ITALTILE LIMITED

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2024 AND CASH DIVIDEND DECLARATION

FINANCIAL HIGHLIGHTS

▼1% **System-wide turnover**
R6,1 billion
2023: R6,1 billion

▲3% **Trading profit**
R1,2 billion
2023: R1,1 billion

▲5% **Earnings per share**
70,6 cents
2023: 67,5 cents

▲4% **Headline earnings per share**
70,1 cents
2023: 67,2 cents

▲9% **Net cash**
R1,6 billion
2023: R1,5 billion

▲4% **Ordinary dividend per share**
28,0 cents
2023: 27,0 cents

▼1% **Net asset value per share**
678,1 cents
2023: 684,4 cents

▲1% **Store network**
211
June 2024: 208
December 2023: 214

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 211 stores, including seven 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, INDUSTRY AND CONSUMER TRENDS AND OUR STRATEGIC RESPONSE

Macro environment

The six-month reporting period to 31 December 2024 ("**Review Period**") was characterised by two distinct halves. In the first half ("**Q1**"), consumer confidence and spend in the building and construction sector remained subdued in the context of high interest rates and inflation, which restricted disposable income and discretionary investment, and impacted on the affordability of renovation and new build projects.

In the second half ("**Q2**"), consumer sentiment and confidence turned more positive subsequent to the successful and peaceful transition to the Government of National Unity ("**GNU**"), while homeowners' disposable income increased as a result of two interest rate cuts, generally lower inflation levels and payouts released by the two-pot pension fund reforms. Albeit that the full effect of these economic stimulus measures will take time to filter through before significantly impacting on demand and spend, there was a notable uptick in Group sales in the latter part of the Review Period. While this is encouraging, management is cautious regarding the sustainability of this positive trend, particularly since the impact of the once-off cash injection provided by the two-pot retirement funds has started to diminish.

Increasingly, South Africa is viewed as a difficult and unsupportive location for the manufacturing sector, undermining its confidence in and contribution to the local economy. In contrast, many of our neighbouring countries offer attractive investor-friendly environments and incentives for manufacturers, which has encouraged the recent spate of new investment by large global Chinese tile producers across our borders. These companies are not governed by the regulatory framework South African companies are subject to, including extensive labour-related and environmental taxes and costs. Furthermore, while SADC-manufactured exports to South Africa are exempt from import duties and tariffs, some SADC countries with tile production facilities have implemented excise duties to protect their local producers. It is incumbent on government to consider the impact of this uneven playing field for South African manufacturers.

The cost of combating escalating crime in South Africa continues to rise. Ensuring that our customers, staff and stores are secure is a primary concern to management and a growing expense to the business. As criminal behaviour and illegal activities flourish, we are continuously committing significant effort and investment to bolstering our security ecosystem, including in extreme cases, relocating or closing stores in unsafe areas.

Industry and consumer trends and our strategic response

Competitive landscape

As reported at year-end, competition has intensified significantly in both the tile manufacturing and retail segments, with the establishment or expansion of new production capacity in Zambia, Zimbabwe, Mozambique and locally, as well as the emergence of new formal and informal retailers. The structural production over-capacity in the tile industry has not eased over the Review Period, and the vast imbalance between excess supply and weak consumer demand persists. The over-stocked position of most retailers, wholesalers and manufacturers in the industry continues to drive predatory and deflationary pricing, and cause margin pressure, which has been exacerbated by elevated input costs including energy and imported raw materials.

During the Review Period, several notable trends emerged in the industry, including the proliferation of new products in a variety of sizes and finishes, as competitors seek to gain access to niches in the market and substitute existing products. While the aggressive price war is ongoing, it is also evident that competitors are testing higher price points given current unsustainable margins on certain products. *Our response is to gain market share in the areas we excel in through leveraging our technology to enhance product innovation and quality, and remain competitive on pricing through innovation, internal cost management and improved efficiencies.*

Another key development has been the restructuring of the role of independent wholesalers in the market. Formerly key players in the industry, serving as conduits between manufacturers and retailers, their position has largely been eroded by new producers operating their own wholesale divisions and dealing directly with customers. Evidence of this is the closure of a major independent wholesaler in KwaZulu-Natal after 50 years in the industry. *Our vertically integrated business model is structured to enable our Manufacturing division to service Group stores and third-party customers directly, and hence we are not hampered by this development – which is likely to result in further rationalisation of wholesalers in due course.*

A significant new trend has been the exponential growth of the informal, unregulated segment of the entry-level market. New manufacturing competitors now offer ease of access to products and credit facilities to entice this emerging customer base. *Informal traders and trading networks in this market space compete directly with our TopT brand, albeit with substantially lower overheads and little compliance with relevant regulations. Our strategy to negate this challenge is to continue to build on our established strengths in the market. TopT has built a strong reputation as a conveniently located community-centred brand, offering a wide range of complementary home finishing products and a uniquely high level of quality assurance and customer service in the entry-level market. The Group's strong buying power affords customers bigger ranges at better prices, while the brand's high profile presence offers peace of mind. We will continue to compete aggressively to retain and grow our market share in this segment.*

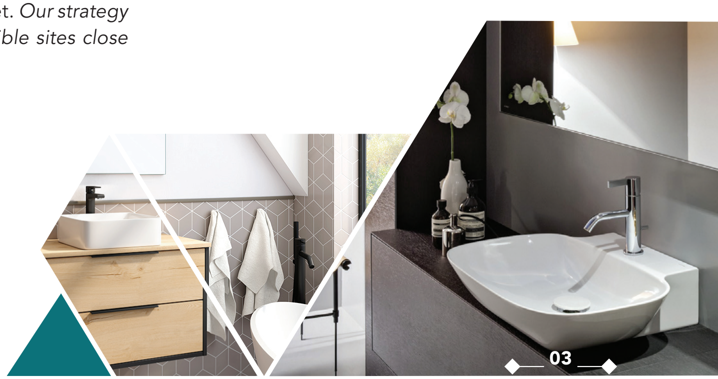
Consumer trends

Consistent with pressure on household income and discretionary spend, consumers remain very price sensitive, particularly in the mass-middle market. This is evidenced by buying patterns and spending trends which reflect a strong response to promotional and sales activities by customers seeking out deals; a notable shift to buying down within our categories; and purchase of smaller baskets of lower-priced products to conduct smaller projects than previously. *We are mindful that quality and affordability are our customers' key watchwords, and we strive to add value through various points of differentiation, including our innovative fashionable products at various price ranges; trusted quality; stock availability; meaningful warranties and product service experts. Our value proposition is underpinned by the Group's buying prowess, synergies in our integrated supply chain, and our marketing initiatives designed to ensure our brands are top of mind at all times, and effectively communicate our 'Every Day Low Prices' positioning through CTM and TopT's offerings of "Big Savings. More Style" and "Every price a low price." Our 2024 Black Friday results reflect the success of these strategies, with TopT reporting record sales for the promotional period and CTM surpassing the prior year's sales.*

Consumers' cost-consciousness is further evidenced by their sensitivity to transport costs, which is a key factor in purchasing decisions in the entry level market. *Our strategy to locate TopT stores on accessible sites close to community transport hubs affords this brand an important advantage in terms of cost-effective convenience.*

The financial pressure on cash-strapped consumers and their growing reliance on credit is highlighted in a report released by the National Credit Regulator in January 2025 stating that 18,1 million South Africans applied for credit in Q3 2024, a 3% increase from the previous quarter and almost 50% higher than the figures recorded at the end of 2021. This increase in loan applications coincides with an escalation in consumer loan arrears, notably in mortgages, where arrears have risen to 6,9%. *In response to the growing demand from customers for credit solutions, we have expanded our range of payment options – which have been taken up enthusiastically by applicants. We are currently planning to launch additional offerings in the period ahead, and will continue to responsibly investigate and build partnerships with other providers of payment solutions to further broaden our range of credit options.*

The online and digital marketplace is growing, dynamic and highly competitive and in recent years local industry players have significantly improved their offerings. Simultaneously, consumers have attained better access to these forums and are increasingly more knowledgeable and proactive in their shopping behaviour; frequently, digital platforms are the starting point in their projects. Notably, the



widespread role of social media influencers has encouraged consumers to engage with brands and expect a better omnichannel experience. *Our online webstore offering is key to our seamless omnichannel experience. Our goal is to ensure that shoppers have a range of convenient options – from transacting entirely online, to a blend of online and in-store interactions. During the Review Period, we invested further in our webstore and social media offering to improve the online content, enhance the shopping experience and optimise our search engine capability. Our IT, Operations and Marketing divisions collaborated well to grow brand exposure, increase transactions and gain traction with new unique visitors.*

GROUP PERFORMANCE AND RESULTS

A stronger performance in Q2 buoyed the Group's results for the Review Period. This improvement was underpinned by a combination of external and internal factors.

As discussed in the commentary under Operating Environment, externally we benefitted from the uptick in consumer sentiment and spend in the latter half of the period, a trend also reported on by other retailers. Internally, improvements were made across the business. While further work remains to be done in terms of continuing to execute better on our retail excellence disciplines, we are satisfied that we made good progress on improving in-store presentation, market awareness of our value offerings, and capitalised on opportunities that we had identified.

In the Retail division, TopT delivered another consecutive set of good results, while CTM showed early signs of turning around its recent disappointing results. The East Africa region also improved its performance in the period, after the challenging prior six months. Our webstore offering grew traffic and sales, a pleasing achievement.

In the Manufacturing division, Ezee Tile delivered another solid performance, albeit off a low base, and its flagship Vulcania factory is now operating close to design specification. While Ceramic's Q2 results were markedly stronger than Q1, results for the Review Period declined against the prior comparable period, as selling prices remained under pressure and production cost reductions only filtered into the business toward the end of Q2. While the Tile division reported slightly weaker results for the six months compared to the prior corresponding period, given the excess capacity in the market and prevailing price wars, the business did well to retain market share. The Sanitaryware division grew its key metrics, however there are further opportunities to improve internal efficiencies.

Good progress was also made in improving the competence and strength of our human capital support function to facilitate our ambitious growth targets. We restructured and recapacitated the Group's Human Capital division aimed at enhancing our capability to recruit, retain, train and develop suitably skilled and competent individuals aligned with the Group's high-performance culture. Initial results from this intervention have been positive and we are optimistic that this transformation will afford the business significant benefit in the longer term.

The Group's total system-wide turnover declined by 1% to R6,08 billion (2023: R6,13 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 import and manufacturing supply chain businesses to corporate stores) and the retail turnover of franchisees of the Group.

Revenue from Group-owned stores and entities was in line with the prior comparable period at R4,78 billion (2023: R4,79 billion).

The Retail division reported higher sales volumes and value. Total retail turnover grew by 4% to R2,84 billion from R2,74 billion in the prior comparable period. Like-for-like system-wide store revenue rose by 3% to R4,1 billion. Average selling price inflation was nominal, at 0,33%.

In the integrated Supply Chain Manufacturing division, Ceramic's turnover was 4% lower, while Ezee Tile reported revenue growth of 7%. Combined manufacturing sales declined by 2%, compared to the decline of 4% in the prior comparable period. This is a creditable result given that the division withheld price increases for the Review Period, compared to average selling price inflation of 4% in the prior corresponding six months.

Our integrated Supply Chain Import businesses serve the Group's stores, and hence their results track our Retail division's performance closely. Collectively, the import businesses reported growth in sales of 8%, a commendable achievement given that price increases were withheld.

The results were also positively impacted by an improved stock position compared to Q2 of the prior corresponding period, which featured delays in shipping deliveries.

Intense margin pressure persisted during the Review Period due to subdued demand, increased aggressive competition and rising input costs. The aggregated gross margin across the Group was flat at 41%, demonstrating our efforts to mitigate cost pressure through efficiency and range improvements to support affordability for price-sensitive customers and compete for market share.

Cost leadership is a core operating discipline instilled by management across the business and is particularly critical in the current inflationary environment. Like-for-like operating costs were 5% lower, a gratifying result. In the reporting period, continued focus was on containing logistics, property and stock control costs and reducing manpower costs through improvements in productivity efficiencies.

The Group's trading profit rose by 3% to R1,18 billion compared to the 17% decline reported in the prior comparable period. This turnaround is primarily due to improvements across the Retail and Import businesses and a better performance from Ceramic, which has over the past two years struggled to utilise manufacturing capacity and leverage economies of scale in its tile factories, severely impacting on profitability. This situation has been slowed somewhat through operational efficiencies and the business is restructuring to compete in the changed trading environment.

Basic earnings per share ("**EPS**") increased by 4,5% to 70,59 cents (2023: 67,54 cents), while basic headline earnings per share ("**HEPS**") grew by 4,3% to 70,08 cents (2023: 67,22 cents). The disparity between EPS and HEPS is attributable to profits of R7 million recognised on the sale of property, plant and equipment during the period.

The Group's consolidated inventory value rose 5% to R1,4 billion (2023: R1,3 billion). This increase is due to stock holdings built up in the Import Supply Chain businesses and Ezee Tile, to capitalise on exchange rate fluctuations, and to negate the supply delays experienced in the prior comparable period, which impacted negatively on in-stocks of business-critical products. In keeping with the stated strategy to optimise inventory management, a reduction in stock holding is targeted and projected across all divisions in the remainder of the financial year.

Capital expenditure ("**capex**") of R110 million (2023: R308 million) was incurred during the Review Period on the retail property portfolio and factory upgrade projects, comprising investment in our coal-based synthetic gas pilot project, expanding production capabilities in our tile manufacturing business and ongoing capex to enhance the retail property portfolio.

At 31 December 2024, the Group's cash balance increased by 9% to R1,6 billion (2023: R1,5 billion).

Material cash outflows for the period include:
- capital expenditure of R110 million (2023: R308 million);
- tax payments of R267 million (2023: R261 million); and
- total dividend payments of R1 260 million (2023: R290 million).

The outflows were partially offset by cash proceeds of R45 million from the sale of property, plant and equipment.

The Group's net asset value per share at the end of the Review Period was 678 cents (2023: 684 cents).

DIVISIONAL REVIEW

RETAIL BRANDS:

CTM, Italtile Retail and TopT

Our brand portfolio is strategically structured to appeal to customers across the income and demographic spectrum, from TopT's entry-level segment, through CTM's mass middle market, up to Italtile Retail's premium-end niche offering.

In the tightly contested marketplace, our priority was to drive growth in this division by capitalising on core assets: our people, products and processes. At the year end we committed to our 'fighting fit' mantra, which stood us in good stead in the Review Period. Our operators once again displayed their perseverance and resilience. Our stores are profitable and our franchise network is healthy. Our continued efforts to instil retail excellence disciplines were rewarded by our customers' loyalty to our brands and their approval of our shopping experience. We thank all of them and are gratified to report that the six months under review ended stronger than it started. Buoyed by improved consumer sentiment and increased disposable income, including the two-pot cash injection, real growth was achieved: system-wide and like-for-like retail turnover increased by 4% and 3% respectively. This is a commendable accomplishment, given that price increases were nominal, at 0,33%, to support our customers during the reporting period.

CTM's legendary positioning "Big Savings. More Style." was communicated and executed very effectively in the period under review, entrenching the brand's iconic status as the leading affordable fashion proposition for customers. Our strategic price points, sales promotion activities and marketing campaigns were centred on ensuring the brand was top of mind, to drive growth of our share in this cash-strapped segment of the market, where competition is very aggressive.

Improved retail excellence standards were achieved through enhanced in-store efficiencies, better, differentiated ranges, and inspirational presentation of products, with a major focus on value and style. The brand also benefitted from improved in-stock levels of core tile ranges and business-critical products.

During the Review Period, we launched CTM's pivotal customer satisfaction programme, CTM Xperience, targeted at enabling and inspiring our employees to deliver exceptional customer service to delight and satisfy our customers. This organisation-wide initiative has been warmly welcomed by our team and we are confident that it will have a positive impact on sales in our stores.

The sustained turnaround of this business will be achieved through exceptional performance at all key customer touchpoints, underpinned by building our competencies and capability in this business – and is dependent on continued momentum in the retail industry. Strengthening our operators and operations teams is an ongoing process, and we will escalate our investment in this regard in the period ahead.

East Africa region

In the prior six months, we reported a disappointing performance by our East Africa business, largely due to adverse trading conditions. It is pleasing therefore to note that turnover and profits grew in the Review Period, and our Kenya operation, specifically, delivered much improved results. While the external socio-political and economic environment remains unstable, good progress was made in our stores through enhanced execution of retail disciplines. Our quality-value messaging was communicated better in the market, and in-stock levels, ranges and pricing ladders improved. The contribution of our new stores continues to grow as the brand gains recognition in the market.

Given general instability in the region, most recently evident in Mozambique where civil unrest impacted on supply and trading, our priority focus will remain on extracting value from the existing footprint of 14 stores, including two webstores.

CTM is represented by 73 stores in South Africa and 25 in the rest of Africa region. During the Review Period, one store was closed in Maun, Botswana.

Italtile Retail

Management's focus on remaining abreast of desirable international fashion trends ensures that Italtile Retail is firmly entrenched as the industry front-runner in the premium-end home improvement segment, where customers respond well to the brand's "Live Beautifully" positioning, exemplified by its luxurious imported and local products and stylish inspirational stores.

Italtile Retail's Residential division delivered a good performance for the Review Period, retaining market share and reporting growth in sales and profits. Stock turn and stock management continued to improve and procurement was refined, driven by analytics. Developing leadership capacity and building sales and design skills for consultants is an ongoing process, and good progress was made in this regard.

While residential sales met management's expectations, there is room for improvement by the Commercial Projects division, where opportunities exist to grow market share once momentum returns in this sluggish market segment.

In the prior six months, the Cape Town store underwent a major overhaul. The revamp has been warmly received by customers and delivered good growth for the period under review. Italtile Retail is represented by a national network of 15 stores and one store in Botswana.

TopT reported another consecutive set of pleasing results, growing sales and profits in a competitive market place that witnessed a robust increase in informal and other traders. Key to TopT's growth is its "Every price a low price" positioning, that resonates with cost conscious customers. The brand's reputation as a conveniently located, affordable tile specialist offering a complete home-finishing basket and uniquely high standard of customer service affords TopT significant edge in the entry-level market segment. In-store improvements were made in managing in-stock levels and containing overheads. At a regional level, we restructured and capacitated some of our local operations teams, which will enable them to manage more effectively and drive growth.

The in-store operating framework is currently being refined and simplified to assist operators to focus on core priorities and attain the stretch targets set for the business.

We opened three new stores and relocated one in the Review Period, furthering our goal to grow the footprint in new viable markets where opportunities arise. TopT has a national footprint of 97 stores.

WEBSTORES

The Group operates seven webstores, one each for Italtile Retail and TopT, and five for CTM's markets in South Africa, Tanzania, Kenya, Botswana and Namibia. Our webstores are an integral component of our omnichannel platform, and underpin our goal to provide customers with an unparallelled shopping experience that is seamless between our online and brick and mortar stores.

Our webstores reported increased traffic and sales for the Review Period, a solid achievement in a very competitive market place. This good result is attributable to improved synergies between our IT, Operations and Marketing divisions, and their coherent strategy to entice and delight customers through enhanced content, improved mobile shopping journeys, better visibility of the offering, and wider access to an improved credit solutions offering.

INTEGRATED SUPPLY CHAIN: MANUFACTURERS – Ceramic Industries and Ezee Tile

CERAMIC INDUSTRIES

External trading conditions remained extremely difficult in the Review Period, featuring excess local and global production capacity, weak market demand, aggressive pricing and steep inflationary input costs. The structural changes in the local manufacturing landscape continued to impact on Ceramic's ability to optimise capacity utilisation and grow profitability.

It is pleasing to note that, notwithstanding these challenges, the business made further progress with unlocking internal efficiencies, optimising its human capital resource, and leveraging investments in cutting-edge technology, reporting a stronger performance in Q2 than Q1.

In the Tile division:

- despite the aggressive price wars underway in the sector and higher input inflation, Ceramic was successful in improving cost management which enabled the business to withhold price increases and compete robustly to retain market share. Margins remain under pressure, however, and cost leadership will continue to be a keen focus area;
- production at our Samca+ factory is improving and is now at full capacity. The product has been well received by the market and we aim to grow momentum in sales in the period ahead, which will improve margins;
- new products were launched to regain market share in the project development segment. The improved quality, innovative ranges – including import substitutes – have achieved good traction to date. In the period ahead, a new rectification line will be commissioned at our Vitro factory to meet growing demand for rectified product;
- general capacity utilisation in our tile factories was approximately 76% in Q2, and full production capacity could not be sold. The restructured sales team is focused on improving market share through keen pricing, the aggressive roll-out of new products, and building on the reputation of high-quality products manufactured. Given the competitive landscape and evolving market demand, management has elected to temporarily mothball one kiln each in the Samca Wall and Vitro factories. These kilns will be restarted once demand revives; and
- we continued our programme to recapacitate the leadership team across the business, including our senior management, sales and operations teams. Competence levels and expertise are improving in all divisions, evidenced by the improved results reported.

In the Sanitaryware division, Betta delivered another solid set of results, growing volumes, sales value and profits, although the business continues to experience margin pressure from competing imported product.

As disclosed in the year-end announcement, completion of Betta's new robotic warehouse has resumed with a new technology partner, and commissioning is scheduled to start in Q4 of the current financial year. The warehouse will make a significant contribution to reducing delivery lead times and improving warehousing efficiencies, while releasing the old warehouse space for factory improvements and future expansion.

Australia

Our Australian operation experienced a difficult six months. The property market in that country remained depressed, although there are early signs that building plan approvals are increasing. Many of Centaurus' customers were overstocked, which weighed on the business, as they reduced inventory over the Review Period. Increased competition from imports also resulted in pressure on sales volumes.

Sales were lower than the prior comparable period and production volumes were curtailed in order to contain inventory levels, which negatively impacted on unit costs and margins.

A new rectification line has been approved and will be installed in the following quarter. This line will enhance production capability and improve the range of sought-after large format rectified tiles.

EZEE TILE

The Vulcania plant is now operating successfully and close to design specification, achieving most of the cost and efficiency benefits envisaged. The recapacitated management team and expansion of competencies in the business have also added notable value. During the Review Period, Ezee Tile delivered improved sales, margins and profits, and increased stock turn. Good synergies have been extracted through integration of the Group's transport management system, which has also improved customer service.

Having made significant gains in the first phase of the operation's full commissioning, Ezee Tile's priority in the next phase will be to continue to grow sales and profits and gain market share through developing new products, expanding its current range, and entering new market niches.

INTEGRATED SUPPLY CHAIN: IMPORTERS – Cedar Point, International Tap Distributors and Distribution Centre

In the highly competitive, weak consumer demand environment, management's focus in all of the import businesses was on procuring affordable, fashionable and differentiated product to provide our stores flexibility to respond to evolving customer expectations. Priority areas also included improving stock management; enhancing efficiencies and productivity, and containing costs.

Collectively, the division reported increased sales and profits, aligned with the stronger results delivered by its customers, the Group's retail stores. While ITD and Cedar Point made strong contributions to the growth in sales and profits, DC's turnover and margins declined in the wake of structural changes to the imported tile landscape. The surfeit of affordably priced SADC tiles in the market has reduced volumes handled through this business and thus diminished DC's international import role for our TopT and CTM brands. Consequently, DC's two warehouses have been consolidated into one, which will improve efficiencies and contain costs. Although lower levels of inventory have reduced stockholding risk in this entity, margins have been impacted by the aggressive pricing that prevails in the sector.

Shipping and logistics costs remained elevated and volatile during the Review Period, requiring intensive management.

In the period ahead, inventory management will continue to be prioritised, including rationalising ranges where necessary. Internal processes will also be improved to extract additional synergies from the vertical integration of the Import Supply Chain and Retail divisions.

ASSOCIATE INVESTMENT – Easylife Kitchens ("ELK")

The Group holds a 30% stake in this leading manufacturer of kitchen, bathroom, vanity, built-in cupboards, bar and storage design. This investment aligns with the strategy to provide our customers with complete specialist home-finishing solutions, and their stores located on some of our multi-node retail sites continue to afford synergies for both parties. ELK reported good sales and profit growth for their year ended 28 February 2025.

PROPERTY PORTFOLIO

The Group's property portfolio affords strategic advantage to the retail brand operations by ensuring stores are easily accessible, well presented and maintained, and contribute to an inspirational, aesthetically pleasing shopping experience.

The Property division also plays a key role in driving the Group's green initiatives to ensure environmental sustainability and reduced dependence on municipal services through programmes to implement solar and battery back-up, rainwater harvesting and boreholes.

During the Review Period, the portfolio's turnover-linked returns improved slightly but were offset by municipal service and energy costs that continued to outpace inflation. Key initiatives to enhance the value of the portfolio included relocating an under-performing TopT store to a stronger market; disposing of non-core sites in unviable or non-profitable areas, realising a profit of R14 million; and continuing to roll out a hybrid-solar system to our bigger CTM stores in Gauteng.

Capex of R45 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 facilitate sustainability of energy supply, reduce reliance on the national water and energy grid, limit the Group's carbon footprint, enhance the environment of local communities, and ensure the mental and physical well-being of our people. Our Proudly South African ethos prioritises selling local products manufactured by local people, thereby creating jobs, providing training and contributing to the economy.

ENERGY JOURNEY PROGRAMME

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

Sustainability of energy supply

Gas update

Ensuring energy security and business continuity remained a key priority for management during the Review Period. As reported in our results for the year ended 30 June 2024, as published on SENS ("**announcement**") on 23 August 2024, Sasol, the primary supplier of imported piped natural gas ("**PNG**") has advised that it will terminate supply to the market in due course. In the short term, Sasol will continue to supply the market until June 2028, although there is some risk in this regard. More recently, the socio-political and economic instability experienced in Mozambique was further cause for concern regarding the security of PNG supply.

Seventy percent of Ceramic's total energy requirements are supplied by PNG and hence ensuring sustainable supply of viably priced energy is critical. As advised in the aforementioned announcement, the Board of directors ("**Board**") mandated management to implement a project to invest in and convert one production line at our Gryphon factory to a coal-based synthetic gas solution for heating and firing, using established technology in our process, with our raw materials. The engineering design and costing for our coal-gas trial project has been completed, however, given the extension of Sasol gas supply to June 2028, implementation of this project has been delayed while we continue to explore proposals currently being developed by providers of other alternative energy solutions. Management is optimistic that there will be further clarity in this regard before the end of the current financial year.

Solar developments

During the Review Period, management concluded a 10 megawatt Power Purchase Agreement which will supply energy to our largest manufacturing site in Vereeniging, further reducing Ceramic's consumption of electricity generated from fossil fuels. The Group also continues to roll out its off-grid PV battery-backed solutions to our stores nationwide.

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.

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 in March 2023 and March 2024 to 731 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.

As at 31 December 2024, there were 572 participants in the Group staff share scheme, with awards linked to 3,1 million Italtile shares.

PROSPECTS

Retail

We will aim for continued improvement in the execution of retail excellence disciplines in our stores and opportunities exist for each of our brands to grow and gain market share in the second half of the current financial year should the external environment remain favourable in terms of consumer sentiment and spend.

TopT plans to roll out three new stores in the second half of the financial year and will benefit from sales from the four new and relocated stores opened in the Review Period. We also continue to drive simplification of store operations to assist operators to improve execution at key touchpoints. We will strive to build on the momentum gained by **CTM** during the Review Period by continuing to differentiate the brand as an icon of affordable fashion, through price, quality and service. The new customer experience programme will provide a solid benchmark for setting CTM apart from its competitors. **Italtile Retail's** unrivalled leadership in home décor fashion trends will continue to entice exclusive residential customers, while the Commercial Projects division has opportunity to develop and expand its presence in the development market through innovative, high-quality products.

Margins in the Retail division are expected to remain under pressure in the competitive environment. Cost leadership will be key, together with ensuring an optimal product mix and tactical price ladders.

Manufacturing

Substantial efficiencies and synergies have been extracted at **Ezee Tile's** new Vulcania plant, and the business will continue to grow through gaining market share. Developing new products and identifying viable market niches will be a key consideration and the specifications and projects segments will be targeted. The entity acquired a sand quarry in the preceding six months, which has secured long-term supply for the Vulcania plant. There are opportunities to improve efficiencies at this site to increase supply to the plant and other markets.

In the deflationary pricing environment, **Ceramic's** margins will remain under pressure. In the period ahead, management will focus on driving growth through reducing costs further, optimising capacity utilisation and enhancing operating efficiencies to recover margins, including improving yields and reducing waste.

Our goal is to grow market share through the introduction of products to substitute imports, including for the commercial projects segment. Installation of new technology at our Vitro factory will increase capacity utilisation and improve our competitive advantage in the sought-after rectified tile market.

Securing a sustainable, viably priced alternative to Sasol's PNG supply will remain a key priority for management. In conjunction with our trial coal-gas project, we will continue to explore proposals from providers of other alternative energy solutions.

General

Developing our leadership pipeline and optimising our human capital resource will remain of vital importance to achieving the Group's ambitious growth targets through our customer-centric culture. Substantial investment has been made in restructuring and recapacitating our Human Capital division, and we are optimistic that recent appointments made at Ceramic by the new team will have positive results on the performance of that business.

OUTLOOK

The improved consumer confidence and trading conditions experienced during the last three months of the Review Period are tenuous and may not be sustained, as we do not expect further benefit from the released two-pot pension funds, and we remain generally concerned about global trading uncertainties. Further interest rate cuts and lower inflation could start to impact positively on discretionary spend in the home improvement sector, however, consumer spend remains constrained.

Although the high cost of living will continue to weigh on South Africans, experience has proved that local homeowners prioritise their homes as their primary asset and invest in them when funds permit. We expect this trend to persist, albeit that spend will be restrained.

Operationally, the trading environment will remain very challenging while supply continues to exceed demand and distressed competitors resort to increasingly predatory tactics. Margins will remain tight and our priority will be to drive efficiencies hard in the business.

In the two months subsequent to the Review Period, our Retail and Import Supply Chain businesses delivered revenue in line with the prior comparable period (H2 2024), however, the Manufacturing division's turnover was weaker.

In the longer-term, prospects for growth in the sector are relatively positive. South Africa is under-housed and the dynamics of the housing market are favourable, featuring a young, growing, upwardly mobile population with a strong aspiration to own a home.

Our frequently stated intent is to focus on the growth levers within our control. While we are hopeful that interest rates and inflation will decline further and the economy will be strengthened through structural reforms and increased investment, our strategy is to realise the opportunities within our business. We will do this by improving our competitiveness at all touchpoints, namely our iconic brands, leading-edge technology and products, vertically integrated supply chain, and resilient, capable teams and franchise partners.

SUBSEQUENT EVENTS

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

ORDINARY CASH DIVIDEND ANNOUNCEMENT

The Group's dividend cover is two and a half times. The Board has declared an interim gross ordinary cash dividend (number 117) for the Review Period ended 31 December 2024 of 28,0 cents per ordinary share (2023: 27,0 cents) to all shareholders recorded in the shareholder register of Italtile as at the record date of Friday, 28 March 2025.

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 Johannesburg Stock Exchange ("JSE Listings Requirements"), the following additional information is provided:

- the dividend has been declared out of income reserves;
- the local ordinary dividend withholding tax rate is 20% (twenty percent);
- the gross local ordinary dividend amount is 28,0 cents per share for shareholders exempt from the dividends tax;
- the net local ordinary dividend amount is 22,4 cents per share for shareholders liable to pay the dividends tax;
- the local ordinary dividend withholding tax amount is 5,6 cents per share for shareholders liable to pay the dividend tax;
- Italtile's income tax reference number is 9050182717; and
- the Group has 1 321 654 148 shares in issue including 24 917 234 shares held by the share incentive and retention trusts, 64 130 502 shares held as Broad-Based Black Economic Empowerment ("**B-BBEE**") treasury shares and 42 869 278 shares held by Italtile Ceramics Proprietary Limited.

TIMETABLE FOR CASH DIVIDEND

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, 25 March 2025. The shares will commence trading ex-dividend from the commencement of business on Wednesday, 26 March 2025 and the record date will be Friday, 28 March 2025. The dividend will be paid on Monday, 31 March 2025. Share certificates may not be rematerialised or dematerialised between Wednesday, 26 March 2025 and Friday, 28 March 2025 both days inclusive.

These reviewed condensed consolidated interim financial statements for the six months ended 31 December 2024 and cash dividend declaration, and results announcement, were published on SENS on 3 March 2025 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
Chief Executive Officer

L Booysen
Chief Financial Officer

Johannesburg
27 February 2025

INDEPENDENT REVIEWER

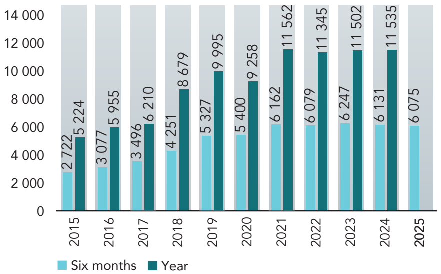
No forward looking statements in these condensed consolidated interim financial statements for the six months ended 31 December 2024 have been reviewed or reported on by the Group's auditors.

These condensed consolidated interim financial statements for the six months ended 31 December 2024 have been reviewed by PricewaterhouseCoopers Inc. ("PwC"), who expressed an unmodified review conclusion thereon. A copy of the Auditor's report on the condensed consolidated interim financial statements is available for inspection at the Company's registered office or through a secure electronic manner at the election of the person requesting inspection, together with the financial statements identified in the Auditor's report.

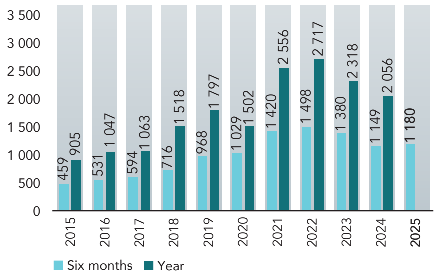
PwC's unmodified review conclusion does not necessarily report on all of the information contained in the condensed Group results announcement published on SENS on 3 March 2025. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, 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 https://www.italtile.com/reports-and-results.php.

Johannesburg
28 February 2025

System-wide turnover (Rm)



Trading profit (Rm)



SYSTEM-WIDE TURNOVER ANALYSIS
for the six months ended 31 December 2024

(Rand millions unless otherwise stated)

	% decrease	**Reviewed six months to 31 December 2024**	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
Group and franchised turnover				
– By Group-owned stores and entities	(0)	**4 782**	4 798	9 064
– By franchise-owned stores	(3)	**1 293**	1 333	2 471
Total	(1)	**6 075**	6 131	11 535

STORE NETWORK

	As at 31 December 2024			As at June 2024		
Region	**Franchise**	**Owned**	**Total**	Franchise	Owned	Total
South Africa						
– Italtile	**1**	**14***	**15***	1	14*	15*
– CTM	**32**	**41***	**73***	32	42*	74*
– TopT	**38**	**59***	**97***	40	53*	93*
Rest of Africa						
– Italtile	**–**	**1**	**1**	–	1	1
– CTM	**–**	**25***	**25***	1	24*	25*
	71	**140***	**211***	74	134*	208*

** Includes webstores.*

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 December 2024

(Rand millions unless otherwise stated)

	% (decrease)/ increase	**Reviewed six months to 31 December 2024**	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
Revenue	(0)	**4 782**	4 798	9 064
Cost of sales		**(2 816)**	(2 818)	(5 377)
Gross profit	(1)	**1 966**	1 980	3 687
Other revenue and operating income		**212**	220	419
Operating expenses		**(1 005)**	(1 054)	(2 033)
Impairment of property, plant and equipment		**–**	–	(15)
Profit on sale of property, plant and equipment		**7**	3	(2)
Trading profit	3	**1 180**	1 149	2 056
Finance income		**66**	55	120
Finance costs		**(42)**	(41)	(87)
Profit from associates – after tax		**2**	3	12
Profit before taxation	3	**1 206**	1 166	2 101
Taxation		**(340)**	(330)	(594)
Profit for the period	4	**866**	836	1 507
Other comprehensive income				
Items that may be re-classified subsequently to profit or loss:				
Foreign currency translation difference		**(25)**	3	(19)
Total comprehensive income for the period	0	**841**	839	1 488
Profit attributable to:				
– Equity shareholders		**841**	811	1 462
– Non-controlling interests		**25**	25	45
	4	**866**	836	1 507
Total comprehensive income attributable to:				
– Equity shareholders		**816**	814	1 443
– Non-controlling interests		**25**	25	45
	0	**841**	839	1 488
Earnings per share (all figures in cents):				
– Earnings per share	5	**70,6**	67,5	122,1
– Diluted earnings per share	5	**70,6**	67,5	122,1

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

(Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2024	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
ASSETS			
Non-current assets	**6 316**	6 481	6 403
Property, plant and equipment	**5 617**	5 787	5 680
Right-of-use assets	**423**	421	442
Intangible assets	**13**	13	16
Investments in associates and joint ventures	**86**	81	89
Long-term financial assets	**116**	112	102
Goodwill	**25**	38	38
Deferred taxation	**36**	29	36
Current assets	**3 781**	3 693	3 908
Inventories	**1 366**	1 298	1 271
Trade and other receivables	**769**	888	712
Cash and cash equivalents	**1 590**	1 458	1 844
Taxation receivable	**56**	49	81
Non-current assets held for sale	**45**	–	133
Total assets	**10 142**	10 174	10 444
EQUITY AND LIABILITIES			
Share capital and reserves	**8 068**	8 225	8 474
Stated capital	**4 314**	4 314	4 314
Non-distributable reserves	**3**	50	28
Treasury shares	**(1 293)**	(1 182)	(1 293)
Share option reserve	**215**	192	209
Retained earnings	**4 540**	4 554	4 913
Non-controlling interests	**289**	297	303
Non-current liabilities	**679**	618	690
Lease liabilities	**399**	394	420
Deferred taxation	**280**	224	270
Current liabilities	**1 395**	1 331	1 280
Trade and other payables	**592**	561	528
Provisions	**182**	179	178
Interest-bearing loans	**500**	500	500
Lease liabilities	**70**	55	62
Taxation payable	**51**	36	12
Total equity and liabilities	**10 142**	10 174	10 444

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2024

(Rand millions unless otherwise stated)

	Stated capital	Non-distributable reserves	Treasury shares	Share option reserve	Retained earnings	Total	Non-controlling interest	Total equity
For the six months ended 31 December 2023								
Audited balance at 30 June 2023	4 314	47	(1 087)	204	4 005	7 483	285	7 768
Profit for the period	–	–	–	–	811	811	25	836
Other comprehensive income for the period	–	3	–	–	–	3	–	3
Total comprehensive income for the period	–	3	–	–	811	814	25	839
Purchase of own shares	–	–	(112)	–	–	(112)	–	(112)
Dividends paid	–	–	–	–	(262)	(262)	(28)	(290)
Transactions with non-controlling interests	–	–	–	–	(5)	(5)	15	10
Share incentive costs (including vesting)	–	–	17	(12)	5	10	–	10
Reviewed balance at 31 December 2023	4 314	50	(1 182)	192	4 554	7 928	297	8 225
For the six months ended 31 December 2024								
Audited balance at 30 June 2024	**4 314**	**28**	**(1 293)**	**209**	**4 913**	**8 171**	**303**	**8 474**
Profit for the period	**–**	**–**	**–**	**–**	**841**	**841**	**25**	**866**
Other comprehensive income for the period	**–**	**(25)**	**–**	**–**	**–**	**(25)**	**–**	**(25)**
Total comprehensive income for the period	**–**	**(25)**	**–**	**–**	**841**	**816**	**25**	**841**
Dividends paid	**–**	**–**	**–**	**–**	**(1 221)**	**(1 221)**	**(39)**	**(1 260)**
Transactions with non-controlling interests	**–**	**–**	**–**	**–**	**(1)**	**(1)**	**–**	**(1)**
Share incentive costs (including vesting)	**–**	**–**	#	**6**	**8**	**14**	**–**	**14**
Reviewed balance at 31 December 2024	**4 314**	**3**	**(1 293)**	**215**	**4 540**	**7 779**	**289**	**8 068**

Less than R1 million.

CONDENSED GROUP CASH FLOW STATEMENT
for the six months ended 31 December 2024

(Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2024	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
Cash generated by operations (note 7)	**1 346**	1 339	2 714
Finance income	**66**	55	120
Finance costs	**(23)**	(23)	(47)
Lease liability finance costs	**(19)**	(18)	(40)
Dividends paid	**(1 260)**	(290)	(606)
Taxation	**(267)**	(261)	(543)
Cash flow from operating activities	**(157)**	802	1 598
Additions to property, plant and equipment	**(110)**	(308)	(597)
Dividend income from associates	**1**	–	2
Additions to intangible assets	**(2)**	(5)	(12)
Proceeds on disposal of property, plant and equipment	**45**	59	76
Decrease in long-term financial assets	**11**	33	43
Disposal/(purchase) of interest in subsidiaries and associates	**6**	(17)	(22)
Cash flow from investing activities	**(49)**	(238)	(510)
Increase in loans and borrowings	**500**	–	–
Decrease in loans and borrowings	**(500)**	–	–
Share scheme vesting	**(1)**	(12)	(12)
Acquisition of non-controlling interest	**(9)**	–	–
Treasury share movements	**–**	(112)	(212)
Lease liability payments	**(38)**	(31)	(69)
Cash flow from financing activities	**(48)**	(155)	(293)
Net movement in cash and cash equivalents for the period	**(254)**	409	795
Cash and cash equivalents at the beginning of the period	**1 844**	1 049	1 049
Cash and cash equivalents at the end of the period	**1 590**	1 458	1 844

SEGMENTAL REPORT
for the six months ended 31 December 2024

(Rand millions unless otherwise stated)

Reviewed six months to 31 December 2024	Retail	Manufacturing*
Turnover	**2 836**	**2 627**
– From external customers*	**2 836**	**1 703**
– Intersegment	**–**	**924**
Turnover from franchise stores**	**1 293**	**–**
Cost of sales	**(1 806)**	**(2 006)**
Achieved gross margin***	**1 008**	**588**
Manpower costs	**(174)**	**(304)**
Depreciation	**(54)**	**(150)**
Freight cost	**(6)**	**(223)**
Profit on sale of property, plant and equipment	**#**	**#**
Trading profit	**285**	**325**
Finance income	**9**	**18**
Finance costs	**(3)**	**(3)**
Income from associates	**–**	**–**
Profit before taxation	**291**	**340**

* *Turnover from external customers includes sales to franchise stores.*
** *Franchise stores are not controlled by the Group.*
*** *Achieved gross margin is calculated as gross margin less freight costs, movement in stock provisions and other cost of sales.*
# *Less than R1 million.*
Includes franchise income of R41 million disclosed in note 6.
Includes royalty income of R70 million disclosed in note 6.

(Rand millions unless otherwise stated)

Reviewed six months to 31 December 2023	Retail	Manufacturing*
Turnover	2 736	2 679
– From external customers*	2 735	1 817
– Intersegment	1	862
Turnover from franchise stores**	1 333	–
Cost of sales	(1 732)	(1 973)
Achieved gross margin ***	994	673
Manpower costs	(178)	(314)
Depreciation	(45)	(133)
Freight costs****	(6)	(244)
Profit on sale of property, plant and equipment	#	#
Trading profit	275	353
Finance income	9	12
Finance costs	(3)	(5)
Income from associates	–	–
Profit before taxation	281	360

* *Turnover from external customers includes sales to franchise stores.*
** *Franchise stores are not controlled by the Group.*
*** *Achieved gross margin is calculated as gross margin less freight costs, movement in stock provisions and other cost of sales.*
**** *The 2023 Segmental report has been amended to separately disclose the cost of sales and freight costs which contribute a significant portion of the operating expenses.*
# *Less than R1 million.*
Includes franchise income of R38 million disclosed in note 6.
Includes royalty income of R77 million disclosed in note 6.

Supply and support services*	Franchising	Properties	Associates	Consolidation	Total
1 324	**–**	**–**	**–**	**(2 005)**	**4 782**
243	**–**	**–**	**–**	**–**	**4 782**
1 081	**–**	**–**	**–**	**(2 005)**	**–**
–	**–**	**–**	**–**	**(1 293)**	**–**
(1 082)	**–**	**–**	**–**	**2 105**	**(2 789)**
148	**–**	**–**	**–**	**187**	**1 931**
(83)	**(5)**	**(4)**	**–**	**8**	**(562)**
(9)	**(2)**	**(57)**	**–**	**–**	**(272)**
(40)	**–**	**–**	**–**	**16**	**(253)**
(8)	**#**	**14**	**–**	**–**	**7**
140##	**226###**	**204**	**–**	**–**	**1 180**
37	**#**	**24**	**–**	**(22)**	**66**
(22)	**#**	**(36)**	**–**	**22**	**(42)**
–	**–**	**–**	**2**	**–**	**2**
155	**226**	**192**	**2**	**–**	**1 206**

Supply and support services*	Franchising	Properties	Associates	Consolidation	Total
1 239	–	–	–	(1 856)	4 798
246	–	–	–	–	4 798
993	–	–	–	(1 856)	–
–	–	–	–	(1 333)	–
(1 001)	–	–	–	1 919	(2 787)
148	#	–	–	138	1 953
(79)	(5)	(4)	–	–	(580)
(12)	(2)	(52)	–	–	(244)
(38)	–	–	–	12	(276)
#	#	(3)	–	–	(3)
101##	226###	194	–	–	1 149
37	–	25	–	(28)	55
(13)	#	(48)	–	28	(41)
–	–	–	3	–	3
125	226	171	3	–	1 166

GEOGRAPHICAL ANALYSIS
for the six months ended 31 December 2024

(Rand millions unless otherwise stated)

Reviewed six months to 31 December 2024	South Africa	Rest of Africa	Australia	Consolidation	Group
Turnover	**5 877**	**602**	**308**	**(2 005)**	**4 782**
Non-current assets	**7 794**	**497**	**211**	**(2 186)**	**6 316**
Reviewed six months to 31 December 2023					
Turnover	5 713	589	352	(1 856)	4 798
Non-current assets	7 908	504	232	(2 163)	6 481

NOTES

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

Basis of preparation

The reviewed interim condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the "IFRS® Accounting Standard" and subsequent mentions to "IFRS for Accounting Standard" and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 reviewed interim condensed consolidated financial statements are in terms of IFRS for Accounting Standard and 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 reviewed interim 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 2024, except for the adoption of new and amended IFRS for Accounting Standard 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 six months ended 31 December 2024 and the Statement of financial position at 31 December 2024.

2. COMMITMENTS AND CONTINGENCIES

There are no material contingent assets or liabilities at 31 December 2024.

Capital commitments (Rand millions)	31 December 2024	31 December 2023	30 June 2024
– Contracted	**59**	179	108
– Authorised but not contracted for	**170**	105	83
Total	**229**	284	191

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. Both schemes were implemented for the benefit of 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 specified allotment date in every year from implementation date.

As a result, 3,1 million of the Group's shares net of forfeitures were held by qualifying staff members at 31 December 2024 (2023: 2,7 million). 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 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, all of whom elected to receive the net value of the awards in cash. This resulted in a decrease in treasury shares of 1 419 798 shares in the prior year. This scheme was discontinued.

The schemes are classified as equity-settled schemes in terms of IFRS 2 Share-Based Payment and have resulted in a total expense of R7,3 million (2023: R6,4 million) to the Group's income.

5. EARNINGS PER SHARE

	Reviewed six months to 31 December 2024	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
Reconciliation of shares in issue (all figures in millions):			
– Total number of share issued	**1 322**	1 322	1 322
– Shares held by the Italtile Share Incentive Trust	**(10)**	(10)	(10)
– Shares held by the Italtile Retention Trust	**(15)**	(8)	(8)
– Black economic empowerment treasury shares	**(61)**	(61)	(61)
– Shares held by Italtile Ceramics Proprietary Limited	**(43)**	(41)	(50)
– Shares held by Italtile Staff Share Scheme Trust	**(3)**	(3)	(3)
Shares in issue to external parties	**1 190**	1 199	1 190
Reconciliation of share numbers used for earnings per share calculations (all figures in millions):			
Weighted average number of shares	**1 190**	1 202	1 198
Dilution effect of share awards	**–**	#	–
Diluted weighted average number of shares	**1 190**	1 202	1 198
Reconciliation of headline earnings (Rand millions):			
– Profit attributable to equity shareholders	**841**	811	1 462
– (Profit)/loss on sale of property, plant and equipment – after taxation	**(7)**	(3)	1
– Impairment of property, plant and equipment – after taxation	**–**	–	11
Headline earnings	**834**	808	1 474
Headline EPS (cents)	**70,1**	67,2	123,0
Diluted headline EPS (cents)	**70,6**	67,5	123,0
Dividends per share (cents)	**28,0**	27,0	127,0
Net asset value per share (cents)	**678,1**	684,4	707,5

Less than R1 million.

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

6. DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

(Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2024	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
Turnover#	**4 782**	4 798	9 064
– Retail	**2 836**	2 735	5 177
– Manufacturing	**1 703**	1 817	3 426
– Supply and support services	**243**	246	461
Royalty income from franchising	**70**	77	146
Other franchise income	**41**	38	72
	4 893	4 913	9 282

 # 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 millions unless otherwise stated)

	Reviewed six months to 31 December 2024	Reviewed six months to 31 December 2023	Audited year to 30 June 2024
Cash flows from operating activities:			
Profit before taxation	**1 206**	1 166	2 101
Adjusted for:			
Income from associates	**(2)**	(3)	(12)
Depreciation and amortisation	**228**	205	422
Depreciation – right-of-use asset	**42**	39	84
Finance cost – lease liability	**19**	18	40
Profit on sale of property, plant and equipment	**(7)**	(3)	2
Impairment of property, plant and equipment	**–**	–	15
Finance income	**(66)**	(55)	(120)
Finance costs (excluding lease liability finance costs)	**23**	23	47
Share-based payment expenses	**20**	39	47
Foreign currency translation difference	**(18)**	7	12
Working capital changes:			
Inventory	**(95)**	17	44
Trade and other receivables	**(82)**	16	196
Trade and other payables (including provisions)	**78**	(130)	(164)
Cash generated by operations	**1 346**	1 339	2 714

8. INTEREST-BEARING LOANS

In the prior year, the interest-bearing loan of R500 million bore interest at three-month JIBAR plus 1,3% and was repayable in full in November 2024 and was 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.

Management negotiated facilities with two institutions and drew down on these for the purpose of early settling the abovementioned loan. Simultaneously to the granting of the new facilities, management early terminated the interest rate swap. The interest rates on the new facilities range from 8.40% to 9.05%. These facilities are on demand and subject to bi-annual and annual renewal and are classified as loans on the face of the statement of financial position. The loans are financial liabilities measured at amortised cost in terms of IFRS 9.

9. 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. During the Review Period, a property classified as held for sale with a value of R71 million was reclassified back into property, plant and equipment as the sale transaction did not materialise.

No impairment loss was recognised on the fair value adjustment on these assets during the Review Period.

10. RELATED PARTIES

The Group is controlled by Rallen (Pty) Ltd which owns 56,46% (2024: 56,46%) of its share capital. Management fees totalling R2,1 million (2024: R3,0 million) were paid by the Group to Rallen (Pty) Ltd during the period. 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. Executive directors' remuneration is paid by Italtile Ceramics (Pty) Ltd, a subsidiary of the Company. No balances were owing at half-year end (2024: Rnil).

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 of the Group at 31 December 2024 or the results of its operations or cash flow for the period 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
2191
Gauteng, South Africa

Postal address

PO Box 1689
Randburg
2125
South Africa

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 (Chairperson), GAM Ravazzotti, SM du Toit (lead independent director), SG Pretorius, NP Khoza, JN Potgieter, LC Prezens, A Mathole

Bastion

ITALTILE LIMITED

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