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## ITALTILE LIMITED

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

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### ITALTILE EXTENDS DATE OF REPAYMENT OF LOAN OUTSTANDINGS

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In terms of a loan agreement concluded between Italtile and the Italtile and Ceramic Foundation Trust ("Trust") on or about 28 May 2012 ("Loan Agreement"), Italtile lent and advanced an interest free loan in the amount of R120 600 000.00 ("Loan"), to the Trust, which loan constituted the provision of financial assistance ("Italtile Loan Transaction"). Unless otherwise agreed to by Italtile in writing, the Loan is repayable in full on the tenth anniversary of the advance date, being 14 August 2022 ("Repayment Date").

The Trust utilised the Loan to acquire 26 400 000 shares ("Initial Italtile Shares") held by Arrow Creek Investments 74 Proprietary Limited in Italtile for an aggregate purchase consideration of R120 600 000.00 ("Arrow Creek Sale Transaction").

Shareholders are referred to the circular, dated Friday, 13 July 2012, including all annexures, the notice of general meeting and form of proxy contained therein, which sets out the salient terms and mechanics of, *inter alia*, the Italtile Loan Transaction and the Arrow Creek Sale Transaction. All shareholder approvals required to implement the aforesaid transactions were obtained at the general meeting of Italtile shareholders held on Tuesday, 14 August 2012.

As at the date of this SENS announcement, the Trust has repaid a portion of the Loan in the amount of R30 000 000.00. The Trust will not have sufficient cash to repay the balance of the Loan in the amount of R90 600 000.00 ("Loan Outstandings") on or before the Repayment Date.

In terms of the amended and restated deed of trust in respect of the Trust, the Trust is entitled to dispose of all or some of the Initial Italtile Shares in order to repay the Loan in full, provided that the Trust has followed the pre-emptive right process set out in clause 19 thereof (which affords Italtile or its nominee pre-emptive rights to acquire any of the Initial Italtile Shares that the Trust wishes to dispose of).

For the reasons set out below, Italtile does not wish for the Trust to dispose of any of the Initial Italtile Shares in order to repay the Loan Outstandings.

The Trust is a Broad-Based Black Ownership Scheme, with the objective of conducting public benefit activities (PBO ref no: 930044728) in a non-profit manner with an altruistic and philanthropic intent, working towards the transformation and upliftment of previously disadvantaged communities. The distributions received by the Trust are applied towards public benefit activities relating primarily to education, sport and conservation.

It is anticipated that, for the financial year ending 30 June 2022, the Trust will have made distributions (arising out of dividend income actually received by the Trust from the shares it holds in Italtile) in an amount of approximately R32.5 million, in the aggregate, to beneficiaries in the sole pursuit of public benefit activities relating to education projects and/or causes, promotion of sport and sport related projects, conservation and other public benefit activities. A report from the Trust setting out the public benefit activities that were undertaken during the financial year ending 30 June 2022 will be incorporated in the Italtile 2022 integrated annual report.

The Trust currently holds 48 706 708 shares in Italtile constituting 3,69% of the issued ordinary shares of Italtile ("Italtile Shares"). The Trust contributes to the Broad-Based Black Economic Empowerment ("B-BBEE") ownership credentials of Italtile.

A disposal of any portion of the Italtile Shares by the Trust may result in a dilution of the B-BBEE ownership credentials of Italtile. Conversely, the retention by the Trust of its Italtile Shares will enable Italtile, in turn, to retain the B-BBEE ownership recognition which it derives from the Trust.

In the furtherance of the objects of the Trust, the Trust acquired 1 000 000 shares in Italtile on the open market during the financial year ending 30 June 2022. Based on discussions held between Italtile and the trustees of the Trust, as well as the recent acquisition of the additional shares in Italtile by the Trust, it is Italtile's understanding that the Trust intends over time to increase, as opposed to decrease, its shareholding in Italtile. This acquisition strategy aligns with Italtile's transformation and corporate social investment strategy and objectives.

Furthermore, the repayment of the Loan Outstandings out of surplus trust funds of, and dividends and other distributions received by, the Trust, as opposed to the repayment of the Loan Outstandings from proceeds received pursuant to a disposal of Italtile Shares, will further the ability of the Trust to carry on its public benefit activities and benefit the beneficiaries, as it will preserve the number and value of Italtile Shares which will be used to generate further income for the Trust, which in turn will be used to carry out the Trust's objects.

Taking into account the above considerations, Italtile exercised its entitlement in terms of clause 8 of the Loan Agreement, to extend the date for repayment of the Loan Outstandings by a further 10 years from 14 August 2022 and had notified the Trust, in writing, thereof on 25 May 2022.

Accordingly the board of directors of Italtile hereby notifies the Italtile shareholders that the Loan Outstandings will be repayable in full by the Trust to Italtile on or before 14 August 2032.

Johannesburg

26 May 2022

**Sponsor**

Merchantec Capital