ITALTILE LIMITED

REVIEWED CONDENSED GROUP RESULTS

for the year ended 30 June 2024 and cash dividend declaration

FINANCIAL HIGHLIGHTS

◄►	**System-wide turnover**	**R11,5 billion** 2023: R11,5 billion
▼11%	**Trading profit**	**R2,1 billion** 2023: R2,3 billion
▼8%	**Earnings per share**	**122,1 cents** 2023: 132,6 cents
▼7%	**Headline earnings per share**	**123,0 cents** 2023: 132,3 cents
▼4%	**Store network**	**208** 2023: 216
▼8%	**Ordinary dividend per share**	**49,0 cents** 2023: 53,0 cents
▲100%	**Special dividend per share**	**78,0 cents** 2023: nil cents
▲140%	**Total dividend per share**	**127,0 cents** 2023: 53,0 cents
▲10%	**Net asset value per share**	**707,5 cents** 2023: 641,8 cents
▲76%	**Cash and cash equivalents**	**R1,8 billion** 2023: R1,0 billion

COMMENTARY

OVERVIEW

Founded in 1969, Italtile Limited is a proudly South African manufacturer, franchisor and retailer of tiles, bathroomware and other complementary home-finishing products. The Group's retail brands are CTM, Italtile Retail and TopT, represented through a total network of 208 stores, including six online webstores. The brand offering targets homeowners across the Living Standards Measure 4 to 10 categories.

The retail operation is strategically supported by a vertically integrated supply chain comprising key manufacturing and import operations and an extensive property portfolio. The manufacturers are Ceramic Industries Proprietary Limited ("Ceramic") and Ezee Tile Adhesive Manufacturers Proprietary Limited ("Ezee Tile"). The import businesses are International Tap Distributors ("ITD"), Cedar Point and Durban Distribution Centre ("DC").

The Group strives to remain the best manufacturer and retailer of tiles, sanitaryware and complementary products in Africa, by offering an unrivalled shopping experience with the right products, beautifully presented, at the right time, place and price.

OPERATING ENVIRONMENT

At the macro-level, sluggish economic growth and difficult trading conditions persisted in the year ended 30 June 2024 ("Review Period"). Homeowner confidence remained subdued in light of sustained high interest rates and inflation. Country-specific risks, including load-shedding, uncertainty regarding the outcome of the elections, and poor service delivery and governance also deterred investment in the home improvement segment, which was evidenced by weak demand in the market. In the context of low GDP growth and weak consumer sentiment and spend, the building cycle downturn has yet to recover.

Compounding the pressure on the industry, the competitive landscape underwent a significant change. Now, Southern African tile manufacturing production capacity far exceeds demand. This over-supply has resulted from an increase in capacity by other competitors in South Africa and the recent establishment or expansion of capacity by factories in Zambia, Zimbabwe, Mozambique and Tanzania. Weak demand over several years had already caused high levels of inventory in the local market and the additional new supply has aggravated this situation. As a result, SADC manufacturers are resorting to predatory pricing in South Africa, in a bid to penetrate the market. In turn, this has intensified rivalry among retailers competing for market share in a sector where prices have persistently declined over the year.

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

In the last two months of the reporting period, there have been encouraging developments – including the cessation of load-shedding, substantial cuts in fuel prices, a notable decline in food inflation, and an improvement in confidence levels. Subsequent to the election, the configuration of the government of national unity ("GNU"), which is broadly recognised as investor-friendly, has 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

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 offer our customers an unrivalled affordable shopping experience, providing support from inception of their home improvement project to completion. We strive to add value through various points of differentiation, including our fashionable and affordable products, 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.*

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

GROUP PERFORMANCE AND RESULTS

During the Review Period, the cost of living crisis weighed heavily on consumers; demand was at low levels across the industry; and shipping costs and container capacity were volatile due to geo-political tensions. Critically, the structure of the competitive landscape changed fundamentally, with the emergence of new aggressive competitors in both the tile manufacturing and retail industries.

In view of this hostile environment, we adopted a 'fighting-fit' mantra with the goal of striving to be more competitive and efficient at every customer satisfaction touchpoint: fashion, range, price, service and quality. Our goal to remain industry leaders will be achieved through unlocking and extracting value through an unrelenting drive for efficiencies and cost leadership.

While our retail operation's full-year results were slightly lower than the prior comparable year, the division recovered market share and performed better in the second half of the period than the first half, extracting benefits through an uncompromising focus on operational excellence and reducing costs.

In the manufacturing division, Ceramic achieved efficiency improvements in manpower, systems, quality and products. However, the business failed to grow tile volumes and improve capacity utilisation to reduce the unit cost 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, in difficult conditions. Results from our East African node failed to meet management's expectations, negatively impacted by socio-political unrest and adverse trading conditions in the region.

The Group's total system-wide turnover increased marginally to R11,54 billion (2023: R11,50 billion). System-wide turnover is the aggregate of the Group's consolidated turnover (total sales by Group-owned entities and corporate stores, excluding sales from owned supply chain business to corporate stores) and the retail turnover of franchisees of the Group.

Revenue from Group-owned stores and entities remained flat (2023: R9,1 billion).

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

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, ITD, Cedar Point and DC reported mixed results. ITD and DC grew sales and profits, while Cedar Point's metrics were flat. Collectively, the businesses reported an increase in sales value of 2%. Average selling price inflation across the division was increased by 3,7%.

Margin management was a major focus during the period in response to subdued demand and increased competition. The consolidated gross margin across the Group declined by 2,6%, in line with our efforts to support affordability for customers and compete for market share.

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

The decline in Group profits reported in December, primarily caused by Ceramic's poor performance, was slowed – although not reversed. 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. As outlined, Ceramic's inability to optimise manufacturing capacity in its tile factories and leverage economies of scale resulted in a 26% decrease in profits, which once again impacted on the Group's results.

Basic earnings per share ("EPS") declined by 8% to 122,1 cents (2023: 132,6 cents), while basic headline earnings per share ("HEPS") decreased by 7% to 123,0 cents (2023: 132,3 cents). The disparity between EPS and HEPS is attributable to impairments of R15 million recognised on property assets during the year.

The Group's consolidated inventory balance reduced 3% to R1,27 billion (2023: R1,32 billion). A further reduction is targeted in the year ahead.

Capital expenditure ("capex") of R609 million was incurred during the Review Period on the retail property portfolio and factory upgrade projects. Substantially lower capex is forecast for the year ahead. While provision has been made for the completion of our Betta warehouse and funding for an alternative energy solution in the event that natural gas supply diminishes, no further major investment is required in the business at present, and focus will be on unlocking value from existing assets.

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).

PERFORMANCE SCORECARD: GROWTH PRIORITIES

In the year under review, our strategic objectives were centred on executing operational excellence across our retail and manufacturing assets to help us to drive growth in the business.

- **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, reflected 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 gained market share in a segment that has witnessed the proliferation of independent, opportunistic traders. Management is confident that the brand's market segment, while becoming increasingly competitive, will remain relatively buoyant, affording opportunities for growth in under-serviced areas. The store roll-out programme that was temporarily slowed over the period, will resume in the new financial year.

- **Turn around CTM's performance 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 emerging as a result of the lower barriers to entry in the sector. During the period, consumer confidence and investment sentiment in the mass-middle market remained negative as sustained elevated interest rates and high inflation reduced discretionary spend available for home improvement. Disappointingly, CTM's sales decreased for the year, reflecting constrained disposable income and price sensitive customers shopping down.

  The brand continued to deliver a differentiated curated product offering, comprising a wide choice of fashionable quality products with appeal for existing and new customers in a crowded market. During the period, our priority focus areas were product (purchasing, presentation and availability); value proposition (quality and price); and customer satisfaction (service and overall experience).

  To reinforce our value proposition, CTM also continued to source new products from both the vertically integrated supply chain and carefully selected and managed external suppliers. CTM's purchasing power enabled agility regarding price ladders, aimed at ensuring the brand remained competitive in the price deflationary environment. Margins are expected to remain under pressure as price deflation persists.

  CTM regards customer satisfaction as the most important key performance indicator, and continues to innovate and invest in delivering memorable shopping experiences that cultivate long-standing relationships with our customers. 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 recapacitated and the facility is now realising cost and efficiency benefits that have resulted in pleasing double-digit increases in sales values and profits. With core high-volume production bedded down, Ezee Tile will expand its range of higher margin value-add products.

  Integration into the Group's transport management system has enabled vast improvements in the delivery accuracy and fill rates for Ezee Tile's customers, and opportunities to achieve synergies between the various business units should enable the Group to further improve efficiencies in delivery.

- **Turn around Ceramic's performance**
  - **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. It is pleasing to report that many of these 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.

Disappointingly, despite these improvements, sales declined in the reporting period. Trading conditions in Ceramic's market space continued to deteriorate and the excess capacity in the industry worsened substantially with the recent 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 is to regain market share that has been lost in the current price war. Plans for the next year include reducing costs further and improving efficiencies to ensure Ceramic remains competitive and relevant. Prices will be revised as the current projects achieve cost improvements. Ceramic will continue to launch innovative new products that differentiate the range and provide customers with a wide choice of quality fashionable product.

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

- **Leverage investments in technology and equipment to recover market share and attract new customers**
  Rewarding 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 flexibility to effect quick changeovers in terms of product size and thickness. Notwithstanding the progress made in this operation, a priority is to grow sales to match the increased volumes now produced by the factory to improve margins.

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

  We will continue to design and launch new products across 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 – resolve the threat to natural gas supply 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.
  Sasol subsequently announced on 20 August 2024, 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 sustainable supply of viably priced energy remains a key management priority. Future gas supply is an industry-wide dilemma, affecting many leading local companies. In this regard, industry continues to explore opportunities with Sasol to extend gas supply.

  With the clear mandate from the Board of Directors ("Board") to ensure business continuity, we have conducted exhaustive 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 a production line 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.

- **Develop our teams**
  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 a major challenge. In this regard, developing our teams remained a key focus, with the goal of building competencies and talent in the business and strengthening the leadership pipeline. Good progress has been made over the last year in both our retail and manufacturing operations.

Retail
Collectively across the Group, our retail management leaders have vast experience. Our Board includes several brand-building experts and many decades of hands-on retail experience. Seasoned experts with extensive experience lead each retail brand as a business unit. Our store operator programmes for each brand continue to evolve to improve effectiveness and develop the leaders of tomorrow. Retail excellence and sales training are core disciplines. Our sales staff are comprehensively coached and they provide succession pipeline for store operators.

During the period, 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 also bolstered with the appointment of two 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 we have filled key positions over the past few months. Ceramic's new CEO has made good progress since his appointment, reflected by sustained improvements in factory performance.

However, given the competitive environment, the division's financial results and sales volumes continued to decline through the year, and trading conditions are expected to become increasingly difficult. In light of this, the Group CEO, Lance Foxcroft, has been mandated by the Board to assist the Ceramic team to build on the improvements made over the past year and help develop the leadership capability in the division.

Group

The management structure has been further strengthened with the creation of a new Group COO position which has been filled by 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

The Group's 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 that role. As part of the restructuring process, we will review the effectiveness of all the learning and development programmes currently in place, in order to improve effectiveness of the training and promote our learning culture.

- **Optimise the East Africa node structure**
  The results delivered by our East Africa node were disappointing. During the period, trading conditions deteriorated considerably in Kenya, featuring social unrest following elections, socio-economic stress after significant tax increases, and adverse weather conditions including severe flooding. Out of safety concerns for our customers and staff, our eight stores were closed during some of the periods of protest action, which lasted several weeks. 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. It is pleasing to report that the key metrics related to our webstores improved.

DIVISIONAL REVIEW

RETAIL BRANDS

CTM, Italtile Retail and TopT

Our brands are strategically designed to appeal to customers across the income and demographic spectrum: from TopT's entry-level market, through CTM's mass-middle market, up to Italtile Retail's premium-end niche offering.

In the period under review, management drove our 'fighting-fit' mantra hard, interrogating and leveraging opportunities related to our people, products and processes. The fiercely competitive trading environment tested the resilience and resourcefulness of our operators, and it is gratifying to report that our regular customer sentiment surveys confirmed our customers' loyalty to our brands and their satisfaction with our offering and service. Our team is to be applauded in this regard.

Our franchise network is healthy and all of our stores remain profitable. We value the contribution our partners make and we work hard to nurture our relationship with them.

CTM's customers are more acutely sensitive to cost of living pressures than other segments, and are also the most indebted. Thus, our positioning, "Big Savings. More Style" is particularly apposite, focused as it is on reinforcing our fashion offering underpinned by our quality and value proposition.

Our goal for the period was to deliver an outstanding customer experience across our online and brick-and-mortar stores. Our primary aim was to grow market share by prioritising our customer-centric retail excellence disciplines. Regrettably, market share growth was adversely impacted by the fiercely competitive landscape and pressure on disposable income in our segment.

Key metrics reported reflect the weak demand and stressed state of the consumer in this segment, with sales, profits and margins down for the period, notwithstanding improved operational efficiencies and operating expenses contained in line with the prior year.

While sales failed to meet expectations, good progress was made on ensuring the business is agile and battle-ready. We strengthened the leadership team and improved leadership development to assist operators to navigate the challenging trading conditions. We ensured consistent in-stock levels of business-critical products, and appointed additional suppliers to mitigate against stock-outs and enhance our portfolio of leading-edge fashion to improve the overall customer experience.

Extensive 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.

CTM has 74 stores in South Africa and 25 in the rest of Africa region. During the reporting period, one store was opened and three closed.

Italtile Retail's aspirational positioning, "Live Beautifully" is epitomised through its luxurious imported and local products, stylish stores and the uniquely high calibre of professional service offered by sales consultants with interior design training and specialist product knowledge.

Despite the competitive challenges, this brand did well to retain its share of the premium-end residential retail market, primarily due to its reputation for exceptional service and products, and status as the industry front-runner in environmentally sensitive products. In the commercial projects market, competition intensified as retailers and manufacturers of imported commodity products aggressively targeted the segment.

During the period, sales and margins were in line with the prior period, while profit declined slightly. Both stock turn and stock management were significantly improved, and forecasting and procurement were concomitantly refined, driven via analytics.

Leadership capacity was expanded, integrating new high-calibre store managers into the business and we rolled out advanced selling skills training for experienced retail consultants.

The integration into the Group's transport management system ("TMS") was completed, which afforded cost savings.

Italtile Retail is represented by a national network of 15 stores and one store in Botswana. One store was opened in the Review Period, in Walmer, Eastern Cape and a major revamp undertaken of the Cape Town store, with minimal disruption to customers or trading.

TopT's "Every price a low price" positioning continued to resonate with cash-strapped consumers. Despite the increase in competition, TopT gained tile market share, successfully building its reputation as an affordable tile specialist, offering a complete home-finishing basket. The brand is also recognised for its uniquely high standard of service and expertise in its entry-level segment.

Sales and margins grew in the Review Period and profits were in line with the prior year. Good progress was achieved in managing in-stock levels, while a focus on cost containment reduced overhead costs.

During the period, two stores were opened, two closed and three relocated. Five new stores are planned for the year ahead. TopT is currently represented by 93 stores nationwide.

U-Light: As announced at half-year, we have exited the U-Light business. All assets have been disposed of and the Group has no further financial liabilities or obligations in this regard.

INTEGRATED SUPPLY CHAIN: MANUFACTURERS

Our manufacturing businesses are Ceramic and Ezee Tile. Ceramic is a leading manufacturer of fashionable affordable tiles in South Africa and Australia, and bathroomware in South Africa. Ezee Tile is a manufacturer of cement-based adhesives, grouts, water-based paints and related products, with six facilities in South Africa and one each in Kenya, Zambia and Zimbabwe.

Ceramic: South Africa

Tiles: As outlined in the commentary under Performance Scorecard, the period under review was extremely challenging for this business. The hostile competitive landscape resulted in a loss of market share and management's focus is on aggressively cutting costs to improve Ceramic's competitive position. In this regard, significant improvements were recorded in reducing raw material costs, including clay and glaze costs, while waste reduction was achieved across all of the tile factories.

Despite the progress made, sales, margins and profits declined due to the inability to fully load the tile factories and optimise economies of scale.

Bathroomware: Market share was maintained in the bath and sanitaryware segments through import-replacement products and increased production of fashionable popular ranges. Collectively, sales for the division were flat, and production volumes, margins and net profits declined. Individually, Betta Baths reported very good yields, double-digit profit growth and flat year-on-year cost growth. Betta Sanitaryware's improvement programme is, however, still underway. In the year under review, capacity was increased to manufacture free-standing baths and an import-substitute basin range was also successfully introduced to the market.

Australia: Interest rates in the country remained high, restraining consumer sentiment and subduing investment in the home improvement sector. Centaurus reported a solid set of results in a difficult trading context that featured high input costs, including elevated gas prices. Production volumes were flat, after declining in the prior year, and inventory was at consistent levels after rising in the previous comparable period. Shipping rates were erratic, most recently becoming more competitive, which favoured Chinese imports and intensified competition. This is a volatile dynamic and is expected to turn again in Centaurus's favour in due course.

A new rectification plant that will enhance production capability has been approved, and installation will begin in the third quarter of the new financial year.

The capacity expansion project planned for the factory will be funded by the Australian operation, and hence will remain on hold until market demand strengthens in that country.

Ezee Tile delivered a very good performance for the period.

All production lines were successfully commissioned at the flagship Vulcania facility, realising notable cost and efficiency benefits. The business also successfully improved all key metrics, including sales, margins and profits, while increasing stock turn and reducing closing inventory.

Several other pleasing achievements were recorded: the management and operational teams were restructured and core competencies were added to the business further enhancing efficiencies; the Group's TMS was integrated into the Vulcania facility, improving customer service; and the purchase of a sand quarry was concluded, which has secured long-term supply to the Vulcania facility.

While well priced, Ezee Tile's products are also recognised in the market for their superior performance and consistent quality. In this regard, management is optimistic that there are opportunities to expand the range of products and grow market share in new segments, although fierce competition will be faced on entry-level products, as numerous smaller players have entered that market segment.

INTEGRATED SUPPLY CHAIN: IMPORTERS

Our import businesses are ITD, Cedar Point and DC. Their customer base comprises the Group's stores, and hence their results track our retail performance closely. The focus across all three businesses during the Review Period was on securing fashionable, differentiated and affordable product; improving stock turn and reducing slow moving inventory; ensuring our stores are afforded flexibility to respond quickly to evolving customer expectations; and managing the impact of shipping constraints on business-critical inventory.

ITD's sales were slightly higher than the prior year, with growth achieved in the commercial projects segment. Other key metrics, including margins and stock turn, improved. Profits rose due to an intensified focus on overhead cost containment and working capital management.

Cedar Point's sales and profits for the year were flat, while margins improved on higher average selling prices. Inventory volumes grew due to shipping disruptions; accordingly, quicker stock turn and reduced inventory levels are targeted for the period ahead.

DC's sales were higher and profits rose during the period, driven by improved efficiencies in the business. Average selling prices were reduced in response to the competitive challenges faced. While the increased access to lower-priced imported SADC product in the market has enabled DC to carry lower levels of inventory and reduce stockholding risk, margins have been impacted in the process.

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.

PROPERTY PORTFOLIO

The Group's property portfolio affords strategic advantage to the retail brands by ensuring stores are well presented and maintained, and contribute to an inspirational, aesthetically pleasing shopping experience. The Group's manufacturing operations consist of well-maintained state-of-the-art factories that are supplied with high-quality raw materials sourced from owned productive quarries in close proximity to the plants. The property division also advances the Group's environmental sustainability green programme through implementing eco-sensitive construction practices and initiatives to reduce reliance on municipal water and power services.

During the period, the portfolio's turnover-linked returns declined due to lower store sales. The Group sold two properties that no longer align with the store development programme. Capex of R102 million was incurred on an ongoing retail property enhancement programme.

SUSTAINABILITY PRIORITIES

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.

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.

ENERGY JOURNEY PROGRAMME

Availability, pricing and consumption of energy are critical considerations in our business, specifically for the manufacturing division.

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 CTM. Roll-out of this solution to additional stores will continue over the next year.

STAFF SHARE SCHEME VESTING

The Group's equity-settled staff share scheme is designed to incentivise employees to participate in the growth and profitability of the business.

New staff share scheme

On 31 March 2023, the Group implemented a new staff share scheme to replace the previous scheme. In terms of this scheme, awards were made to 535 qualifying employees of the Group and its franchisees. 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.

On 22 March 2024, awards were made to an additional 196 qualifying employees of the

Group and its franchisees. As at 30 June 2024, there were 595 participants in the Group staff share scheme, with awards linked to 3,2 million Italtile shares.

Previous staff share scheme

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. This scheme has been discontinued.

BOARD COMPOSITION

As advised in the SENS announcement published on 30 May 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.

Brandon was appointed as CFO in 2013. From 2018, he served as Executive Director: Commercial and Supply Chain and Executive Director: Retail, before being re-appointed as CFO in 2020. Over the past 20 months, he oversaw the transition of the Group's Ezee Tile business to a new facility and management team. In his new capacity, he will provide operational support to the Chief Executive Officer. Lamar Booysen CA(SA), was appointed as Group Finance Executive in 2023. Prior to joining Italtile, he held senior financial positions in the telecommunications industry, most recently at a JSE-listed company. Having worked closely with Brandon over the past year, he is well positioned to assume his new responsibilities.

These appointments are aligned with the Group's long-standing succession plan and ongoing strategy to enhance depth of management in the business.

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 internal growth prospects to unlock value inherent in the business.

In the **retail division**, we will aim to:
- open five new TopT stores as we continue to expand the brand'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 around CTM's performance by leveraging the brand's long-standing iconic status in the industry and continue to differentiate the value proposition in the highly competitive mass-middle market. We will also continue to 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; and
- continue to improve our digital experience and grow our webstores' sales contribution to total sales. Online is the first point of contact for many of our customers as they

research their home improvement projects and we will invest further in technology aimed at improving the customer experience.

In the **manufacturing division**:

- Ezee Tile will target increased market share in the specifications and projects segment, which will enhance growth prospects, and further improve efficiencies and reduce costs to increase profitability;
- management will aggressively reduce costs and improve efficiencies in Ceramic's operation to recover margins and offset some of the significant price deflation in the market. We will continue to strive to reclaim market share by optimising the value proposition of our ranges and differentiating on high-fashion items; and
- resolving the threat to natural gas supply will remain a key priority to ensure Ceramic's business continuity. Work on an industrial scale project to trial an alternative solution will be started in the current financial year.

OUTLOOK

We are cautiously optimistic that sentiment will improve in the retail and construction sectors following the peaceful formation of a GNU and several consecutive months of CPI within the SARB's inflation target band, which will in time lead to a decrease in interest rates. Nevertheless, we expect the trading environment to 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 under-housed and the dynamics of the housing market are favourable – evidenced by a young, growing, upwardly mobile demographic 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 starting in the current calendar year 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 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 that: competent, engaged and motivated teams, robust iconic brands, industry-leading technology and products, and the competitive advantage of a vertically integrated supply chain.

SUBSEQUENT EVENTS

No other events have occurred subsequent to the Review Period which require any additional disclosures or adjustments.

ORDINARY AND SPECIAL CASH DIVIDEND ANNOUNCEMENT

ORDINARY CASH DIVIDEND

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 Review Period ended 30 June 2024 of 22,0 cents per ordinary share (2023: 21,0 cents per share), to all shareholders recorded in the shareholder register of Italtile as at the record date of Friday, 13 September 2024. This final dividend, 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 ended 30 June 2024 of 49,0 cents per share (2023: 53,0 cents per share), a decrease of 8%.

SPECIAL CASH DIVIDEND

In light of the Group's strong cash generation and cash reserves being in excess of operational requirements, the Board has declared a special cash dividend (number 8) of 78,0 cents per share (2023: nil), to all shareholders recorded in the shareholder register of Italtile as at the record date of Friday, 13 September 2024.

Italtile has obtained the relevant South African Reserve Bank approval in respect of the special dividend, and the Board has reasonably concluded that the Group will satisfy the solvency and liquidity test immediately after distribution thereof and for the next 12 months.

DIVIDEND ANNOUNCEMENT

In accordance with paragraphs 11.17(a)(i) to 11.17(a)(ix) and 11.17(c) of the Listings Requirements of the JSE Limited ("The Listings Requirements") the following additional information is provided:

- The dividends have been declared out of income reserves;
- The local ordinary and special dividend withholding tax rate is 20%;
- The gross local ordinary dividend amount is 22,0 cents per share for shareholders exempt from the dividends tax;
- The net local ordinary dividend amount is 17,6 cents per share for shareholders liable to pay the dividends tax;
- The local ordinary dividend withholding tax amount is 4,4 cents per share for shareholders liable to pay the dividends tax;
- The gross local special dividend amount is 78,0 cents per share for shareholders exempt from the dividends tax;
- The net local special dividend amount is 62,4 cents per share for shareholders liable to pay the dividends tax;
- The local special dividend withholding tax amount is 15,6 cents per share for shareholders liable to pay the dividends tax;
- Italtile's income tax reference number is 9050182717; and
- The Group has 1 321 654 148 shares in issue including 17 888 901 shares held by the share incentive and retention trusts, 64 151 585 shares held as B-BBEE treasury shares and 49 876 528 shares held by Italtile Ceramics Proprietary Limited.

TIMETABLE FOR CASH DIVIDENDS

The cash dividend timetable is structured as follows: the last day to trade cum dividend in order to participate in the dividend will be Tuesday, 10 September 2024. The shares will commence trading ex-dividend from the commencement of business on Wednesday, 11 September 2024 and the record date will be Friday, 13 September 2024. The dividend will be paid on Monday, 16 September 2024. Share certificates may not be rematerialised or dematerialised between Wednesday, 11 September 2024 and Friday, 13 September 2024, both days inclusive.

The reviewed condensed Group results for the year ended 30 June 2024 and results announcement were published on SENS on 26 August 2024 and are also available on Italtile's website at: https://www.italtile.com/reports-and-results.php.

For and on behalf of the Board

L A Foxcroft	**L Booysen**
Chief Executive Officer	*Chief Financial Officer*

23 August 2024

INDEPENDENT REVIEWER

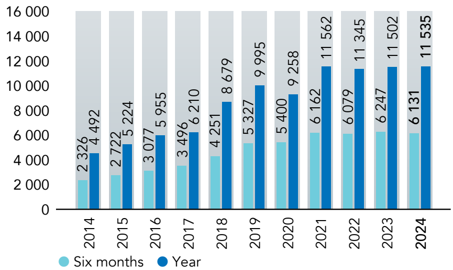
No forward looking statements in this announcement have been reviewed or reported on by the Group's auditors.

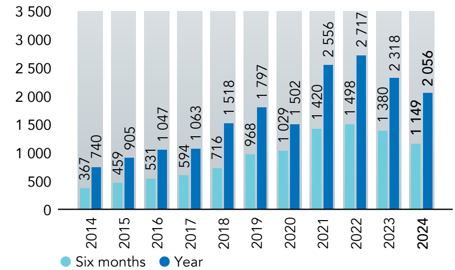
These condensed financial statements for the year ended 30 June 2024 have been reviewed by PricewaterhouseCoopers Inc. ("PwC"), who expressed an unmodified review conclusion thereon. A copy of the auditor's review report on the condensed financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the auditor's report.

PwC's unmodified review conclusion does not necessarily report on all of the information contained in this reviewed condensed Group results announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of PwC's unmodified review opinion together with the accompanying financial information from the Company Secretary who is contactable on +27 11 325 6363 or roxanne@acorim.co.za or on Italtile's website at replace with https://www.italtile.com/reports-and-results.php.

The Board takes full responsibility for the preparation of this announcement and confirms that the financial information has been correctly extracted from the underlying reviewed condensed financial statements.

Johannesburg
23 August 2024





SYSTEM-WIDE TURNOVER ANALYSIS
for the year ended 30 June 2024

(Rand million unless otherwise stated)

	% increase/ (decrease)	**Reviewed year to 30 June 2024**	Audited year to 30 June 2023
Group and franchised turnover			
– By Group-owned stores and entities	(1)	**9 064**	9 136
– By franchise-owned stores	4	**2 471**	2 366
Total	0	**11 535**	11 502

STORE NETWORK
at 30 June

	2024			2023		
Region	**Franchise**	**Owned**	**Total**	Franchise	Owned	Total
South Africa						
– Italtile	**1**	**14***	**15***	1	13*	14*
– CTM	**32**	**42***	**74***	32	42*	74*
– TopT	**40**	**53***	**93***	40	53*	93*
– U-Light	**–**	**–**	**–**	2	4*	6*
Rest of Africa						
– Italtile	**–**	**1**	**1**	–	1	1
– CTM	**1**	**24***	**25***	3	24*	27*
– U-Light	**–**	**–**	**–**	1	–	1
	74	**134***	**208***	79	137*	216*

** Includes webstores.*

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2024

(Rand million unless otherwise stated)

	% decrease	**Reviewed year to 30 June 2024**	Audited year to 30 June 2023
Revenue	(1)	**9 064**	9 136
Cost of sales		**(5 377)**	(5 185)
Gross profit	(7)	**3 687**	3 951
Other revenue and operating income		**419**	396
Operating expenses		**(2 033)**	(2 034)
Impairment of property, plant and equipment		**(15)**	–
(Loss)/profit on sale of property, plant and equipment		**(2)**	5
Trading profit	(11)	**2 056**	2 318
Finance income		**120**	65
Finance costs		**(87)**	(82)
Profit from associates – after tax		**12**	9
Profit before taxation	(9)	**2 101**	2 310
Taxation		**(594)**	(654)
Profit for the period	(9)	**1 507**	1 656
Other comprehensive income			
Items that may be re-classified subsequently to profit or loss:			
Foreign currency translation difference		**(19)**	(42)
Total comprehensive income for the period	(8)	**1 488**	1 614
Profit attributable to:			
– Equity shareholders		**1 462**	1 605
– Non-controlling interests		**45**	51
	(9)	**1 507**	1 656
Total comprehensive income attributable to:			
– Equity shareholders		**1 443**	1 563
– Non-controlling interests		**45**	51
	(8)	**1 488**	1 614
Earnings per share (all figures in cents):			
– Earnings per share	(8)	**122,1**	132,6
– Diluted earnings per share	(8)	**122,1**	132,4

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
as at 30 June 2024

(Rand million unless otherwise stated)

	Reviewed year to 30 June 2024	Audited year to 30 June 2023
ASSETS		
Non-current assets	**6 403**	6 434
Property, plant and equipment	**5 680**	5 739
Right-of-use assets	**442**	405
Intangible assets	**16**	12
Investments in associates and joint ventures	**89**	78
Long-term financial assets	**102**	145
Goodwill	**38**	19
Deferred taxation	**36**	36
Current assets	**3 908**	3 335
Inventories	**1 271**	1 315
Trade and other receivables	**712**	911
Cash and cash equivalents	**1 844**	1 049
Taxation receivable	**81**	60
Non-current assets held for sale	**133**	–
Total assets	**10 444**	9 769
EQUITY AND LIABILITIES		
Share capital and reserves	**8 474**	7 768
Stated capital	**4 314**	4 314
Non-distributable reserves	**28**	47
Treasury shares	**(1 293)**	(1 087)
Share option reserve	**209**	204
Retained earnings	**4 913**	4 005
Non-controlling interests	**303**	285
Non-current liabilities	**690**	1 066
Interest-bearing loans	**–**	500
Lease liabilities	**420**	362
Deferred taxation	**270**	204
Current liabilities	**1 280**	935
Trade and other payables	**528**	647
Provisions	**178**	208
Interest-bearing loans	**500**	–
Lease liabilities	**62**	55
Taxation payable	**12**	25
Total equity and liabilities	**10 444**	9 769

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

(Rand million unless otherwise stated)

	Stated capital	Non-distributable reserves	Treasury shares	Share option reserve	Retained earnings	Total	Non-controlling interest	Total equity
For the year ended 30 June 2023								
Audited 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)	–	–	(48)	(38)	58	(28)	–	(28)
Audited balance at 30 June 2023	4 314	47	(1 087)	204	4 005	7 483	285	7 768
For the year ended 30 June 2024								
Audited 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**
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)	**–**	**–**	**6**	**5**	**14**	**25**	**–**	**25**
Reviewed balance at 30 June 2024	**4 314**	**28**	**(1 293)**	**209**	**4 913**	**8 171**	**303**	**8 474**

CONDENSED GROUP CASH FLOW STATEMENT
for the year ended 30 June 2024

	(Rand million unless otherwise stated)	
	Reviewed year to 30 June 2024	Audited year to 30 June 2023
Cash generated by operations (note 7)	**2 714**	2 976
Finance income	**120**	65
Finance costs	**(47)**	(51)
Lease liability finance costs	**(40)**	(31)
Dividends paid	**(606)**	(785)
Taxation	**(543)**	(633)
Cash flow from operating activities	**1 598**	1 541
Additions to property, plant and equipment	**(597)**	(671)
Dividend income from associates	**2**	2
Additions to intangible assets	**(12)**	(18)
Proceeds on disposal of property, plant and equipment	**76**	63
Decrease/(increase) in long-term financial assets	**43**	(4)
Purchase of interest in subsidiaries	**(22)**	–
Cash flow from investing activities	**(510)**	(628)
Decrease in loans and borrowings	**–**	(52)
Share scheme vesting	**(12)**	(21)
Acquisition of non-controlling interest	**–**	(15)
Treasury share movements	**(212)**	(152)
Lease liability payments	**(69)**	(55)
Cash flow from financing activities	**(293)**	(295)
Net movement in cash and cash equivalents for the period	**795**	618
Cash and cash equivalents at the beginning of the period	**1 049**	431
Cash and cash equivalents at the end of the period	**1 844**	1 049

SEGMENTAL REPORT
for the year ended 30 June 2024

Reviewed year to 30 June 2024	**Retail**	**Manufacturing***
Turnover	**5 178**	**5 013**
– From external customers*	**5 177**	**3 426**
– Intersegment	**1**	**1 587**
Turnover from franchise stores**	**2 471**	**–**
Achieved gross margin	**1 880**	**1 192**
Manpower costs	**(339)**	**(636)**
Depreciation	**(88)**	**(284)**
Impairment of property, plant and equipment	**–**	**–**
Profit/(loss) on sale of property, plant and equipment	**#**	**#**
Trading profit	**507**	**556**
Finance income	**17**	**28**
Finance costs	**(1)**	**(12)**
Income from associates	**–**	**–**
Profit before taxation	**523**	**572**

* *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 disclosed in note 6.
Includes royalty income of R146 million disclosed in note 6.

Audited year to 30 June 2023	Retail	Manufacturing*
Turnover	5 396	5 316
– From external customers*	5 393	3 300
– Intersegment	3	2 016
Turnover from franchise stores**	2 366	–
Achieved gross margin	1 948	1 405
Manpower costs	(336)	(586)
Depreciation	(81)	(260)
Impairment of property, plant and equipment	–	–
Profit on sale of property, plant and equipment	1	1
Trading profit	553	771
Finance income	14	22
Finance costs	(5)	(9)
Income from associates	–	–
Profit before taxation	562	784

* *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 R60 million disclosed in note 6.
Includes royalty income of R144 million disclosed in note 6.

(Rand million unless otherwise stated)

Supply and Support Services*	Franchising	Properties	Associates	Consolidation	Total
2 470	**–**	**–**	**–**	**(3 597)**	**9 064**
461	**–**	**–**	**–**	**–**	**9 064**
2 009	**–**	**–**	**–**	**(3 597)**	**–**
–	**–**	**–**	**–**	**(2 471)**	**–**
285	**1**	**–**	**–**	**273**	**3 631**
(164)	**(10)**	**(7)**	**–**	**(7)**	**(1 163)**
(25)	**(3)**	**(106)**	**–**	**–**	**(506)**
–	**–**	**(15)**	**–**	**–**	**(15)**
1	**#**	**(2)**	**–**	**–**	**(2)**
286##	**338###**	**355**	**–**	**14**	**2 056**
74	**–**	**54**	**–**	**(53)**	**120**
(29)	**–**	**(98)**	**–**	**53**	**(87)**
–	**–**	**–**	**12**	**–**	**12**
331	**338**	**311**	**12**	**14**	**2 101**

(Rand million unless otherwise stated)

Supply and Support Services*	Franchising	Properties	Associates	Consolidation	Total
2 447	–	–	–	(4 023)	9 136
443	–	–	–	–	9 136
2 004	–	–	–	(4 023)	–
–	–	–	–	(2 366)	–
283	#	–	–	263	3 899
(180)	(12)	(8)	–	–	(1 122)
(30)	(3)	(98)	–	–	(472)
–	–	–	–	–	–
2	#	#	–	–	5
252##	356###	386	–	–	2 318
52	–	33	–	(56)	65
(35)	#	(89)	–	56	(82)
–	–	–	9	–	9
269	356	330	9	–	2 310

GEOGRAPHICAL ANALYSIS
for the year ended 30 June 2024

(Rand million unless otherwise stated)

	South Africa	Rest of Africa	Australia	Consolidation	Group
Reviewed year to 30 June 2024					
Turnover	**10 887**	**1 110**	**664**	**(3 597)**	**9 064**
Non-current assets	**7 654**	**503**	**234**	**(1 988)**	**6 403**
Audited year 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

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards and Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the previous consolidated annual financial statements. These results have been prepared under the supervision of the Chief Financial Officer, Mr. L Booysen.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of new and amended IFRS Accounting Standards and International Financial Reporting Interpretations Committee interpretations which became effective during the current Review Period. The application of these standards and interpretations did not have a significant impact on the Group's reported results and cash flows for the year ended 30 June 2024 and the financial position at 30 June 2024.

2. COMMITMENTS AND CONTINGENCIES

There are no material contingent assets or liabilities at 30 June 2024.

Capital commitments (Rand million)	30 June 2024	30 June 2023
– Contracted	**108**	275
– Authorised but not contracted for	**83**	220
Total	**191**	495

Capital commitments will be funded by cash generated by operations.

3. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group does not fair value its financial assets or liabilities in accordance with quoted prices in active markets or market observables, as their carrying value approximates fair value due to the short-term nature of these items and/or existing terms are equivalent to market observables. There were no transfers into or out of Level 3 during the period.

4. STAFF SHARE SCHEME

On 31 March 2023, the Group implemented a new staff share scheme, which replaced the previous scheme implemented by the Group during the 2014 financial year. 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. Both schemes are for the benefit of 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 specified allotment date in every year from 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 which 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 (2023: 1 693 135) shares. This scheme has now been discontinued.

As a result, 3,2 million of the Group's shares net of forfeitures were held by qualifying staff members at 30 June 2024 (2023: 5,5 million). Until vesting, the shares will continue to be accounted for as treasury shares and may have an impact on the diluted weighted average number of shares.

The schemes are classified as equity-settled schemes in terms of IFRS 2 Share-Based Payment and have resulted in a total expense of R13,8 million (2023: R9,8 million) to the Group's income; an accelerated once-off charge of R1,3 million was recorded in the current year following the implementation of the new staff share scheme (2023: R3,8 million).

5. EARNINGS PER SHARE

	Reviewed year to 30 June 2024	Audited year to 30 June 2023
Reconciliation of shares in issue (all figures in millions):		
– Total number of shares issued	**1 322**	1 322
– Shares held by the Italtile Share Incentive Trust	**(10)**	(10)
– Shares held by the Italtile Retention Trust	**(8)**	(8)
– Black economic empowerment treasury shares	**(64)**	(65)
– Shares held by Italtile Ceramics Proprietary Limited	**(50)**	(32)
Shares in issue to external parties	**1 190**	1 207
Reconciliation of share numbers used for earnings per share calculations (all figures in millions):		
Weighted average number of shares	**1 198**	1 210
Dilution effect of share awards	**–**	2
Diluted weighted average number of shares	**1 198**	1 212
Reconciliation of headline earnings (Rand million):		
– Profit attributable to equity shareholders	**1 462**	1 605
– Loss/(profit) on sale of property, plant and equipment – after taxation	**1**	(4)
– Impairment of property, plant and equipment – after taxation	**11**	–
Headline earnings	**1 474**	1 601
Headline EPS (cents)	**123,0**	132,3
Diluted headline EPS (cents)	**123,0**	132,1
Dividends per share (cents)	**127,0**	53,0
Net asset value per share (cents)	**707,5**	641,8

No adjustments to earnings are required for diluted earnings per share calculations, as the share awards do not have an impact on diluted earnings.

6. DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

(Rand million unless otherwise stated)

	Reviewed year to 30 June 2024	Audited year to 30 June 2023
Turnover#	**9 064**	9 136
– Retail	**5 177**	5 393
– Manufacturing	**3 426**	3 300
– Supply and support services	**461**	443
Royalty income from franchising	**146**	144
Other franchise income	**72**	60
	9 282	9 340

Turnover represents net revenue from sale of goods, excluding value added tax and intercompany sales.

7. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

(Rand million unless otherwise stated)

	Reviewed year to 30 June 2024	Audited year to 30 June 2023
Cash flows from operating activities:		
Profit before taxation	**2 101**	2 310
Adjusted for:		
Income from associates	**(12)**	(9)
Depreciation and amortisation	**422**	402
Depreciation – right-of-use asset	**84**	70
Finance cost – lease liability	**40**	31
Loss/(profit) on sale of property, plant and equipment	**2**	(5)
Impairment of property, plant and equipment	**15**	–
Finance income	**(120)**	(65)
Finance costs (excluding lease liability finance costs)	**47**	51
Share-based payment expenses	**47**	49
Foreign currency translation difference	**12**	41
Working capital changes:		
Inventory	**44**	(29)
Trade and other receivables	**196**	(109)
Trade and other payables (including provisions)	**(164)**	239
Cash generated by operations	**2 714**	2 976

8. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale relate to non-productive Land and Buildings, which are in the process of being sold.

A R15 million impairment loss was recognised on the fair value adjustment on these assets.

9. INTEREST-BEARING LOANS

An interest-bearing loan of R500 million bears interest at three-month JIBAR plus 1,3% and is repayable in full in November 2024 and is disclosed as current. From June 2022, an interest rate swap was entered into to fix the variable interest rate at 6,85% on the loan amount of R500 million. The loan is a financial liability measured at amortised cost in terms of IFRS 9.

A revolving credit facility of US$3,5 million was repaid at the end of June 2023. The facility was settled early (repayment was due in November 2025) given increased interest and foreign exchange rate exposures related to the facility.

10. SPECIFIC SHARE REPURCHASE FROM FOUR ARROWS INVESTMENTS 256 PROPRIETARY LIMITED ("FOUR ARROWS")

On 28 November 2022, Four Arrows Investments 256 Proprietary Limited ("Four Arrows") submitted a formal written offer to the Group to sell its remaining 6,7 million Italtile shares back to the Group. The offer price was set in accordance with the terms of a Preference Share Agreement signed in 2007 and equated to R11,51 per share (the Italtile 10-day VWAP immediately preceding the date of receipt of the offer).

In accordance with specific approval granted by Italtile shareholders in July 2007, the Board approved the repurchase and the shares were subsequently repurchased from Four Arrows on 14 December 2022 for a total consideration of R77 million and are held as treasury shares by a subsidiary of the Group which was nominated by Italtile to conclude the transaction.

11. EVENTS AFTER REPORTING DATE

Other than the dividend declaration, the directors are not aware of any matters or circumstances arising since the end of the reporting period which significantly impact the financial position at 30 June 2024 or the results of its operations or cash flow for the year then ended.

ADMINISTRATION

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

Registered office
The Italtile Building
72 Peter Place
Bryanston
2021

Postal address
PO Box 1689
Randburg
2125

Transfer secretaries
Computershare Investor Services Proprietary Limited

Company Secretary
Acorim Proprietary Limited

Sponsor
Merchantec Capital

Auditor
PricewaterhouseCoopers Inc.

DIRECTORS
Executive directors
LA Foxcroft (Chief Executive Officer)
BG Wood (Chief Operating Officer)
L Booysen (Chief Financial Officer)

Non-executive directors
LR Langenhoven (Chairman), GAM Ravazzotti, SM du Toit (Lead Independent Director), SG Pretorius, NP Khoza, JN Potgieter, LC Prezens, A Mathole

Bastion

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