maintain consistent accounting policies and have the same year ends.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the parent. Non-controlling interests are not fair valued post-acquisition.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

1.6 Business combinations and goodwill

New acquisitions are included in the Group's financial statements using the acquisition method whereby the assets, liabilities and contingent liabilities are measured at their fair value. The purchase consideration is allocated on the basis of fair values at the date of acquisition.

Goodwill is initially measured at cost and represents the excess of the purchase consideration over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill carried in the statement of financial position is not amortised. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units ("CGUs") expected to benefit from the acquisition. Impairment is determined by assessing the recoverable amount of the CGU, to which the goodwill relates.

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of the CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of that operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU which is retained.

Common control reserve

Common control transactions are accounted for using the pooling of interest method with the difference between the carrying amount and consideration recognised in a separate reserve in equity. A business combination is a common control combination if the combining entities are ultimately controlled by the same party (or parties), both before and after the combination.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

1. ACCOUNTING POLICIES *continued***1.7 Investment in subsidiaries (as accounted for on an entity level within the Group)**

Investment in subsidiaries is initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Investments are carried at cost, less impairment.

The carrying value of the subsidiaries is reviewed for impairment indicators at every reporting date. Where necessary, the value of the investment is impaired to the greater of the fair value less costs of disposal or the value in use.

The difference between the net proceeds on disposal and the carrying amount of investments is charged to profit or loss in the statement of comprehensive income.

1.8 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss.

Financial assets which are debt instruments:

- Amortised cost
This classification applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Mandatorily at fair value through profit or loss
This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through comprehensive income; or
- Designated at fair value through profit or loss
This classification option can be applied when it eliminates or significantly reduces an accounting mismatch.

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss
This applies to contingent consideration in a business combination or to liabilities that are held for trading; or
- Designated at fair value through profit or loss
This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

Note 35 (financial instruments and risk management) presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

a. Trade and other receivables**Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 22.1).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

1. ACCOUNTING POLICIES *continued*

1.8 Financial instruments *continued*

a. Trade and other receivables *continued*

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. The Group initially recognises trade and other receivables on the date that they originated. The trade and other receivables are measured initially at their transaction price, if at initial recognition of the trade and other receivable the Group expects to receive payment within one year or less from the date that the goods were transferred for the customer. All other trade and other receivables are initially measured at fair value plus transaction costs.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal payments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables that contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income when applicable.

Impairment

The Group recognises a loss allowance for expected credit losses ("ECLs") on trade and other receivables at an amount equal to lifetime expected credit losses ("lifetime ECLs"), which represents the ECLs that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. The customer base is diverse with significantly different loss patterns for different customer segments. The Group aggregates customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in profit or loss as a movement in credit loss allowance.

Write-off policy

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in trade and other receivables (note 22.1) and the financial instruments and risk management note (note 35).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

b. Cash and cash equivalents

Cash comprises cash on hand and deposits held on call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are initially and subsequently measured at fair value.

1. ACCOUNTING POLICIES *continued***1.8 Financial instruments** *continued***c. Amounts owing by subsidiary**

The amounts owing by a subsidiary in the separate financial statements of the Company are repayable on demand and classified as a financial asset subsequently measured at amortised cost as a result. These amounts are initially recorded at fair value and details related to credit risk and impairment are provided in note 22.2.

d. Trade and other payables*Classification*

Trade and other payables (note 26) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the Group becomes a party to the contractual provisions and are measured, at initial recognition, at fair value net of transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 8).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 35 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

e. Derecognition*Financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

f. Reclassification*Financial assets*

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model that necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1. ACCOUNTING POLICIES *continued*

1.9 Treasury shares

Shares in Italtile Limited held by the Group are classified in equity attributable to equity holders of the parent as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation. No gain or loss on the purchase, sale, issue or cancellation of the Group's listed shares is recognised in profit or loss. Consideration received or paid with regards to treasury shares is recognised in equity.

1.10 Foreign currencies

The consolidated and separate financial statements are presented in Rand, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences, including tax effects, are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The Group has investments in foreign subsidiary companies, which are classified as foreign operations with functional currencies that are different to that of the Group. The financial statements of these subsidiaries are translated for incorporation into the Group financial statements as follows:

- Assets and liabilities at the rates ruling at the reporting date;
- Statement of comprehensive income items at a weighted average rate for the period;
- Cash flow items at a weighted average rate for the period; and
- Equity items at the appropriate historical rate.

Exchange differences are taken directly to a foreign currency translation reserve which is disclosed in other comprehensive income in the statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income, relating to that particular foreign entity, is recognised in profit or loss.

1.11 Property, plant and equipment

All buildings are carried at cost less accumulated depreciation and accumulated impairment, if any. A valuation to open market value for existing use is done every three years for impairment assessment purposes.

All plant and equipment is stated at cost less accumulated depreciation and accumulated impairment, if any.

Depreciation is calculated on the straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following annual rates:

	Useful life	Residual value
• Buildings	5% to 10%	80%
• Plant and machinery	6,66% to 25%	zero
• Vehicles	20% to 25%	zero
• Computer equipment	20% to 33,3%	zero
• Furniture and fittings	16,6% to 33,3%	zero

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land and capital work in progress is not depreciated.

Computer equipment, computer software, furniture and fittings are included as part of office equipment and are depreciated over three to five years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

1. ACCOUNTING POLICIES continued**1.11 Property, plant and equipment** continued

Capital work in progress has a useful life and a residual value of zero as it is not yet ready for its intended use.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. All repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset. In addition, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are determined by reference to their carrying amount and the net disposal proceeds and are taken to the statement of comprehensive income in the year the asset is derecognised.

1.12 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the event a sale is not concluded within one year, management will assess whether the non-current asset still meets the criteria to be held for sale. In its assessment, management will consider if the delay in sale is due to developments outside the entity's control, and if management still considers the sale as highly probable and the asset continues to be available for immediate sale in its current condition.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. A non-current asset is not depreciated while it is classified as held for sale.

1.13 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over its estimated useful life (three years). Costs associated with the maintenance of existing computer software programs are expensed as incurred.

1.14 Inventory

Inventory is valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. Cost is determined on a weighted average cost method and excludes cash discounts, rebates and relevant indirect taxes.

Manufacturing

Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads, which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the normal production capacity.

Cost is determined as follows:

- Raw materials – weighted average
- Finished product and trading goods – weighted average

Aged and discontinued finished goods, slow-moving consumable stores and obsolete raw materials are identified on a regular basis and are written down to their estimated net realisable value.

1. ACCOUNTING POLICIES *continued*

1.15 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items relating to other comprehensive income are recognised in other comprehensive income or directly in equity.

Deferred income tax

Deferred income tax is provided on the liability method, on recognised temporary differences at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, other than in the circumstances described below. Deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward or unused tax assets and unused tax losses can be utilised, other than in the circumstances described below. Furthermore, deferred tax assets are reviewed at each reporting date.

The carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not recognised where they arise from goodwill arising on acquisition or from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Offset of tax assets and liabilities

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied on the same entity by the same tax authority.

Value added tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense items, as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

Dividend withholding tax

Dividend withholding tax is imposed on shareholders at a rate of 20% on the receipt of dividends, and is withheld and paid to taxation authorities by the company paying the dividend. By election, the Group is exempt from dividend withholding tax on its dividend receipts, except for certain consolidated entities which hold treasury shares. The dividend withholding tax for such entities is included in the Group's taxation expense.

1.16 Leases

The Group recognises a right-of-use asset and lease liability in the statement of financial position at commencement of the lease.

The lease liability is measured at the present value of lease payments not paid at commencement date. The Group uses the rate implicit in the lease and if that cannot be determined, the incremental borrowing rate at inception of the lease to discount lease payments. Lease payments include all fixed payments per contract, variable payments linked to an index or rate, any amounts expected to be payable under a residual guarantee and the purchase price if the entity is reasonably certain it will exercise the option to purchase.

1. ACCOUNTING POLICIES *continued*

1.16 Leases *continued*

The Group subsequently measures the lease liability using the effective interest rate method. The lease liability is remeasured if there is a change in the variable payments linked to an index or rate, if the Group changes its assessment of whether or not it will exercise the option to purchase or option to renew the agreement, or if there is a change in the estimated amount payable under a residual value guarantee. The right-of-use asset is adjusted with the corresponding adjustment to the extent that the balance is reduced to zero, thereafter the adjustments are recognised in profit or loss.

The lease liability is represented as a separate line item in the statement of financial position.

The right-of-use asset is measured initially at cost which comprises the initial amount of the lease liability plus any lease payments made on or before commencement date, plus any direct cost incurred and an estimate of cost to dismantle or restore the underlying asset, less any lease incentives.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the lease agreement contains an option to purchase the asset at the end of the lease term and the Group is reasonably certain that it would exercise the purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Depreciation is recognised in profit or loss and presented as part of operating expenses. The right-of-use assets are reviewed at each reporting date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. They are also adjusted for any remeasurements of the lease liability or modifications of the agreement.

The right-of-use asset is presented as a separate line in the statement of financial position.

Short-term leases and low-value assets

The Group has elected not to recognise a right-of-use asset and lease liability for all short-term leases with a lease term of 12 months or less and all low-value assets. The lease payments of these leases are recognised on a straight-line basis over the lease term.

1.17 Employee benefits

Retirement benefits

Current contributions to the retirement benefit plan are charged against profit or loss as services are rendered by the employee.

Short-term benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Liabilities for employee entitlements to wages, salaries and leave represent the amount that the Group has a present obligation, as a result of employee services provided to the reporting date, to the extent that such obligation can be reliably estimated. The accruals have been calculated at discounted amounts based on current wage and salary rates.

Full-time employees of the Group are entitled to a profit incentive payment based on the performance of the Group. The Group thus has a present obligation as a result of the employee services provided in the reporting period, to the extent that such obligation can be reliably estimated. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

1.18 Equity participation plans

Selected employees, including directors, of the Group receive remuneration in the form of share awards, whereby they render services in exchange for rights over shares. The cost of share awards is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using option-pricing models, further details of which are given in note 6. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Italtile Limited.

The cost of the share awards is recognised, together with a corresponding increase in shareholders' equity, over the vesting period ending on the date on which the service conditions are fulfilled and the employees become fully entitled to take up the share awards. The cumulative expense recognised for share awards granted at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of share awards that will ultimately vest, in the opinion of the directors of the Group, at that date. This is based on the best available estimate of the number of share awards that will ultimately vest. No expense is recognised for share awards that do not ultimately vest.

1. ACCOUNTING POLICIES *continued*

1.18 Equity participation plans *continued*

The cost of the share awards is recognised over the vesting period ending on the date on which the service conditions are fulfilled. The schemes have been classified as an equity-settled share-based payment. The recipient of the award shall be the registered and beneficial holder from the date of transfer of such shares. Where a share award is forfeited due to vesting conditions not being satisfied, the unvested portion of the awards will be transferred back to the Group.

Where the terms of the share awards are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transactions, as a result of the modification, as measured at the date of modification.

Where a share award is forfeited prior to vesting, any expense previously recognised for the award is reversed immediately. Where an award is cancelled, other than an award cancelled by forfeiture when the vesting conditions are not satisfied, it is treated as if it vested on the date of cancellation, and any expense not yet recognised is recognised immediately. If a new share award is substituted for the cancelled share award, and designated as a replacement share award on the date that it is granted, the cancelled and new share awards are treated as if they were a modification of the original grant, as described above.

The dilutive effect of outstanding awards is reflected as a share dilution in the computation of diluted earnings per share (refer to note 10).

1.19 Dividends paid

Dividends paid are recognised as appropriations of reserves in the statement of changes in equity at the dates of declaration.

1.20 Investment in associates and joint ventures

The Group's investment in its associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

The Group's investment in joint venture is accounted for using the equity method where the Group does not exercise power to govern its financial and operating decisions. The joint venture is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate and joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates and joint venture. Goodwill relating to the associates and joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Profit or loss in the statement of comprehensive income reflects the share of the results of operations of the associates and joint venture in profit or loss. Any change in other comprehensive income of the associates and joint venture is presented as part of the Group's other comprehensive income. Where there has been a change recognised directly in the equity of the associates or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates and joint venture are eliminated to the extent of the interest in the associates and joint venture.

The share of profit of an associate and joint venture is included in profit or loss. This is the profit attributable to equity holders of the associates and joint venture and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates and joint venture.

The financial statements of the associates and joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associates or joint venture, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associates or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

1. ACCOUNTING POLICIES *continued***1.21 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

1.22 Revenue from contracts with customers**Group**

Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation. Revenue is measured at the fair value of consideration received or receivable.

Turnover

Revenue from the sale of goods, or turnover, comprises sales to customers through its owned stores and the Group's supply arrangements. Goods comprise tiles, bathroomware and related products. All turnover is stated exclusive of value added tax.

Turnover is recognised at a point in time when the Group transfers control of goods to its customer at the point of sale and is measured at the fair value of consideration received or receivable, net of trade discounts. Discounts to customers are deducted from turnover. Payment of the transaction price in respect of sale of goods is due immediately when the customer purchases goods and takes delivery.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Royalty and franchise income

The Group earns royalties and other franchise income from its network of franchised stores. Income from franchisees, calculated as a percentage of the sale of goods by franchisees through their point of sale to their customers, in accordance with the substance of the relevant franchise agreement, is recognised at a point in time as franchisee income when the sale that gives rise to the income takes place.

Company**Management fee**

The Company charges its wholly owned subsidiary a management fee for services rendered by its Board and other related services. The management fees are recognised at a point in time when the services have been rendered.

1.23 Other income**Finance income**

Interest income is recognised over time as it accrues in the statement of comprehensive income, using the effective interest rate method, by reference to the principal amounts outstanding and at the interest rate applicable. Dividend income is recognised when the shareholder's right to receive payment is established.

Property rental income

Property rental income comprises variable rent payments received by the Group based on a contractual percentage of monthly franchisee turnover.

2. DEFINITIONS**2.1 Turnover**

Turnover represents net sales to customers, excluding value added tax and other revenue and income from franchisees.

2.2 Cost of sales

Cost of sales is calculated as the weighted average cost of inventory, including distribution costs incurred in bringing the inventory to the retail locations, net of rebate income and settlement discounts.

2.3 Cash and cash equivalents

Cash comprises cash on hand and deposits held on call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.4 Treasury shares

Shares in Italtile Limited held by the entities and trusts controlled by the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

6. SHARE-BASED PAYMENTS**Black Economic Empowerment ("BEE") transactions**

Various BEE transactions in prior years have resulted in the founding of the Italtile and Ceramic Foundation Trust and the Italtile Empowerment Trust.

The objective of the Italtile and Ceramic Foundation Trust is to carry on one or more public benefit activities as determined by its trustees from time to time for the benefit of the Foundation Trust beneficiaries. At least 85% of all distributions made by the Foundation Trust will be for the benefit of black people.

The Italtile Empowerment Trust remained dormant until implementation of the Italtile Staff Share Scheme in 2014, which is detailed further below in this note.

On 22 August 2019, the Company entered into a subscription and relationship agreement with Yard Investment Holdings (Pty) Ltd ("Yard") and K2019313036 (South Africa) (RF) (Pty) Ltd, a wholly owned subsidiary of Yard ("Yard SPV"), in terms of which Yard SPV subscribed for 26,4 million ordinary shares in Italtile for an aggregate cash subscription amount of R313 million. Net of transaction costs, proceeds totalled R304 million. This transaction has enhanced Italtile's BEE ownership credentials. This general issue of shares was priced at R11,82 per share.

As Italtile Limited receives BEE credentials as a result of entering into this transaction (in which shares were issued at a discount) and the consideration for the shares was partially funded by a shareholder and related party of the Company, the transaction falls within the scope of IFRS 2. This resulted in a once-off expense of R39 million on recognition of the related share-based payment reserve in the 2020 financial year.

Share Appreciation Rights Scheme

During the 2011 financial year, a share appreciation rights scheme was adopted by the Company, in accordance with which selected directors and employees of the Group are entitled to receive notional share awards based on the increase in share price from grant date price. These awards vest as follows:

- 25% after three years and 75% after five years; and
- The exercise price is determined in accordance with the rules of the scheme.

The plan has been classified as an equity-settled share-based payment scheme and is fair valued on each grant date using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the notional awards on grant dates for awards still in issue at year end or which vested during the year:

Grant date	31 August 2018	31 August 2019	31 August 2020	14 December 2020	31 August 2021	31 August 2022	31 August 2023
Notional share award	2 800 000	1 325 000	4 312 500	500 000	3 300 000	650 000	300 000
Grant price	R13,80	R13,27	R12,29	R14,58	R16,60	R14,77	R12,29
Interest rate:	7,71%						
zero yield curve*	-8,00%	6,85%#	5,28%#	5,05%#	5,83%#	8,10%#	8,19%#
Dividend yield	2,00%	2,04%	2,50%	2,43%	2,32%	2,45%	2,74%
Volatility**	31,24%	31,81%	33,42%	34,52%	34,59%	35,48%	35,43%

* Source: Standard Bank.

Five-year rate used.

** Five-year annualised daily historical share price volatility.

The movement in the number of awards during the year is as follows:

	Number of awards	
	2024	2023
At 1 July	9 618 750	10 587 500
Awarded during the year	300 000	650 000
Vested and exercised during the year	-	(881 250)
Forfeited during the year	(2 384 375)	(737 500)
At 30 June	7 534 375	9 618 750

The weighted average vesting period of awards outstanding at year end is 1,49 years (2023: 1,89 years).

The fair value of the unvested awards granted on 30 June 2024 was R25 million (2023: R26,8 million).

Included in the expenses in the profit and loss for the year is R7,6 million (2023: R10,6 million) relating to the current year share-based payment expense for this scheme.

6. SHARE-BASED PAYMENTS *continued*

Staff Share Scheme

During the 2014 financial year, the Group implemented a share incentive scheme for all employees of the Group and its franchisees who had been in the employ of the Group and/or franchise network for a period of three uninterrupted years at each allotment date in August every year from the implementation date. The eighth allotment of shares in the previous scheme, granted in 2020, vested on 31 August 2023. A total of 110 employees qualified for the vesting (2023: 151), of whom none opted to retain the shares (2023: two), and hence received the net value of the awards in cash. This resulted in a decrease in treasury shares of 1 419 798 shares. This scheme has now been discontinued.

The scheme is classified as an equity-settled share-based payment scheme and is fair valued on each grant date using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the awards still in issue at year end or which vested during the year:

Grant date	31 August 2019	31 August 2020
Vesting date	31 August 2022	31 August 2023
Share awards	5 192 649	4 232 150
Grant price per share	R4,57	R4,57
Share price at valuation date	R14,20	R13,20
Interest rate – zero yield curve*	6,99% – 7,58%	3,49% – 9,13%
Dividend yield	2,29%	2,47%
Volatility [#]	31,38%	36,70%

* Source: Standard Bank.

[#] Three-year ordinary share price historical volatility.

The movement in the number of awards during the year is as follows:

	Number of awards	
	2024	2023
At 1 July	2 763 345	6 752 738
Awarded during the year	–	–
Vested and exercised during the year	(1 419 798)	(3 394 329)
Forfeited during the year	(1 343 547)	(595 064)
At 30 June	–	2 763 345

The weighted average vesting period of awards outstanding at year end is 0 years (2023: 0,17 years).

The fair value of the unvested awards granted on 30 June 2024 was Rnil (2023: R18,4 million).

Included in the expenses in the profit and loss for the year is R0,5 million (2023: R3 million) relating to the current year share-based payment expense for this scheme. No accelerated once-off charge was recorded in the current year as there were no new allotments made in 2024 (2023: nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

6. SHARE-BASED PAYMENTS *continued***Italtile Retention Scheme**

The Italtile Retention Scheme replaces the Executive Retention Plan.

The scheme is an additional mechanism, over and above the SARS, to retain and reward selected employees and directors.

In terms of this scheme, awards are made to selected directors and employees, which are linked to shares held by the Italtile Retention Trust, with dividend and voting rights on these shares passing to the selected director or employee.

The awards have a five-year retention period and the number of shares, which vest and transfer to participants, is dependent on the achievement of certain performance targets. These performance targets include HEPS growth, return on invested capital and individual performance targets.

The movement in the number of awards during the year is as follows:

	Number of awards	
	2024	2023
At 1 July	6 500 000	6 500 000
Awarded during the year	1 145 000	–
Vested and exercised during the year	–	–
Forfeited during the year	–	–
At 30 June	7 645 000	6 500 000

The scheme has been classified as an equity-settled share-based payment scheme and is valued on grant date using the market value of the related shares on allocation of awards to participants. The market value of awards issued to participants in the current year on grant date was R14 million. Included in expenses in the profit and loss for the year is R21,8 million (2023: R19,5 million) relating to the current year share-based payment expense for the scheme.

Italtile Staff Share Scheme

During the financial year, the Group implemented a new staff share scheme, which replaced the existing scheme above.

Similar to the previous scheme, all employees of the Group and its franchisees that had been in the employ of the Group and/or franchise network for a period of three uninterrupted years at each allotment date (March every year) qualify to participate in the scheme (if they have not been a participant of any other share scheme before).

In terms of this scheme, awards are made to qualifying employees, which are linked to shares held by the Italtile Staff Share Scheme Trust, with dividend and voting rights on these shares passing to the participating employees. In terms of this scheme, during March 2024, awards of 1,2 million (2023: 2,7 million) of the Group's shares were made to 196 (2023: 535) qualifying employees of the Group and its franchisees. Until vesting, the shares will continue to be accounted for as treasury shares and have an impact on the diluted weighted average number of shares.

The scheme is classified as an equity-settled share-based payment scheme and is fair valued on each grant date using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the awards still in issue at year end:

Grant date	31 March 2023	31 March 2023	31 March 2024
Vesting date	31 March 2025	31 March 2026	31 March 2027
Share awards	1 895 000	843 024	1 165 220
Grant price per share	R13,04	R13,04	R12,64
Share price at valuation date	R12,42	R12,42	R10,20
Interest rate yield curve*	7,55% – 11,53%	7,55% – 11,53%	8,52% – 13,24%
Dividend yield	2,72%	2,72%	3,16%
Volatility [#]	35,81%	35,81%	31,21%
Expected forfeitures	18%	27%	27%

* Source: JSE.

[#] Three-year ordinary share price historical volatility.

6. SHARE-BASED PAYMENTS *continued*
Italtile Staff Share Scheme *continued*

The movement in the number of awards during the year is as follows:

	Number of awards	
	2024	2023
At 1 July	2 738 024	–
Awarded during the year	1 165 220	2 738 024
Vested and exercised during the year	–	–
Forfeited during the year	(707 514)	–
At 30 June	3 195 730	2 738 024

The weighted average vesting period of awards outstanding at year end is 1,63 years (2023: 2,06 years).

The fair value of the unvested awards granted on 30 June 2024 was R20,5 million (2023: R6,8 million).

Included in the expenses in the profit and loss for the year is R13,8 million (2023: R6,8 million) relating to the current year share-based payment expense for this scheme. An accelerated once-off charge of R1,3 million (2023: R3,8 million) was recorded in the current year related to awards made to employees of franchisees.

Executive Retention Plan

The Executive Retention Plan is an additional mechanism, over and above the SARS, to retain and reward selected employees and directors. In terms of this scheme, retention payments are made to selected directors and employees to facilitate the purchase of Italtile Limited shares based on the share price at grant date. The payment of the retention award is subject to the director or employee remaining with the Group for a period of five years. The director or employee shall be the registered and beneficial holder of the shares acquired pursuant to the retention award from the date of transfer of such shares. The awards remaining at the end of the 2023 financial year have vested and the Group will no longer make use of this scheme.

The movement in the number of awards during the year is as follows:

	Number of awards	
	2024	2023
At 1 July	1 000 000	1 000 000
Awarded during the year	–	–
Vested and exercised during the year	(1 000 000)	–
Forfeited during the year	–	–
At 30 June	–	1 000 000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

6. SHARE-BASED PAYMENTS *continued***Ceramic Industries Share Schemes****Long-Term Incentive Plan ("LTIP")**

In June 2016, the Ceramic Industries Remuneration Committee made a number of new awards in terms of the Company's LTIP scheme, which was approved at the AGM of shareholders held on 30 November 2007.

The following table reflects the number of notional Ceramic Industries shares granted and held by the participants:

	2024	2023
At 1 July	4 500	6 000
Vested and exercised during the year	-	(1 500)
At 30 June	4 500	4 500

The liability raised for the awards outstanding at 30 June 2024 was R2,0 million (2023: R1,7 million). Included as an expense in profit or loss for the year was R239 914 (2023: R1,1 million) relating to the current year amortisation of the share options granted.

The liability will be measured at the end of each reporting period, until settled in cash, by applying an option pricing model, taking into account the terms and conditions on which the awards were granted and the extent to which the employees have rendered services to the Company. The notional shares will be cash settled, based on a value calculated from the Company's earnings, on the vesting date. Resignation or termination from the Company results in participants forfeiting their allocations.

The liability will be measured at the end of each reporting period, until settled in cash, by applying an option pricing model, taking into account the terms and conditions on which the awards were granted and the extent to which the employees have rendered services to the Company.

Ceramic Industries Share Retention Scheme ("SRS")

A new share retention scheme for key members of management in Ceramic Industries was implemented in July 2021. In accordance with the rules of the scheme, share awards to participants are held in escrow and have a five-year vesting/retention period. Dividends related to the shares flow to participants during the retention period and the number of shares that eventually pass to participants at the end of the retention period is dependent on the attainment of certain performance criteria. The scheme has been accounted for in accordance with IFRS 2 Share-Based Payments. The performance target was not achieved and the shares have been forfeited.

Share option reserve

The composition of the share schemes' reserve is as follows:

Company			Group	
2024 Rm	2023 Rm		2024 Rm	2023 Rm
52	52	Black Economic Empowerment transactions	52	52
25	27	Share Appreciation Rights Scheme	25	27
-	19	Staff Share Scheme	-	19
66	44	Italtile Retention Scheme	66	44
21	6	Italtile Staff Share Scheme	21	6
-	-	Ceramic Industries Share Schemes	45	56
164	148		209	204

6. SHARE-BASED PAYMENTS *continued*

Treasury shares

The movements of the treasury shares are as follows:

Company		Group	
2024 Rm	2023 Rm	2024 Rm	2023 Rm
(97)	(97)	(1 087)	(935)
-	-	(212)	(104)
-	-	(10)	(26)
-	-	(202)	(78)
-	-	6	(48)
-	-	-	#
-	-	(7)	(11)
-	-	13	(37)
-	-		
(14)	-		
(111)	(97)	(1 293)	(1 087)

Non-cash movements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

Company			Group	
2024 Rm	2023 Rm		2024 Rm	2023 Rm
		7. FINANCE INCOME		
3	#	Bank interest received	74	51
639	792	Dividends received	46	14
642	792		120	65
		<i># Less than R1 million.</i>		
		8. FINANCE COST		
		Bank loans and overdraft	47	51
		Lease liability finance costs	40	31
			87	82
		9. TAXATION		
4	3	Current taxation through profit or loss		
		– Normal tax (South Africa) – current year	477	631
		– Normal tax (foreign) – current year	34	26
		– Normal tax – prior year adjustments	(5)	(5)
		– Deferred tax (South Africa) – current year	70	4
		– Deferred tax (foreign) – current year	(3)	–
		– Deferred tax (South Africa) – prior year adjustments	22	(3)
		– Dividend withholding tax	(1)	1
4	3		594	654
		Reconciliation of tax rate		
27,0	27,0	Standard rate – South Africa	27,0	27,0
(27,0)	(27,0)	Adjusted for:		
–	0,3	Non-taxable dividend income	(1,3)	(0,2)
		Expenses disallowed as a deduction*	0,8	0,8
		Other differences, including the effects of prior period over/underprovisions and donations tax	1,8	0,7
–	0,3	Effective tax rate	28,3	28,3
		<i>* Includes non-deductible share-based payment expenses, expenses attributable to exempt and non-taxable income and expenditure which is capital in nature.</i>		
		10. EARNINGS PER SHARE		
		Earnings per share and diluted earnings per share are based on the income attributable to ordinary shareholders of R1 462 million (2023: R1 605 million).		
		The earnings per share calculations are based on 1 197 758 483 (2023: 1 210 417 388) weighted average number of shares in issue during the period, excluding weighted average treasury shares.		
		Reconciliation of shares in issue:		
		– Total number of shares issued	1 321 654 148	1 321 654 148
		– Shares held by Retention Trust	(7 966 667)	(7 966 667)
		– Shares held by Share Incentive Trust	(9 922 234)	(9 922 234)
		– B-BBEE treasury shares	(64 151 585)	(64 691 990)
		– Treasury shares held by subsidiaries	(49 876 528)	(32 317 530)
		Shares in issue to external parties	1 189 737 134	1 206 755 727

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

	Land and buildings Rm	Plant and machinery Rm	Vehicles Rm	Computer equipment Rm	Furniture and fittings Rm	Capital work-in-progress Rm	Total Rm
13. PROPERTY, PLANT AND EQUIPMENT†							
2024							
Beginning of the year							
– assets at cost	4 281	3 020	89	170	557	529	8 646
– accumulated depreciation	(674)	(1 700)	(47)	(140)	(346)	–	(2 907)
Net book value	3 607	1 320	42	30	211	529	5 739
Current year movements							
– additions	69	171	33	4	60	266	603
– disposals	(47)	(7)	(10)	(1)	(3)	(6)	(74)
– depreciation	(83)	(221)	(15)	(18)	(77)	#	(414)
– transfers	50	236	#	(1)	(9)	(282)	(6)
– classified as held for sale	(133)	–	–	–	–	–	(133)
– impairment*	(15)	–	–	–	–	–	(15)
– translation	(2)	(2)	–	–	–	(16)	(20)
Balance at the end of the year	3 446	1 497	50	14	182	491	5 680
Made up as follows:							
– assets at cost	4 149	3 389	89	146	583	491	8 847
– accumulated depreciation and impairments	(703)	(1 892)	(39)	(132)	(401)	–	(3 167)
Net book value	3 446	1 497	50	14	182	491	5 680
* During the current year, an impairment of R15 million was recorded on non-productive land and buildings which are in the process of being sold and subsequently classified as held for sale as disclosed in note 14.							
† During the current financial period, the Group acquired a majority shareholding in Silica Quartz (Pty) Ltd, a sand quarry located in Delmas, Mpumalanga. The assets have been included in the disclosure as additions in the 2024 financial period.							
# Less than R1 million.							
	Land and buildings Rm	Plant and machinery Rm	Vehicles Rm	Computer equipment Rm	Furniture and fittings Rm	Capital work-in-progress Rm	Total Rm
2023							
Beginning of the year							
– assets at cost	4 030	2 887	86	163	711	530	8 407
– accumulated depreciation	(608)	(1 617)	(48)	(123)	(499)	–	(2 895)
Net book value	3 422	1 270	38	40	212	530	5 512
Current year movements							
– additions	132	119	26	12	69	344	703
– disposals	(47)	(2)	(8)	#	(1)	–	(59)
– depreciation	(82)	(202)	(14)	(25)	(74)	–	(396)
– transfers	174	127	#	2	4	(338)	(30)
– impairment	–	–	–	–	–	–	–
– translation	8	8	–	#	–	(7)	9
Balance at the end of the year	3 607	1 320	42	30	211	529	5 739
Made up as follows:							
– assets at cost	4 281	3 020	89	170	557	529	8 646
– accumulated depreciation and impairments	(674)	(1 700)	(47)	(140)	(346)	–	(2 907)
Net book value	3 607	1 320	42	30	211	529	5 739
# Less than R1 million.							

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

	Computer software Rm	Total Rm
16. INTANGIBLE ASSETS		
Beginning of year 2024		
– assets at cost	18	18
– accumulated amortisation	(6)	(6)
– net book value	12	12
Current year movements		
– additions	12	12
– amortisation	(8)	(8)
Balance at the end of the year	16	16
Made up as follows:		
– assets at cost	30	30
– accumulated amortisation	(14)	(14)
Net book value	16	16
Beginning of year 2023		
– assets at cost	–	–
– accumulated amortisation	–	–
– net book value	–	–
Current year movements		
– additions	18	18
– amortisation	(6)	(6)
Balance at the end of the year	12	12
Made up as follows:		
– assets at cost	18	18
– accumulated amortisation	(6)	(6)
Net book value	12	12

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

Company		Group	
2024 Rm	2023 Rm	2024 Rm	2023 Rm
	17. INVESTMENTS <i>continued</i>		
	17.2 Investments in associates and joint ventures <i>continued</i>		
	Advanced Tiling (Pty) Ltd		
	The Group has a 20% investment in Advanced Tiling Pty (Ltd), which has an April year end. The Company whose principal activity is tiling is incorporated in South Africa.		
	Carrying value of investment in Advanced Tiling (Pty) Ltd:		
	Cost	3	3
	Share of loss and reserve movements post commencement of equity accounting (net of dividends)	(1)	(1)
	Total of carrying amount of investments in associates	2	2
	The following tables illustrate the summarised financial information of the Group's investment in Advanced Tiling:		
	Statement of financial position:		
	Non-current assets	#	#
	Current assets	#	#
	Non-current liabilities	#	#
	Current liabilities	#	#
	Equity	#	#
	Statement of comprehensive income:		
	Turnover	#	#
	Loss for the year	#	#
	Loss attributable to ordinary shareholders of Italtile Limited	#	#
	Less: Dividends	—	—
	Share of associated company's income	#	#
	SER-Export s.p.a.		
	The Group has a 30% investment in SER-Export, which has a December year end. The Company is an exporter, incorporated in Italy.		
	Carrying value of investment in SER-Export s.p.a.:		
	Cost	19	19
	Share of profit and reserve movements post commencement of equity accounting (net of dividends)	19	16
	Total carrying amount of investments in associates	38	35

Less than R1 million.

Company		Group	
2024 Rm	2023 Rm	2024 Rm	2023 Rm
	17. INVESTMENTS <i>continued</i>		
	17.2 Investments in associates and joint ventures <i>continued</i>		
	SER-Export s.p.a. <i>continued</i>		
	The following tables illustrate the summarised financial information of the Group's investment in SER-Export s.p.a.:		
	Statement of financial position:		
	Non-current assets	108	96
	Current assets	219	224
	Non-current liabilities	-	-
	Current liabilities	(104)	(104)
	Equity	223	216
	Statement of comprehensive income:		
	Turnover	124	161
	Profit for the year	13	7
	Profit attributable to ordinary shareholders of Italtile Limited	4	2
	<i>Less: Dividends</i>	-	-
	Share of associated company's income	4	2
	Ezee Zim (Pvt) Ltd		
	During the 2023 financial year, the Group entered into a joint venture agreement with Ezee Zim (Pvt) Ltd for a 50% interest in the business. The Company is incorporated in Zimbabwe and produces adhesives and grout.		
	Carrying value of investment in Ezee Zim (Pvt) Ltd:		
	Cost	7	7
	Share of profit and reserve movements post commencement of equity accounting (net of dividends)	7	4
	Total carrying amount of investments in joint venture	14	11
	The following tables illustrate the summarised financial information of the Group's investment in Ezee Zim (Pvt) Ltd:		
	Statement of financial position:		
	Non-current assets	22	26
	Current assets	17	4
	Non-current liabilities	(24)	(24)
	Current liabilities	-	(3)
	Equity	15	3
	Statement of comprehensive income:		
	Turnover	41	26
	Profit for the year	7	4
	Profit attributable to ordinary shareholders of Italtile Limited	3	2
	<i>Less: Dividends</i>	-	-
	Share of associated company's income	3	2

[#] Less than R1 million.

Company		Group	
2024 Rm	2023 Rm	2024 Rm	2023 Rm
	19. GOODWILL		
	Made up as follows:		
	Balance at the beginning of the year	19	19
	Additions through acquisitions*	19	–
	Balance at the end of the year	38	19
	Management assesses goodwill for impairment on an annual basis. No impairment indicators were identified during the financial year.		
	<i>* During the current financial period, the Group acquired a majority shareholding in Silica Quartz (Pty) Ltd, a sand quarry located in Delmas, Mpumalanga. With this acquisition, the Group expects to bolster its vertically integrated supply chain, adding to the direct supply of sand to our Tile and Adhesive manufacturing plants.</i>		
	20. DEFERRED TAXATION		
	Deferred tax assets	36	36
	Deferred tax liabilities	(270)	(204)
		(234)	(168)

	Opening balance Rm	Charged through other comprehensive income Rm	Charged through profit or loss Rm	Closing balance Rm
2024				
The deferred tax balance is made up as follows:				
Deferred tax asset:				
Accruals	131	–	(34)	97
Property, plant and equipment	9	–	(1)	8
Assessed loss	14	–	10	24
Deferred tax liability:				
Property, plant and equipment	(260)	–	(71)	(331)
Prepayments	(24)	–	21	(3)
Ceramic Industries – tax on deemed fair value	(38)	–	9	(29)
Net deferred tax liability	(168)	–	(66)	(234)
2023				
The deferred tax balance is made up as follows:				
Deferred tax asset:				
Accruals	117	–	14	131
Property, plant and equipment	4	–	5	9
Assessed loss	12	–	2	14
Deferred tax liability:				
Property, plant and equipment	(259)	–	#	(260)
Prepayments	(3)	–	(21)	(24)
Ceramic Industries – tax on deemed fair value	(38)	–	–	(38)
Net deferred tax liability	(167)	–	(1)	(168)

Less than R1 million.

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity and fiscal authority.

The tax rate applied to South African entities is 27% (2023: 27%) for normal taxation.

34. RETIREMENT BENEFIT INFORMATION

The Group participates in the Alexander Forbes Retirement Fund. This is an umbrella fund arrangement created for the provision of retirement benefits.

The Fund is a defined contribution plan and is governed by the Pension Funds Act, No 24 of 1956.

The financial position of the Alexander Forbes Retirement Fund (Provident Section): Italtile Limited is currently reviewed on a monthly basis.

As at 30 June 2024 and 2023, the Fund was found to be in a sound financial position.

At 30 June 2024, 1 494 (2023: 1 459) employees of the Group and franchisees were members of the Fund, to which the Group and franchisees contributed R44 million (2023: R39 million) and the employees Rnil (2023: Rnil). The Fund is open to all permanent staff with their participation thereof being a condition of employment.

Their dependants are eligible for death benefits accruing from the Fund in the event of the member's death.

All permanent full-time employees of franchise stores are required to participate in the Fund.

Ceramic Industries

In South Africa, Ceramic contributes to two defined contribution retirement funds for its employees which are governed by the Pension Funds Act, No 24 of 1956.

The funds are administered by Alexander Forbes.

At 30 June 2024, 987 (2023: 984) employees of Ceramic were members of the funds, to which Ceramic contributed R25 million (2023: R23 million). All permanent employees are required to join one of the funds.

In Australia, Ceramic contributes the legislated defined contribution amounts in the various superannuation funds specified by its 60 (2023: 82) employees.

Ezee Tile

Ezee Tile contributes to three defined contribution retirement funds for its employees which are governed by the Pension Funds Act, No 24 of 1956.

The funds are administered by Alexander Forbes, Hospitality and General Provident Fund, and Old Mutual. Alexander Forbes is open to all new permanent staff with their participation thereof being a condition of employment. Their dependants are eligible for death benefits accruing from the funds in the event of the member's death.

As at 30 June 2024, 160 (2023: 235) employees of Ezee Tile were members of the funds, to which Ezee Tile contributed R2,9 million (2023: R3,2 million) and employees contributed R1,0 million (2023: R1,2 million).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Group

The Group's principal financial liabilities comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. The Group's primary objective of risk management is to reduce the uncertainty over future cash flows.

Company

The Company's principal financial assets comprise loans given to a subsidiary company and trusts detailed in notes 17.1 and 22.2, and cash and short-term deposits, which arise directly from its investments. The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The Company's primary objective of risk management is to reduce the uncertainty over future cash flows.

Interest rate risk

The Company and Group are not sensitive to fluctuations in interest rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued***Foreign currency risk****Group**

As the Group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise.

Approximately 14% (2023: 13%) of cost of sales are short-term denominated in currencies other than the Group's functional currency.

The Group requires all of its operating units to use forward currency contracts to eliminate the currency exposures on any individual transaction for which payment is anticipated on terms after the Group has entered into a firm commitment for a purchase, for which no letter of credit has been issued. The forward currency contracts must be in the same currency as the purchased item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy not to apply hedge accounting, or to trade in derivatives for profit-making purposes.

Forward exchange contracts outstanding at the reporting date all fall due within three months (2023: two months), have a settlement value of less than a million (2023: R5 million) and are denominated in Euro, with an average exchange rate of R20,00:€1 (2023: R20,53:€1).

Exchange rates utilised to convert financial information are as follows:

	2024		2023	
	Weighted average rate for the year	Closing rate	Weighted average rate for the year	Closing rate
ZAR: Australian Dollar	12,26:1	12,14:1	11,95:1	12,42:1
ZAR: Botswana Pula	1,38:1	1,34:1	1,36:1	1,40:1
ZAR: Euro	20,23:1	19,49:1	18,63:1	20,39:1
ZAR: Kenyan Shilling	0,13:1	0,14:1	0,14:1	0,13:1
ZAR: Tanzanian Shilling	0,01:1	0,01:1	0,01:1	0,01:1
ZAR: Zambian Kwacha	0,81:1	0,73:1	1,01:1	1,08:1
ZAR: US Dollar	18,71:1	18,23:1	17,77:1	18,92:1
ZAR: Rwandan Franc	0,01:1	0,01:1	0,02:1	0,02:1

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Foreign currency risk *continued*

The exposure and concentration of the Group's foreign currency risk are included in the table below.

	South African Rand Rm	Australian Dollar Rm	Other* Rm	Total Rm
2024				
Financial assets				
Trade and other receivables – before loss allowance	571	146	64	781
Cash and cash equivalents	1 632	(1)	213	1 844
Financial liabilities				
Interest-bearing loans and borrowings	500	–	–	500
Trade and other payables	395	65	68	528
2023				
Financial assets				
Trade and other receivables – before loss allowance	784	151	76	1 011
Cash and cash equivalents	902	10	137	1 049
Financial liabilities				
Interest-bearing loans and borrowings	500	–	–	500
Trade and other payables	526	#	122	648

* Other includes the Botswana Pula, Kenyan Shilling, Tanzanian Shilling, Namibian Dollar, Lesotho Loti, Zambian Kwacha, Rwandan Franc and US Dollar.

Less than R1 million.

The following table illustrates the Group's sensitivity to a change in exchange rates with all other variables held constant:

	2024 Rm	2023 Rm
Net profit before tax		
+10%	10	11
-10%	(10)	(11)
Foreign currency translation reserve		
+10%	13	14
-10%	(13)	(14)

Company

The Company has no exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued***Credit risk**

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

Group

The Group trades only with recognised, creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and, where appropriate, credit guarantee insurance is purchased.

In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is contained.

The maximum exposure is the carrying amount as disclosed in note 22.1. There is no significant concentration of credit risk within the Group, and trade receivables have been grouped based on shared credit risk characteristics to measure expected credit losses as disclosed in note 22.1.

The expected loss allowance as disclosed in note 22.1 is management's best estimate of trade receivables at year end which will not be recovered. Amounts which are considered irrecoverable, usually following an extensive process to attempt to recover overdue amounts including legal steps, are written off. Aggregate write-offs for the year are disclosed in note 22.1 (shown as a utilisation in the loss allowance movement reconciliation for the year). Trade receivables consist of a large number of customers spread across franchise and third-party debtors.

	Gross trade receivables R'000	Balances specifically provided for R'000	Net balance subject to ECL loss model R'000
Trade receivables			
Third parties – 2024	524	(52)	472
Third parties – 2023	604	(66)	538

Details relating to the loss allowance split per ageing category of trade receivables as at 30 June is as follows:

	Current Rm	0 – 30 days Rm	31 – 60 days Rm	61+ days Rm	Total Rm
2024					
Trade receivables	321	65	29	57	472
Expected loss rate (%)	0,3 to 0,7	0,7 to 3,8	3,8 to 22,9	22,9 to 33,8	0,3 to 33,8
Expected loss allowance	1	2	3	11	17
Specific loss allowance	–	–	–	–	52
Total loss allowance	1	2	3	11	69
2023					
Trade receivables	409	57	48	24	538
Expected loss rate (%)	0,8 to 2,4	2,3 to 14,0	6,5 to 22,9	10,0 to 25,0	0,8 to 25,0
Expected loss allowance	10	8	11	6	35
Specific loss allowance	–	–	–	–	66
Total loss allowance	10	8	11	6	101

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, as disclosed in notes 18, 22.1 and 23.

In terms of the Group's treasury policy, surplus cash balances may only be invested in liquid money market instruments managed by predefined reputable counterparties.

The external credit rating of those counterparties holding material surplus cash balances is Ba1 (according to Moody's credit rating scale).

Company

With respect to credit risk arising from cash and cash equivalents, trade and other receivables and B-BBEE loans, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments, as disclosed in notes 18, 22.1 and 23. There is no loss allowance recorded for these balances and no write-offs have occurred. Cash and cash equivalents are deposited with financial institutions with credit ratings as detailed above for the Group.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Liquidity risk

Group

The Group monitors its risk to a shortage of funds arising by using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

In terms of the Group's treasury policy, surplus cash balances may only be invested in liquid money market instruments managed by predefined reputable counterparties.

Adequate cash reserves are invested in a dividend income fund in order to match the repayment profile of the Rand loan. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. In terms of the MOI, the Company's borrowing powers are unlimited.

The table below summarises the maturity profile of the Group's financial liabilities at year end based on contractual undiscounted payments.

	On demand Rm	Less than 3 months Rm	3 to 12 months Rm	1 to 2 years Rm	3 to 5 years Rm	> 5 years Rm	Total Rm
Year ended 30 June 2024							
Interest-bearing loans and borrowings	-	10	507	-	-	-	517
Lease liabilities	-	27	76	108	135	347	693
Trade and other payables	-	528	-	-	-	-	528
	-	565	583	108	135	347	1 738
Year ended 30 June 2023							
Interest-bearing loans and borrowings	-	12	37	519	-	-	568
Lease liabilities	-	21	60	141	110	274	606
Trade and other payables	-	647	-	-	-	-	647
	-	680	97	660	110	274	1 821

The Group has cash and cash equivalents of R1 844 million (2023: R1 049 million), and unutilised credit facilities of R524 million (2023: R244 million) in respect of which all conditions precedent had been met. All covenants on borrowings have been met.

Company

The Company monitors its risk to a shortage of funds arising by using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from investments.

In terms of the MOI, the Company's borrowing powers are unlimited.

The Company has cash and cash equivalents of R11 million (2023: R18 million), and no credit facilities. All liabilities are current.

Group

At the end of the financial year, the Group had cash and cash equivalents of R1 844 million (2023: R1 049 million) on its statement of financial position. The following table demonstrates the Group profit before tax sensitivity to a change in interest rates earned on cash and cash equivalents with all other variables held constant:

	2024 Rm	2023 Rm
+1%	14	7
-1%	(14)	(7)

At the end of the financial year, the Group had term funding liabilities of R500 million (2023: R500 million) on its statement of financial position. The following table demonstrates the Group's profit before tax sensitivity to a change in interest rates with all other variables held constant (through the impact of floating rate borrowings):

	2024 Rm	2023 Rm
+1%	(5)	(5)
-1%	5	5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Capital management

Group

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure (equity attributable to the equity holders) and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2024 and 2023.

The Group monitors capital using a gearing ratio, which is defined as interest-bearing debt and borrowings as a percentage of equity attributable to the equity holders of the parent. (Refer to note 30 for further details on interest-bearing loans.)

	2024 Rm	2023 Rm
Interest-bearing debt and borrowings	500	500
Equity attributable to the equity holders of the parent	8 171	7 483
Gearing ratio (%)	6,1	6,7

36. SEGMENT REPORT

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess their performance.

The Chief Operating Decision Maker has been identified as the executive directors of the Group.

On this basis, the Group has five reportable segments:

Segment	Nature of business
Retail	– Retailers of tiles, brassware, laminated flooring, bathroomware, other home-finishing products and accessories.
Franchising	– Bearer of South African and non-South African trademarks.
Properties	– Property investments and leasing.
Supply and support services	– Distributor of tiles, shower enclosures, brassware, laminate and vinyl flooring, accessories, and tiling tools. – Group administration, marketing and management services. – Outsourced debtor solutions. – Procurement.
Manufacturing	– Manufacturers of tiles, sanitaryware, baths, adhesive and related products.

All intersegmental transactions are concluded at arm’s length.

36. SEGMENT REPORT *continued*

The following measures, as included in the quarterly management report reviewed by the Chief Operating Decision Maker, are used to assess performance.

(Rand millions unless otherwise stated)	Retail	Manu- facturing*	Supply and support services*	Fran- chising	Properties	Associates	Con- solidation	Total
For the year ended								
30 June 2024								
Turnover	5 178	5 013	2 470	-	-	-	(3 597)	9 064
From external customers*	5 177	3 426	461	-	-	-	-	9 064
Intersegment	1	1 587	2 009	-	-	-	(3 597)	-
Turnover from franchise stores**	2 471	-	-	-	-	-	(2 471)	-
Achieved gross margin	1 880	1 192	285	1	-	-	273	3 631
Manpower costs	(339)	(636)	(164)	(10)	(7)	-	(7)	(1 163)
Depreciation	(88)	(284)	(25)	(3)	(106)	-	-	(506)
Impairment of plant and equipment	-	-	-	-	(15)	-	-	(15)
Profit on sale of property, plant and equipment	#	#	1	#	(2)	-	-	(2)
Trading profit	507	556	286##	338###	355	-	14	2 056
Finance income	17	28	74	-	54	-	(53)	120
Finance costs	(1)	(12)	(29)	-	(98)	-	53	(87)
Income from associates	-	-	-	-	-	12	-	12
Profit before taxation	523	572	331	338	311	12	14	2 101
For the year ended								
30 June 2023								
Turnover	5 396	5 316	2 447	-	-	-	(4 023)	9 136
From external customers*	5 393	3 300	443	-	-	-	-	9 136
Intersegment	3	2 016	2 004	-	-	-	(4 023)	-
Turnover from franchise stores**	2 366	-	-	-	-	-	(2 366)	-
Achieved gross margin	1 948	1 405	283	#	-	-	263	3 899
Manpower costs	(336)	(586)	(180)	(12)	(8)	-	-	(1 122)
Depreciation	(81)	(260)	(30)	(3)	(98)	-	-	(472)
Impairment of plant and equipment	-	-	-	-	-	-	-	-
Profit on sale of property, plant and equipment	1	1	2	#	#	-	-	5
Trading profit	553	771	252##	356###	386	-	-	2 318
Finance income	14	22	52	-	33	-	(56)	65
Finance costs	(5)	(9)	(35)	#	(89)	-	56	(82)
Income from associates	-	-	-	-	-	9	-	9
Profit before taxation	562	784	269	356	330	9	-	2 310

* Turnover from external customers includes sales to franchise stores.

** Franchise stores are not controlled by the Group.

Less than R1 million.

Includes franchise income of R72 million (2023: R60 million) disclosed in note 3.

Includes royalty income of R146 million (2023: R144 million) disclosed in note 3.

Geographical analysis

(Rand millions unless otherwise stated)	South Africa	Rest of Africa	Australia	Con- solidation	Group
For the twelve months ended 30 June 2024					
Turnover	10 887	1 110	664	(3 597)	9 064
Non-current assets	7 654	503	234	(1 988)	6 403
For the twelve months ended 30 June 2023					
Turnover	11 404	1 077	678	(4 023)	9 136
Non-current assets	7 461	514	235	(1 776)	6 434

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

37. RELATED-PARTY TRANSACTIONS**Group**

The Group is controlled by Rallen (Pty) Ltd which owns 56,46% (2023: 56,46%) of its issued share capital. Management fees totalling R5,1 million (2023: R6,2 million) were paid by the Group to Rallen (Pty) Ltd during the year. Various other transactions occur between companies within the Group, all of which are eliminated on consolidation. These transactions include rendering of services and supply of product.

Key management personnel and prescribed officers comprise only the Group executive directors and executive directors of Ceramic Industries. Remuneration paid to key management personnel of the Group is provided below. Executive directors' remuneration is paid by Italtile Ceramics (Pty) Ltd, a subsidiary of the Company. No balances were owing at year end (2023: Rnil).

Directors' shareholding

The directors' interest in the stated share capital of the Company as at 30 June is as follows:

	Beneficial direct	Beneficial indirect	Total	% held	Non- beneficial direct	Non- beneficial indirect	Total	% held
At 30 June 2024								
Director								
G A M Ravazzotti	-	447 746 694	447 746 694	33,88	-	-	-	-
S M du Toit	-	29 125	29 125	-	-	-	-	-
J N Potgieter	4 000 000	-	4 000 000	0,30	-	-	-	-
L A Foxcroft	4 800 000	-	4 800 000	0,36	-	-	-	-
B G Wood	1 743 253	-	1 743 253	0,13	-	-	-	-
N P Khoza	-	-	-	-	-	697 322	697 322	0,05
At 30 June 2023								
Director								
G A M Ravazzotti	-	447 746 694	447 746 694	33,88	-	-	-	-
S M du Toit	-	29 125	29 125	-	-	-	-	-
J N Potgieter	4 200 000	-	4 200 000	0,32	-	-	-	-
L A Foxcroft	4 800 000	-	4 800 000	0,36	-	-	-	-
B G Wood	1 743 253	-	1 743 253	0,13	-	-	-	-
N P Khoza	-	-	-	-	-	697 322	697 322	0,05

Changes in directors' interest in the stated share capital of the Company after financial year end, as well as participation in share incentive schemes, were announced on SENS on 3 September 2024.

Directors' participation in share incentive schemes

Directors' holdings under the Share Appreciation Rights Scheme are set out in the table below:

Director	Awards held at 1 July 2023	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2024
B G Wood	1 350 000	-	-	(337 500)	1 012 500

37. RELATED-PARTY TRANSACTIONS *continued*

Directors' participation in share incentive schemes *continued*

Directors' and prescribed officers' holdings under the Italtile Retention Scheme are set out in the table below:

Executive director/ prescribed officer	Awards held at 1 July 2023	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2024
L A Foxcroft	4 500 000	–	–	–	4 500 000
B G Wood	1 500 000	–	–	–	1 500 000

Prescribed officers' holdings under the Ceramic Industries Retention Scheme are set out in the table below:

Executive director/ prescribed officer	Awards held at 1 July 2023	Awarded during the year	Vested and exercised during the year	Forfeited during the year	Awards held at 30 June 2024
G Maartens*	20 161	15 000	(2 661)	–	32 500

* Appointed on 24 May 2023 as a prescribed officer.

Refer to note 6 for further details pertaining to these schemes.

Directors' remuneration

All figures in R'000	Salary	Short-term incentives	Provident fund and medical aid contributions	Gain on share scheme awards	Other	Total 2024	Total 2023
Executive directors							
L A Foxcroft	4 485	3 237	744	9 438	624	18 528	23 401
B G Wood	3 000	2 158	497	3 146	528	9 329	10 439
2024	7 485	5 395	1 241	12 584	1 152	27 857	
2023	6 819	6 075	1 136	17 832	1 978		33 840

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

37. RELATED-PARTY TRANSACTIONS continued

Directors' remuneration continued

All figures in R'000	Salary	Short-term incentives	Provident fund and medical aid contributions	Gain on share scheme awards	Other	Total 2024	Total 2023
Prescribed officers							
G Maartens*	3 000	1 698	834	148	396	6 076	1 309
T Molefakgotla**	–	–	–	–	–	–	6 640
2024	3 000	1 698	834	148	396	6 076	
2023	2 879	3 935	703	44	388		7 949

* Appointed on 24 May 2023 as a prescribed officer.

** Resigned on 28 April 2023.

All figures in R'000	Board fees	Other	Total 2024	Total 2023
Non-executive directors				
L R Langenhoven	3 125	7	3 132	416
G A M Ravazzotti	468	–	468	2 050
S M du Toit	777	3	780	960
S G Pretorius	745	–	745	763
N P Khoza	526	2	528	501
L C Prezens	638	2	640	608
J N Potgieter	370	–	370	370
A M Mathole	483	–	483	473
2024	7 132	14	7 146	
2023	6 141	–		6 141
Aggregate emoluments of directors and prescribed officers who served during the year			39 879	47 930

37. RELATED-PARTY TRANSACTIONS *continued*

Company

Details of related-party transactions are as follows:

Related party	Nature of transactions	Aggregate value of transactions		Balances owing at year end	
		2024 Rm	2023 Rm	2024 Rm	2023 Rm
Italtile Empowerment Trust		–	–	49	75
Italtile Ceramics (Pty) Ltd	Dividends	634	780	–	–
Italtile Share Incentive Trust	Dividends	4	12	–	–
Italtile Ceramics (Pty) Ltd	Management fees	12	9	3 394	3 345
Italtile and Ceramics Foundation Trust	Interest-free loan	–	–	71	81

Refer to notes 7, 17 and 22.2 for further disclosure relating to terms of balances owing at year end.

Key management personnel and prescribed officers comprise only the Company Board members. Remuneration paid to key management personnel of the Company is provided above. No balances were owing at year end (2023: Rnil).

The following fixed fees excluding VAT were in place for the year under review:

Basic annual fee	R131 000
Board meeting fee	R31 500
Committee fee	R26 500
Chairperson of Committee	R32 750
Strategy session	R38 000
Chairperson of the Board	R1 575 000

Hourly rate for *ad hoc* work, not exceeding 144 hours a year: R4 500 per hour.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

38. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests in the current or prior year is provided below:

Proportion of equity interest held by non-controlling interests in ordinary shares

Name	Country of incorporation	2024 %	2023 %
Ceramic Industries Group	South Africa	0,9	1,9
Italtile Retail (Pty) Ltd	South Africa	45,0	45,0
International Tap Distributors (Pty) Ltd	South Africa	12,0	12,0
Cedar Point Trading (Pty) Ltd	South Africa	–	–
Ezee Tile Adhesive Manufacturers (Pty) Ltd	South Africa	0,9	1,9
TopT Ceramics (Pty) Ltd	South Africa	5,0	5,0

	2024 Rm	2023 Rm
Profit allocated to material non-controlling interest:		
Ceramic Industries Group	4	6
Italtile Retail (Pty) Ltd	36	40
International Tap Distributors (Pty) Ltd [#]	–	–
Ezee Tile Adhesive Manufacturers (Pty) Ltd	#	–
TopT Ceramics (Pty) Ltd [#]	–	–

[#] Less than R1 million.

[#] The control of shares held by the minority partners are restricted by the loans provided for the purchase. The structure of the deal constitutes a share incentive transaction in terms of IFRS 2.

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarised statement of profit or loss for the year ended 30 June 2024

	Ceramic Industries Rm	Italtile Retail Rm	International Tap Distributors Rm	Ezee Tile Rm	TopT Rm
Revenue from contracts with customers	3 958	749	460	1 016	978
Cost of sales	(2 953)	(414)	(366)	(828)	(612)
Administrative expenses	(449)	(219)	(26)	(118)	(206)
Finance costs	–	–	–	–	–
Profit before tax	556	116	68	70	160
Income tax expense	(138)	(36)	(17)	(19)	(41)
Profit for the year	418	80	51	51	119
Attributable to non-controlling interests	4	36	–	#	–
Dividends paid to non-controlling interests	1	33	5	#	5

[#] Less than R1 million.

38. MATERIAL PARTLY-OWNED SUBSIDIARIES *continued*
Summarised statement of profit or loss for the year ended 30 June 2023

	Ceramic Industries Rm	Italtile Retail Rm	International Tap Distributors Rm	Ezee Tile Rm	TopT Rm	Cedar Point Trading* Rm
Revenue from contracts with customers	4 368	758	455	924	951	758
Cost of sales	(3 068)	(424)	(366)	(768)	(600)	(635)
Administrative expenses	(521)	(210)	(29)	(112)	(193)	(45)
Finance costs	–	–	–	–	–	–
Profit before tax	779	124	60	44	158	78
Income tax expense	(218)	(35)	(16)	(23)	(42)	(21)
Profit for the year	561	89	44	21	116	57
Attributable to non-controlling interests	6	40	–	–	–	–
Dividends paid to non-controlling interests	8	37	3	–	2	3

* The non-controlling interest was repurchased during the 2023 financial year.

Summarised statement of financial position as at 30 June 2024

	Ceramic Industries Rm	Italtile Retail Rm	International Tap Distributors Rm	Ezee Tile Rm	TopT Rm
Non-current assets	2 715	32	13	370	25
Current assets	1 288	224	208	185	290
Non-current liabilities	(190)	–	(1)	–	–
Current liabilities	(453)	(58)	(20)	(94)	(80)
Total equity	3 360	198	200	461	235

Summarised statement of financial position as at 30 June 2023

	Ceramic Industries Rm	Italtile Retail Rm	International Tap Distributors Rm	Ezee Tile Rm	TopT Rm	Cedar Point Trading* Rm
Non-current assets	2 527	37	13	357	27	5
Current assets	1 311	203	203	131	284	262
Non-current liabilities	(149)	–	(1)	(2)	–	–
Current liabilities	(557)	(48)	(23)	(61)	(98)	(55)
Total equity	3 132	192	192	425	213	212

* The non-controlling interest was repurchased during the 2023 financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

38. MATERIAL PARTLY-OWNED SUBSIDIARIES *continued*
Summarised cash flow information for the year ended 30 June 2024

	Ceramic Industries Rm	Italtile Retail Rm	International Tap Distributors Rm	Ezee Tile Rm	TopT Rm
Cash flow from operating activities	545	24	#	47	75
Cash flow from investing activities	(424)	(8)	(4)	(53)	(7)
Cash flow from financing activities	(8)	-	-	(11)	-
Net increase in cash and cash equivalents	113	16	(4)	(17)	68

Less than a million.

Summarised cash flow information for the year ended 30 June 2023

	Ceramic Industries Rm	Italtile Retail Rm	International Tap Distributors Rm	Ezee Tile Rm	TopT Rm	Cedar Point Trading* Rm
Cash flow from operating activities	353	65	88	90	125	43
Cash flow from investing activities	(222)	(14)	(3)	(98)	(11)	-
Cash flow from financing activities	(30)	-	-	27	-	-
Net increase in cash and cash equivalents	101	51	85	19	114	43

* The non-controlling interest was repurchased during the 2023 financial year.

39. GROUP ENTITIES

	Issued ordinary share capital R	Book value of interest					
		% holding		Shares		Amounts due from	
		2024	2023	2024 Rm	2023 Rm	2024 Rm	2023 Rm
HELD BY ITALTILE LIMITED							
Retail							
Italtile Ceramics (Pty) Ltd	36 383 670	100	100	1	1	3 394	3 350

39. GROUP ENTITIES *continued*

	Issued share capital		Effective shareholding	
	2024 R	2023 R	2024 %	2023 %
HELD BY SUBSIDIARIES				
Franchising				
Italtile Franchising (Pty) Ltd	1 000	1 000	100	100
Property Investment				
Allmuss Properties (Pty) Ltd	1 500	1 500	100	100
Allmuss Properties Botswana (Pty) Ltd ¹	4 651	4 651	100	100
Allmuss Properties Namibia (Pty) Ltd ²	1 100	1 100	100	100
Allmuss Lesotho (Pty) Ltd ³	1 000	1 000	100	100
Allmuss Properties Kenya Limited ⁴	164 051 195	164 051 195	100	100
Emerald Sky Trading 736 (Pty) Ltd	100	100	100	100
F. B. Ashman (Pty) Ltd	100	100	100	100
Penates Logistics (Pty) Ltd [#]	100	100	90 [#]	90 [#]
Magnolia Ridge Properties 291 (Pty) Ltd	15 000 000	15 000 000	50 [*]	50 [*]
Allmuss Properties Tanzania Limited ⁶	46 895 113	46 895 113	100	100
Allmuss Properties Zambia Limited ⁷	195 755	195 755	100	100
Allmuss Properties Rwanda (Pty) Ltd ⁸	20 341 394	20 341 394	100	100
Magaeng Properties (Pty) Ltd	100	100	49 [*]	49 [*]
Support Services				
International Tap Distributors (Pty) Ltd [#]	210	210	88 [#]	88 [#]
Cedar Point Trading 326 (Pty) Ltd ^{##}	1 000	1 000	100	100
Italtile Foreign Holdings (Pty) Ltd	1 410	1 410	100	100
Retail				
CTM Kenya Limited ⁴	25 737 379	25 737 379	100	100
Italtile Retail (Pty) Ltd	1 000	1 000	55	55
Orban Investments 375 (Pty) Ltd ²	175	175	100	100
TopT Ceramics (Pty) Ltd [#]	1 000	1 000	95 [#]	95 [#]
Braintree (Pty) Ltd ¹	1 302	1 302	100	100
Braintree Tanzania Limited ⁶	32 404 620	32 404 620	100	100
U-Light (Pty) Ltd	1 000	1 000	100	75
Italtile Retail Botswana (Pty) Ltd	1 000	1 000	55	55
CTM Lesotho (Pty) Ltd	100	100	100	100
Italtile Zambia Limited ⁷	29 418	29 418	100	100
Manufacturing				
Ceramic Industries (Pty) Ltd	61 235 860	64 816 360	99	98
Ceramic Holdings (Pty) Ltd ⁵	130 233 618	130 233 618	98	97
National Ceramic Industries Australia (Pty) Ltd ⁵	72 658 011	72 658 011	95	94
Namoi Valley Quarry (Pty) Ltd ⁵	1	1	95	94
Sphinx Acrylic Bathroomware (Pty) Ltd	102	102	99	98
National Ceramic Industries South Africa (Pty) Ltd	2 000	2 000	99	98
National Ceramic Industries (Pty) Ltd	-	100 000	-	98
CRM Brick and Associated Industries (Pty) Ltd	2 000	2 000	99	98
Aquarella Investments 389 (Pty) Ltd	100	100	73	73
Ezee Tile Adhesive Manufacturers (Pty) Ltd	556	556	99	98
Ezee Tile Adhesive Manufacturers (Free State) (Pty) Ltd	-	1 000	-	74
Ezee Tile Kenya Limited	1 201 199	1 201 199	69	69
Namibia Adhesive Manufacturers (Pty) Ltd ²	-	100	-	98
Ezee Tile Adhesives Zambia Limited ⁷	7 108	7 108	49 [*]	49 [*]
Silica Quartz (Pty) Ltd	56	-	55	-
PiViCal Panels (Pty) Ltd [*]	3 261 573	3 261 573	43	43
Special purpose entities				
The Italtile and Ceramic Foundation Trust				
The Italtile Share Incentive Trust				
The Italtile Empowerment Trust				
The Italtile Retention Scheme Trust				
The Italtile Staff Share Scheme Trust				
Aquarella Empowerment Trust				

¹ Incorporated in Botswana.

² Incorporated in Namibia.

³ Incorporated in Lesotho.

⁴ Incorporated in Kenya.

⁵ Incorporated in Australia.

⁶ Incorporated in Tanzania.

⁷ Incorporated in Zambia.

⁸ Incorporated in Rwanda.

^{*} The Company is consolidated as the Group exercises control over it.

[#] The control of shares held by the minority partners are restricted by the loans provided for the purchase. The structure of the deal constitutes a share incentive transaction in terms of IFRS 2.

^{##} The minority partners exited the business effective 1 May 2023 and 1 June 2023. The shares were repurchased during the 2023 financial period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2024

40. GOING CONCERN

The Group has a 55-year track record of trading through turbulent periods and we believe our market-leading brands, our factories' latest technology and our high-performance culture provide opportunities to improve our performance. While market conditions remain uncertain in South Africa, the long-term dynamics of the housing market remain favourable, and the Board has confidence in the Group's proven business model and experienced teams. The Group remains a robust going concern.

41. EVENTS AFTER THE REPORTING PERIOD

Management has negotiated general banking facilities with the intention of drawing down on these to early settle the R500 million loan disclosed in note 30. These facilities are on demand, subject to annual renewal.

Other than the divided declaration, the directors are not aware of any other matters or circumstances arising since the end of the reporting period, which significantly affect the financial position at 30 June 2024 or the results of its operations or cash flow for the year then ended.

ANALYSIS OF SHAREHOLDERS

SHAREHOLDER SPREAD	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	2 038	61,18	254 633	0,02
1 001 – 10 000 shares	631	18,94	2 642 301	0,20
10 001 – 100 000 shares	419	12,58	13 391 652	1,01
100 001 – 1 000 000 shares	169	5,07	54 915 557	4,16
1 000 001 shares and over	74	2,22	1 250 450 005	94,61
Totals	3 331	100,00	1 321 654 148	100,00

DISTRIBUTION OF SHAREHOLDERS	Number of shareholdings	%	Number of shares	%
Associates to directors	2	0,06	746 273 615	56,47
Companies and other corporate bodies	117	3,51	7 443 094	0,56
Directors and associates	3	0,09	4 543 253	0,34
Empowerment	7	0,21	37 768 441	2,86
Individuals	2 648	79,50	43 952 392	3,33
The Italtile and Ceramic Foundation Trust	1	0,03	51 449 303	3,89
Italtile Ceramics (Pty) Ltd	1	0,03	49 876 528	3,77
Italtile Empowerment Trust	1	0,03	9 964 865	0,75
The Italtile Share Incentive Trust	1	0,03	9 922 234	0,75
Italtile Retention Scheme Trust	1	0,03	7 966 667	0,60
Italtile Staff Share Scheme Trust	1	0,03	2 737 417	0,21
Nominee shareholders	419	12,58	306 794 635	23,21
Trusts	129	3,87	42 961 704	3,25
Totals	3 331	100,00	1 321 654 148	100,00

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholdings	%	Number of shares	%
Non-public shareholders	18	0,54	920 502 323	69,65
Directors	3	0,09	4 543 253	0,34
Associates to directors	2	0,06	746 273 615	56,47
Italtile and Ceramic Foundation Trust	1	0,03	51 449 303	3,89
Italtile Ceramics (Pty) Ltd	1	0,03	49 876 528	3,77
Italtile Empowerment Trust	1	0,03	9 964 865	0,75
The Italtile Share Incentive Trust	1	0,03	9 922 234	0,75
Italtile Retention Scheme Trust	1	0,03	7 966 667	0,60
Italtile Staff Share Scheme Trust	1	0,03	2 737 417	0,21
Empowerment companies	7	0,21	37 768 441	2,86
Public shareholders	3 313	99,46	401 151 825	30,35
Totals	3 331	100,00	1 321 654 148	100,00

BENEFICIAL SHAREHOLDERS HOLDING 2% OR MORE	Number of shares	%
Rallen (Pty) Ltd	746 244 490	56,46
Italtile & Ceramic Foundation Trust	51 449 303	3,89
Italtile Ceramics Limited	49 876 528	3,77
Tommaso Altini Trust	41 797 269	3,16
Old Mutual	41 136 521	3,11
Ninety One	37 917 374	2,87
Government Employees Pension Fund	33 420 384	2,53
Foord	27 197 443	2,06
Yard Investment Holdings	26 400 000	2,00
Totals	1 055 439 312	79,86

INFORMATION FOR SHAREHOLDERS

Our depth of retail expertise across the Group is vast, from our Board – which includes our founder, several brand-building experts and decades of hands-on experience – down to the shop floor, where retail excellence and sales training are core disciplines. Retail experience permeates across the organisation at every level: senior management and Executive Committee, our seasoned brand leaders, human resource practitioners, product designers, in-house webstore and marketing specialists, franchise partners, regional managers, store operators and sales people.





SHAREHOLDERS' DIARY

FINANCIAL YEAR END

June

AGM

November

REPORTS

Interim half-year to December

February

Preliminary full-year profit announcement

August

Integrated Annual Report

September

DIVIDENDS

Interim dividend

Declared

February

Paid

March

Final dividend

Declared

August

Paid

September

CORPORATE INFORMATION

ITALTILE LIMITED

Incorporated in the Republic of South Africa

Listed on the JSE Limited

Registration number 1955/000558/06

JSE share ITE

ISIN ZAE000099123

Company Secretary Acorim Proprietary Limited

Registered office The Italtile Building
Corner William Nicol Drive
and Peter Place
Bryanston 2021

Postal address PO Box 1689, Randburg 2125

Telephone number +27 (11) 510 9000

Fax number +27 (11) 510 9060

Transfer secretaries

Computershare Investor

Services (Pty) Ltd

Rosebank Towers

15 Biermann Avenue

Rosebank 2196

Merchantec Capital

Sponsor Corporate and Legal advisers Attorneys Bankers Auditor Website

Rabin & Associates

Werksmans

Nedbank Ltd

PricewaterhouseCoopers Inc.

<http://www.italtile.com>

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING

ITALTILE LIMITED

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

This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, legal adviser, accountant or other professional adviser immediately.

Notice is hereby given in terms of section 62(1) of the Companies Act, No 71 of 2008, as amended ("the Companies Act") that the 34th annual general meeting ("AGM") of shareholders of Italtile will be conducted entirely by electronic communication as permitted by section 63(2)(a) of the Companies Act ("electronic communication") on Thursday, 14 November 2024 at 10:00 to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below in the manner required by the Companies Act and the Listings Requirements of the JSE Limited ("JSE").

The Board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which Italtile shareholders are entitled to receive notice of the AGM ("Notice") is Friday, 20 September 2024.

The record date for determining which Italtile shareholders are entitled to participate in and vote at the AGM is Friday, 8 November 2024. Accordingly, the last day to trade in Italtile shares in order to be recorded in the securities register of the Company and thereby be entitled to attend, participate in and vote at the AGM is Tuesday, 5 November 2024.

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the AGM, that person must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of the person to participate in and vote at the AGM, either as a shareholder of Italtile or as a proxy for a shareholder of Italtile, has been reasonably verified. Forms of identification that will be accepted include an original and valid identity document, driver's licence or a valid passport. In terms of section 63(2) of the Companies Act, as read with clause 6.7(2) of the Memorandum of Incorporation ("MOI")

of the Company, the AGM will be conducted entirely by electronic communication and shareholders are referred to the shareholders' Virtual Meeting Guide ("Guide"), attached as Annexure 1 to this Notice, which Guide sets out the necessary information to enable shareholders or their proxies to access the available medium in order to participate in and vote at the AGM.

REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

The attention of shareholders is drawn to the report from the Social and Ethics Committee, which is included on pages 64 and 65 of the IAR, of which this Notice forms part.

ORDINARY BUSINESS

To receive the annual financial statements for the year ended 30 June 2024 of the Company and the Group, together with the reports of the directors and auditors.

Ordinary Resolution No 1 (comprising Ordinary Resolution numbers 1.1 to 1.4, all inclusive) – Re-election of directors

RESOLVED THAT by way of separate ordinary resolutions, each of:

- 1.1 Mr G A M Ravazzotti, who is retiring by rotation in terms of the Company's MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.
- 1.2 Ms S M du Toit, who is retiring by rotation in terms of the Company's MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as a director of the Company.
- 1.3 Mr S G Pretorius, who is retiring by rotation in terms of the Company's MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.
- 1.4 Ms L Ravazzotti Langenhoven, who is retiring by rotation in terms of the Company's MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as a director of the Company.

Explanatory note:

In terms of clause 7.2(1) as read with clause 7.2(2) of the MOI, one-third of the non-executive directors of the Company are required to retire from office at each AGM. The non-executive directors of the Company to retire in every year shall be those who have been longest in office since their last election, but as between persons who became or were last elected as non-executive directors of the Company on the same day, those to retire shall, unless otherwise agreed among themselves, be determined by lot. In terms of clause 7.2(3) of the MOI, any director who has been in office for longer than nine years shall retire annually at each AGM. A retiring director shall be eligible for re-election.

Mr G A M Ravazzotti, Ms S M du Toit, Mr S G Pretorius and Ms L Ravazzotti Langenhoven all retire in accordance with clause 7.2 of the MOI and, being eligible, offer themselves for re-election.

The reason for the proposed Ordinary Resolution numbers 1.1 to 1.4 (all inclusive) is to elect, in accordance with the MOI and by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required by section 68(1) of the Companies Act, Mr G A M Ravazzotti, Ms S M du Toit, Mr S G Pretorius and Ms L Ravazzotti Langenhoven as directors of the Company. The effect of Ordinary Resolution numbers 1.1 to 1.4 (all inclusive) is that Mr G A M Ravazzotti, Ms S M du Toit, Mr S G Pretorius and Ms L Ravazzotti Langenhoven will be re-elected as directors of the Company.

A brief curriculum vitae ("CV") in respect of each of these directors is contained on pages 4 and 5 of this IAR, of which this Notice forms part.

Ordinary Resolution No 2 – Appointment of external auditors

RESOLVED THAT PricewaterhouseCoopers Inc. be and is hereby reappointed, on the recommendation of the current Audit and Risk Committee, as the independent external auditors of the Company for the ensuing financial period, terminating at the conclusion of the next AGM of the Company, and Keeran Ramnarian, being a director of PricewaterhouseCoopers Inc., be and is hereby appointed as the individual registered auditor who will undertake the audit of the Company for the financial year ending 30 June 2025.

Explanatory note:

In accordance with section 90(1) of the Companies Act, PricewaterhouseCoopers Inc. is proposed to be reappointed as the external auditors of the Company, as recommended by the Company's Audit and Risk Committee, until the conclusion of the Company's next AGM.

Ordinary Resolution No 3 (comprising Ordinary Resolution numbers 3.1 to 3.4, all inclusive) – Election of Audit and Risk Committee

RESOLVED THAT, by way of separate ordinary resolutions, each of:

- 3.1 Ms L C Prezens, who is an independent non-executive director of the Company, be and is hereby elected as the Chairperson and member of the Company's Audit and Risk Committee;
- 3.2 Ms S M du Toit, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company's Audit and Risk Committee;
- 3.3 Ms N P Khoza, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company's Audit and Risk Committee;

- 3.4 Mr S G Pretorius, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company's Audit and Risk Committee; subject to Ms S M du Toit and Mr S G Pretorius being re-elected as directors of the Company in terms of Ordinary Resolution numbers 1.2 and 1.3, respectively.

Explanatory note:

In terms of section 94(2) of the Companies Act, the Audit Committee is a committee elected by shareholders at each AGM. A brief CV of each of the aforementioned independent non-executive directors appears on pages 4 and 5 of this IAR, of which this Notice forms part. In terms of the Regulations, 2011 promulgated under the Companies Act ("Companies Act Regulations"), at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board is satisfied that the Company's Audit and Risk Committee members are suitably skilled and experienced as contemplated in Regulation 42 of the Companies Act Regulations and that collectively they have sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act.

Ordinary Resolution No 4 (comprising Ordinary Resolution numbers 4.1 and 4.2) – Non-binding Advisory Endorsement of the Company's Remuneration policy and Implementation report **Ordinary Resolution 4.1 – Endorsement of the Company's Remuneration policy**

RESOLVED THAT the Company's Remuneration policy, as detailed on pages 126 to 129 of the IAR, be and is hereby approved and adopted by way of a non-binding advisory vote, as recommended in the King IV Report on Corporate Governance for South Africa ("King IV").

Ordinary Resolution 4.2 – Endorsement of the Company's Implementation report

RESOLVED THAT the Implementation report of the Company, as set out on pages 130 to 135 of this IAR, be and is hereby approved and adopted by way of a non-binding advisory vote, as recommended in terms of King IV.

Explanatory note:

In terms of King IV and the Listings Requirements, the Company's Remuneration policy and Implementation report should be tabled to shareholders for separate non-binding advisory votes at the AGM. Failure to pass these resolutions will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing the Company's Remuneration policy and Implementation report.

Shareholders are accordingly requested to endorse the Company's Remuneration policy and Implementation report as set out on pages 126 to 135, respectively, of this IAR.

Ordinary Resolution No 5 – Unissued shares to be placed under the control of the directors

RESOLVED THAT the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue and grant options over all or any of such ordinary shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time in their discretion deem fit, subject to the proviso that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution shall be limited to 5% (five percent) of the authorised share capital of the Company and subject to the provisions of the Companies Act and the Listings Requirements. Such authority shall be valid until the date of the next AGM or for 15 (fifteen) months from the date on which Ordinary Resolution No 5 is adopted, whichever period is shorter.

Explanatory note:

The reason for Ordinary Resolution No 5 is that in terms of the MOI and subject to the provisions of the Companies Act, as may be amended from time to time and the Listings Requirements, the shareholders of the Company may authorise the directors to allot and issue and grant options over, such shares, as the directors in their discretion deem fit. The effect of Ordinary Resolution No 5 is to ensure that the directors have the necessary flexibility to allot and issue shares as they deem fit. It is noted that an issue as contemplated in sections 41(1) and (3) of the Companies Act must first be approved by way of special resolution in terms of section 41 of the Companies Act and is not authorised in terms of this resolution.

Ordinary Resolution No 6 – General authority to issue shares, and to sell treasury shares, for cash

RESOLVED THAT the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue shares or options in respect of any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person/s on such terms and subject to such conditions and at such times as the directors in their discretion deem fit, subject to the provisions of the Companies Act, the MOI and the Listings Requirements, as amended from time to time.

This resolution is subject to the following limitations:

- The equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- Any such issue may only be made to public shareholders as defined in the Listings Requirements and not to related parties;
- Related parties may participate in a general issue for cash through a bookbuild process, provided that:
 - related parties only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be 'out of the book' and not be allocated shares; and
 - equity securities must be allocated equitably 'in the book' through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- In respect of securities which are the subject of the general issue of shares for cash, such issue may not exceed 59 486 857, representing 5% (five percent) of the number of listed equity securities in issue as at the date of this Notice, provided that:
 - the number of ordinary shares which may be issued will be deducted from the aforementioned 59 486 857 securities;
 - in the event of a subdivision or consolidation of issued equity securities during the period contemplated below, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
 - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of the AGM, excluding treasury shares;
- This general authority is valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date on which this Ordinary Resolution No 6 is adopted;
- In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the ordinary shares. The JSE should be consulted for a ruling if the Company's ordinary shares have not traded in such 30 (thirty) business day period;
- An announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the Company and the parties subscribing for the securities and in respect of the issue of options and

convertible securities the impact on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, included supporting information (if any), of the intended use of the funds, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and

- Whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the Listings Requirements as if such use was a fresh issue of ordinary shares.

In terms of the Listings Requirements a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy and entitled to vote at the AGM must be cast in favour of Ordinary Resolution No 6 for it to be approved.

Explanatory note:

In accordance with the MOI, as well as the Listings Requirements, the shareholders of the Company have to approve a general issue of shares for cash. The existing authorities granted by the shareholders of the Company at the previous AGM held on 9 November 2023 expires at this AGM to be held on Thursday, 14 November 2024 at 10:00 unless renewed. This authority will be subject to the MOI, the Companies Act and the Listings Requirements. The directors of the Company consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in the future.

The effect of Ordinary Resolution No 6 is that the directors will be able to issue the authorised but unissued ordinary shares in the share capital of the Company for cash, as and when suitable business opportunities arise, subject to the Listings Requirements, the restrictions/conditions set out in the authority and the MOI.

Special Resolution No 1 – Acquisition of own securities

RESOLVED THAT the mandate be given to the Company (or any of its subsidiaries) providing authorisation, by way of a general authority, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the MOI, the Companies Act and the Listings Requirements and provided that:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution No 1 (whichever period is shorter);
- an announcement will be published giving such details as may be required in terms of the Listings Requirements as soon as the Company has cumulatively repurchased 3% (three percent) of the initial number (the number of that class of share in issue at the time that the general authority from shareholders is granted) of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- repurchases by the Company, and/or its subsidiaries, in aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued share capital as at the date of passing this Special Resolution No 1;
- the Board passes a resolution that it has authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed there have been no material changes to the financial position of the Group;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected; and
- the Company or its subsidiary may not repurchase securities during a prohibited period, as defined in the Listings Requirements, unless:
 - the Company had a repurchase programme in place and the programme has been submitted to the JSE prior to the prohibited period commencing;

- only one independent third party has been instructed to execute the repurchase programme prior to the prohibited period commencing; and
- the repurchase programme includes the name and date of appointment of the independent third party instructed to execute the repurchase programme, the commencement and termination date of the repurchase programme and the fixed number of securities to be traded during the period.

Statement by the Board pursuant to and in terms of the Listings Requirements of the JSE:

The directors of the Company hereby state that:

- the intention of the directors of the Company is to utilise the authority if, at some future date, the cash resources of the Company are in excess of its requirements. In this regard, the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and will ensure that any such utilisation is in the interests of the shareholders; and
- the method by which the Company intends to repurchase its securities and the date on which such repurchase will take place has not yet been determined.

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date on which the repurchase is contemplated;
- the assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date on which the repurchase is contemplated;
- the share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date on which the repurchase is contemplated;
- the working capital available to the Company and its subsidiaries will be adequate for the Group's ordinary business purposes for a period of 12 (twelve) months after the date on which the repurchase is contemplated.

Explanatory note:

The reason for and effect of this Special Resolution No 1 is to grant the Board a general authority, in terms of the Listings Requirements, to approve the acquisition by the Company or any of its subsidiaries of securities issued by the Company, which authority shall be valid until the earlier of the next AGM, or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date that this Special Resolution No 1 is passed.

The following information, which is required by the Listings Requirements, with regard to this Special Resolution No 1, appears on the pages of the financial statements to which this Notice is annexed, is indicated below:

Major shareholders page 205
Share capital of the Company page 185

Special Resolution No 2 – Financial assistance to related and inter-related entities

RESOLVED THAT the Board may at any time and from time to time during the period of 2 (two) years commencing on the date of adoption of this special resolution, authorise the provision by the Company of direct or indirect financial assistance, by way of a loan, guarantee of a loan or other obligation or the securing of a debt or other obligation (“financial assistance”) to any one or more related or inter-related companies or corporations of the Company and/or to any one or more members of any such related or inter-related corporation or to a person related to any such company, corporation or member as contemplated in section 2 of the Companies Act, on such terms and conditions as the Board may deem fit, provided that the Board may not authorise the provision by the Company of any financial assistance otherwise than in accordance with the requirements of the MOI and the Companies Act that stipulate, *inter alia*, that the Board must –

- acknowledge that it has applied the solvency and liquidity test set out in section 4 of the Companies Act (“Solvency and Liquidity Test”) and must conclude that the Company will satisfy the Solvency and Liquidity Test immediately after providing the financial assistance, in accordance with the provisions of section 45(3)(b)(i) of the Companies Act;
- be satisfied that the terms under which the Company will provide the financial assistance are fair and reasonable to the Company, in accordance with the provisions of section 45(3)(b) (ii) of the Companies Act; and
- be satisfied that all conditions and restrictions set out in the MOI regarding the provision of the financial assistance have been satisfied, in accordance with the provisions of section 45(4) of the Companies Act.

Explanatory note:

The reason for the passing of this Special Resolution No 2 is that, in terms of section 45 of the Companies Act, the Company may not provide the financial assistance contemplated in such section to related or inter-related companies and corporations, including, *inter alia*, its subsidiaries without a special resolution. The reason for Special Resolution No 2 is to obtain approval from the shareholders to give the Board the authority to allow the Company to provide direct or indirect financial assistance, by way of a loan, guaranteeing of a loan or other obligation or securing of a debt or other obligation, to the recipients contemplated in Special Resolution No 2. The effect of Special Resolution No 2 is that the Company will have the necessary authority to permit the Company to provide the financial assistance as and when required.

It is difficult to foresee the exact details of financial assistance that the Company may be required to provide over the next two years. It is essential, however, that the Company is able to effectively organise its internal financial administration. For these reasons and because it would be impractical and difficult to obtain shareholder approval every time the Company wishes to provide financial assistance as contemplated above, it is necessary to obtain the approval of shareholders, as set out in Special Resolution No 2.

It should be noted that this Special Resolution No 2 does not authorise the provision of financial assistance to a director or a prescribed officer of the Company or of a related or inter-related company.

Special Resolution No 3 – Approval of non-executive directors’ remuneration

RESOLVED THAT, in terms of section 66(9) of the Companies Act, payment of the remuneration for the non-executive directors of the Company for their services as directors of the Company for the financial year of the Company ending 30 June 2025, excluding VAT where applicable, be approved as follows:

- (i) A basic annual fee of R131 000 (one hundred and thirty-one thousand Rand).
 - R31 500 (thirty-one thousand five hundred Rand) per Board meeting attended.
 - R38 000 (thirty-eight thousand Rand) per strategy session.
 - R26 500 (twenty-six thousand five hundred Rand) per Committee meeting attended, with the Chairperson of such meeting being paid R32 750 (thirty-two thousand seven hundred and fifty Rand).
- (ii) The Chairperson to receive an annual fee of R1 575 000 (one million five hundred and seventy-five thousand Rand) for the 2025 financial year.
- (iii) Non-executive directors who undertake *ad hoc* work for the Company at the request of the Board may be paid an hourly rate of R4 500 (four thousand five hundred Rand) for such work, limited to 144 hours in any one year.
- (iv) The fees payable to directors as detailed in (i) above shall, but only until the expiry of a period of 12 months from the date of the passing of this Special Resolution No 3 (or until amended by a special resolution of shareholders prior to the expiry of such period), escalate as determined by the Remuneration Committee of the Company, up to a maximum of 10% per annum per amount as set out above, excluding VAT (where applicable).

Explanatory note:

In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders of the Company within the previous two years and if not prohibited in terms of the MOI. Therefore, the reason for and the effect of Special Resolution No 3 is to approve the payment of and the remuneration payable by the Company to its non-executive directors for their services as directors of the Company in terms of section 66 of the Companies Act. The fees payable to the non-executive directors are detailed above. The Remuneration policy forms part of the Remuneration report included in the IAR on pages 126 to 129.

Ordinary Resolution No 7 – Authority to sign documentation

RESOLVED THAT any director of the Company or the Company Secretary be and is hereby authorised to do all such things, take all actions necessary and sign all documents required to give effect to, or as may be necessary for or incidental to the implementation of, the above mentioned ordinary and special resolutions to be proposed at the AGM.

Explanatory note:

The reason for Ordinary Resolution No 7 is to authorise any director or the Company Secretary of the Company to attend to the necessary to implement the special and ordinary resolutions passed at the AGM and to sign all documentation required to record the special and ordinary resolutions. The effect of Ordinary Resolution No 7 is that any director or the Company Secretary of the Company will be authorised to attend to the implementation of the special and ordinary resolutions on behalf of the Company.

LITIGATION STATEMENT

The directors of the Company, whose names are given on pages 4 and 5 of this IAR, are not aware of any legal or arbitration proceedings, pending or threatened against the Company, which may have or have had, in the 12 months preceding the date of this Notice, a material effect on the Company’s financial position.

DIRECTORS’ RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 4 and 5 of this IAR, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the IAR contains all the information required by law and the Listings Requirements.

MATERIAL CHANGE

Other than the facts and developments reported in this Integrated Annual Report, there have been no material changes in the affairs, financial or trading position of the Company since the signature date of this IAR and the posting date thereof. Shares held by the Company as treasury shares and the Italtile Share Incentive Trust will be excluded from the quorum and voting on the resolutions commissioned at the AGM.

APPROVALS REQUIRED FOR RESOLUTIONS

Save for Ordinary Resolution No 6 contained in this Notice which, in terms of the Listings Requirements, requires the approval by more than 75% of the votes exercised on such resolution by shareholders present or represented by proxy at the AGM, Ordinary Resolution numbers 1 to 7 contained in this Notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the MOI and the Listings Requirements.

Special Resolution numbers 1 to 3 contained in this Notice of AGM require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the MOI and the Listings Requirements.

VOTING AND PROXIES

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote in his or her stead. A proxy need not be a shareholder of the Company. For the convenience of registered shareholders of the Company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those shareholders who are:

- holding Italtile ordinary shares in certificated form; or
- recorded on the electronic sub-register in 'own-name' dematerialised form.

Shareholders who have dematerialised their shares through a CSDP or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and their CSDP or broker.

Forms of proxy must be lodged with the Transfer Secretaries of the Company at the address given below or via email to proxy@computershare.co.za, by no later than 10:00 on Tuesday, 12 November 2024. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM. Any form of proxy not delivered by this time may be provided to the Chairperson of the AGM immediately before the appointed proxy exercises any of the shareholder's votes at the AGM.

Holders of dematerialised Italtile shares wishing to attend the AGM must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the relevant authorisation to attend.

Voting at the AGM will be conducted electronically and shareholders are referred to the voting instructions set out in the Guide (Annexure 1).

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

ELECTRONIC PARTICIPATION

The AGM will be conducted entirely by electronic communication and accordingly, shareholders or their proxies will be entitled to participate in the AGM electronically. All necessary information as to how to access and utilise the online facility in order to participate electronically in the AGM is set out in the Guide.

Any costs incurred by shareholders or their proxies in accessing and utilising the online facility in order to participate electronically in the AGM will be for the sole account of such shareholders or their proxies.

By order of the Board



Acorim (Pty) Ltd
Company Secretary

Johannesburg
20 September 2024

Registered office
The Italtile Building
72 Peter Place Bryanston 2021
(PO Box 1689, Randburg 2125)

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
(Private Bag X9000, Saxonwold 2132)

ANNEXURE 1 – SHAREHOLDERS’ VIRTUAL MEETING GUIDE

PARTICIPATING IN THE AGM ELECTRONICALLY

The AGM will be conducted entirely by electronic communication and will be held at 10:00 on Thursday, 14 November 2024. You will be able to participate online, using your smartphone, tablet, laptop or computer.

You will be able to view the live webcast of the virtual AGM, ask the Board questions and submit your votes in real time. Any documents pertaining to the meeting will be visible in the Documents tab of the platform.

VIRTUAL SHAREHOLDER GUIDE

1



Registration platform

We will be conducting an AGM, giving you the opportunity to attend and participate using a smartphone, tablet, laptop or computer.

Shareholder

To register for the meeting:

- Visit <https://smartagm.co.za>
- Select **Italtile Limited's** logo
- Select **REGISTER**
- Complete the registration process

ComputerShare will verify the details and will reply via email (please check the spam folder too).

Guest

Guests do not need to register. Please see next section.

2



Meeting platform (on the day of the meeting) Access

You will be able to view a live webcast of the meeting, ask the Board questions and submit your votes in real time.

To access the meeting platform:

- Visit <https://my.100.lumiconnect.com/r/participant/live-meeting/100-002-485-439> (meeting ID 100-002-485-439)
- **ACCEPT** the Terms and Conditions

The latest version of **Chrome, Safari, Edge** or **Firefox** is required. **Please ensure the web browser is compatible.**

Shareholder

In the "Meeting Access" email, look for the unique login credential (it will be sent from smartagm-sa@lumiengage.com).

To access as a shareholder:

- Select **"I have a login"**
- Enter the **username**
- Enter the **password**

Guest

To access as a guest:

- Select **"I am a Guest"**
- Enter **"First name"**, **"Last name"** and **"Email"** address



Meeting platform – Features

When successfully authenticated, the home screen will be displayed. You can view company information, ask questions, view relevant documents and watch the webcast.

Note:

- **Guests will only have access to some features**
- The broadcast screen will either appear on the right (laptops and computers) or at the bottom of the screen (smartphones and tablets). Once the meeting starts, the broadcast will start automatically. If the broadcast does not appear automatically, contact the support team.

FEATURES – VIRTUAL MICROPHONE

Should you wish to ask a verbal question, you can:

- Dial the numbers provided in the **HOME** screen
- or
- Click on the **REQUEST TO SPEAK** in the **BROADCAST** screen to access the virtual microphone.

Make sure that you allow the web browser permission to use the device's microphone. Please note that it is important for you to pause the webcast before you make use of the virtual microphone.

FEATURES – MESSAGING

The **MESSAGING** icon can appear on the navigation bar at the top of the screen. In this section, you can ask questions and comment on items discussed at the meeting and view your and other participating members' questions and comments.

To ask a question or comment, select the **MESSAGING** icon.

Type your message within the chat box and then press send (the arrow button).

FEATURES – VOTING

Once the poll/s has opened, the **VOTING** icon will appear on the navigation bar at the top of the screen. From here, resolutions or motions will be displayed.

To vote, select the **VOTING** icon and select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received.

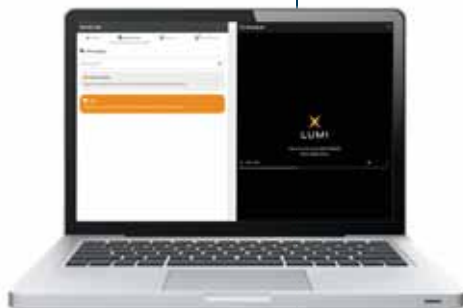
If you wish to change your vote, simply select an alternative choice while the voting is open or select cancel if you wish to cancel your vote.

Once opened, voting can be performed at anytime during the meeting until the Chairperson closes the voting. At that point, your last choice will be submitted.

FEATURES – DOCUMENTS

If there are documents pertaining to the meeting, the **DOCUMENTS** icon will appear on the navigation bar at the top of the screen. You can view, download and print the pdf documents.

Select the **DOCUMENTS** icon and then select the document.



FORM OF PROXY



Italtile Limited

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

For use only by:

- holders of certificated ordinary shares in the Company; or
 - holders of dematerialised ordinary shares in the Company ("Dematerialised Shareholders") held through a Central Securities Depository Participant ("CSDP") or broker and who have selected 'own-name' registration,
- at the virtual AGM of shareholders of the Company to be conducted entirely by electronic communication at 10:00 on Thursday, 14 November 2024 ("AGM").

Dematerialised Shareholders holding shares in the Company other than with 'own-name' registration, who wish to attend the AGM must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant letter of representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These shareholders must not use this form of proxy.**

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the AGM. A proxy need not be a shareholder of the Company.

I/We _____ (full name/s in block letters)

of (address) _____

Telephone work () _____ Telephone home () _____

Cellphone number _____ Email address _____

being the holder/custodian of _____ ordinary shares in the Company, hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the AGM,

as my/our proxy to attend and act for me/us on my/our behalf at the AGM convened for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions, and/or to abstain from voting for and/or against the resolutions, in respect of the shares in the issued share capital of the Company registered in my/our name in accordance with the following instructions:

		For	Against	Abstain
Ordinary Resolution No 1	Re-election of directors			
Ordinary Resolution No 1.1	Re-election of Mr G A M Ravazzotti			
Ordinary Resolution No 1.2	Re-election of Ms S M du Toit			
Ordinary Resolution No 1.3	Re-election of Mr S G Pretorius			
Ordinary Resolution No 1.4	Re-election of Ms L Ravazzotti Langenhoven			
Ordinary Resolution No 2	Reappointment of external auditors			
Ordinary Resolution No 3	Election of Audit and Risk Committee members			
Ordinary Resolution No 3.1	Election of Ms L C Prezens			
Ordinary Resolution No 3.2	Election of Ms S M du Toit			
Ordinary Resolution No 3.3	Election of Ms N P Khoza			
Ordinary Resolution No 3.4	Election of Mr S G Pretorius			
Ordinary Resolution No 4	Non-binding Advisory Endorsement of the Company's Remuneration policy and Implementation report			
Ordinary Resolution No 4.1	Endorsement of the Company's Remuneration policy			
Ordinary Resolution No 4.2	Endorsement of the Company's Implementation report			
Ordinary Resolution No 5	Unissued shares to be placed under the control of the directors			
Ordinary Resolution No 6	General authority to issue shares, and to sell treasury shares, for cash			
Special Resolution No 1	Acquisition of own securities			
Special Resolution No 2	Financial assistance to related and inter-related entities			
Special Resolution No 3	Approval of non-executive directors' remuneration			
Ordinary Resolution No 7	Authority to sign documentation			

Insert an 'X' in the relevant spaces above according to how you wish your votes to be cast. If no directions are given, the holder of the proxy will be entitled to vote or abstain from voting as that proxy deems fit.

This proxy shall be valid only for the AGM of shareholders of the Company to be held on Thursday, 14 November 2024, and any adjournment or postponement thereof.

Signed at _____ on _____ 2024

Signature _____ Assisted by (where applicable) _____

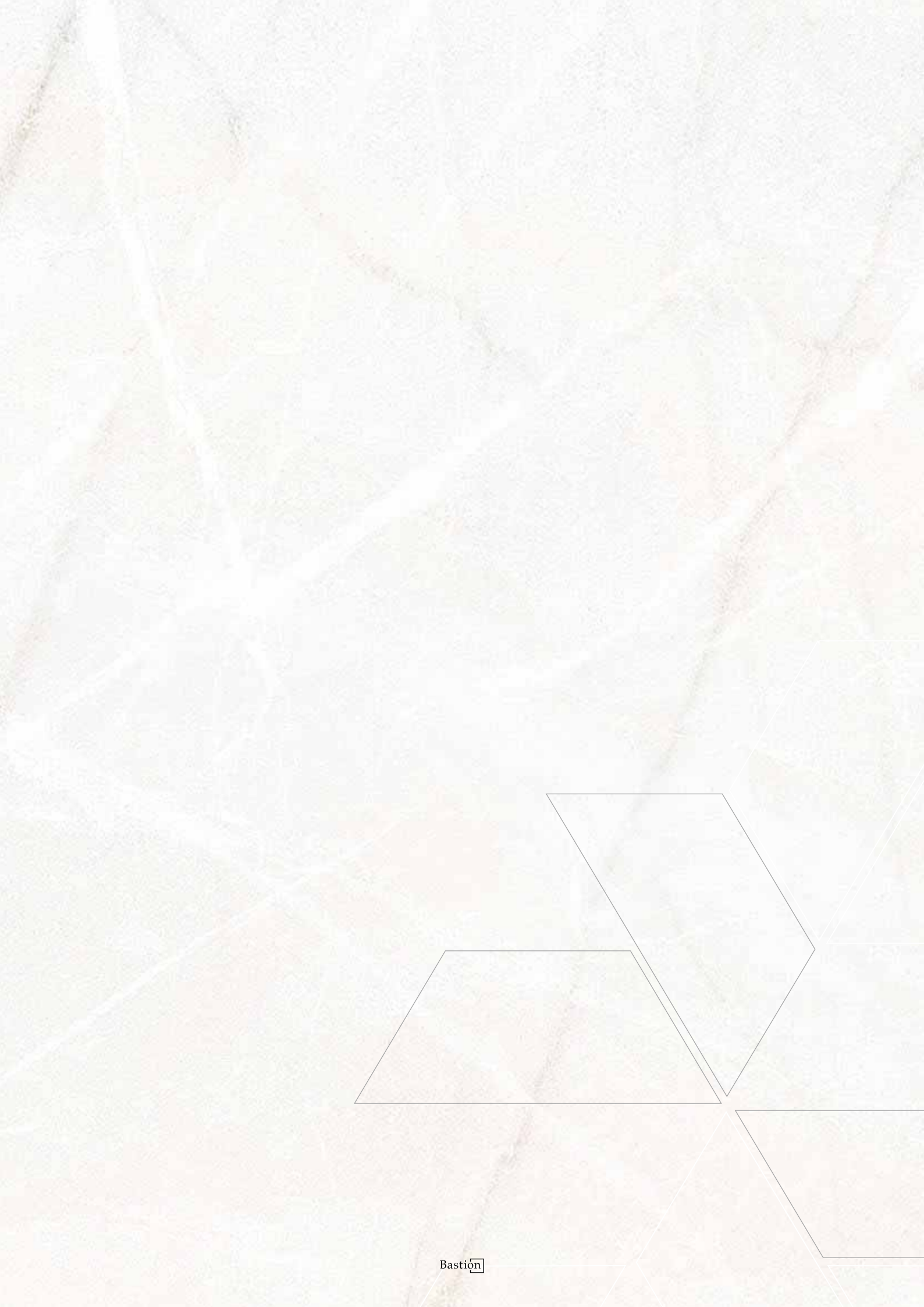
Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. Summary of rights contained in section 58 of the Companies Act, No 71 of 2008 (as amended) ("Companies Act"). In terms of section 58 of the Companies Act:
 - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
 - a proxy appointment must be in writing, dated and signed by the shareholder;
 - except to the extent that the MOI of a company provides otherwise, a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to the different securities held by the shareholder;
 - except to the extent that the MOI of the company provides otherwise, a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
 - except to the extent that the MOI of the company provides otherwise, a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting;
 - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
 - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
 - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company;
 - the revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date (i) stated in a revocation instrument, if any; or (ii) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act;
 - if the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's MOI to be delivered by such company to the shareholder must be delivered by such company to the shareholder or the proxy or proxies, if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so;
 - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's MOI, or the instrument appointing the proxy, provides otherwise (see note 5);
 - if a company issues an invitation to shareholders to one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - the invitation or form of proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, contain adequate space to enable a shareholder to write in the name, and if so desired an alternative name, of a proxy chosen by the shareholder and provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or abstain from voting;
 - the company must not require that the proxy appointment be made irrevocable; and
 - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
2. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in 'own-name'.
3. All other beneficial owners who hold dematerialised shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
4. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting 'the Chairperson of the AGM'. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of an 'X' in the appropriate space provided. If an 'X' has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited ("Transfer Secretaries"), not less than 48 (forty-eight) hours before the commencement of the AGM.
7. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. A shareholder's authorisation to the proxy including the Chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries or is waived by the Chairperson of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Transfer Secretaries.
12. Where there are joint holders of shares:
 - any one holder may sign the form of proxy; and
 - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to the Transfer Secretaries:

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services (Pty) Ltd	Computershare Investor Services (Pty) Ltd
Rosebank Towers	Private Bag X9000
15 Biermann Avenue	Saxonwold,
Rosebank,	2132
2196	

or via email to proxy@computershare.co.za to be received by no later than 10:00 on Tuesday, 12 November 2024 (or 48 (forty-eight) hours before any adjournment of the AGM which date, if necessary, will be on SENS) or may be handed to the Chairperson of the AGM immediately before the appointed proxy exercises any of the shareholder's votes at the AGM.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. The proxy appointment remains valid only for the AGM at which it is intended to be used and any adjournment or postponement thereof, subject to paragraph 1 above.





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