REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CASH DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

HIGHLIGHTS

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

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

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

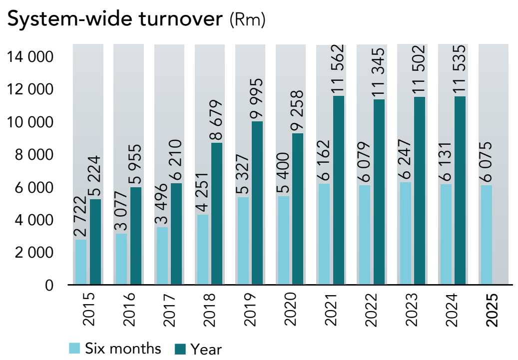
Ordinary dividend per share
▲4% **28,0 cents**
2023: 27,0 cents

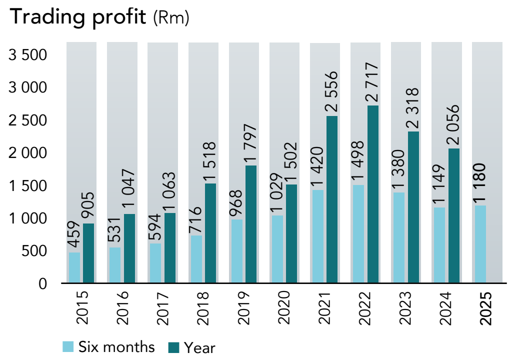
Earnings per share
▲5% **70,6 cents**
2023: 67,5 cents

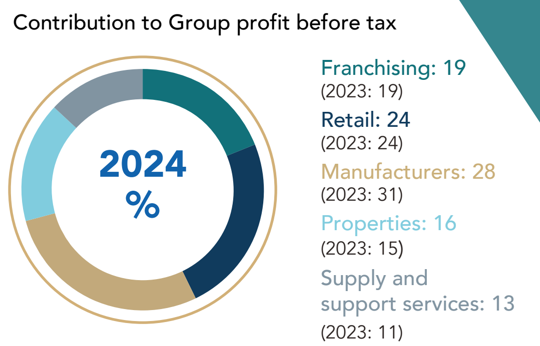
Net asset value per share
▼1% **678,1 cents**
2023: 684,4 cents

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

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







At the year-end, we committed to our 'fighting-fit' mantra, which stood us in good stead for the Review Period. Our operators once again displayed their perseverance and resilience. Our stores are profitable and the franchise network is healthy. Our vertically integrated manufacturing and import businesses underpinned the retail operations' value offering for cost-conscious customers. 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 are gratified to report that the six months under review ended stronger than it started, buoyed by improved consumer sentiment and increased disposable income.

Lance Foxcroft, *Chief Executive Officer*

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 retail operation is strategically supported by a vertically integrated supply chain comprising key manufacturers and import operations and an extensive property portfolio.

TRADING ENVIRONMENT

The six-month reporting 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.

GROUP PERFORMANCE

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

Quality and affordability are our customers' primary watchwords, and we strive to add value through key 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."

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. Although Ceramic Industries' 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.

KEY FOCUS AREAS

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 will 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 reporting period by continuing to differentiate the brand as an icon of affordable fashion, through price, quality and service. The sustained turnaround of the 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. Our 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 flagship Vulcania plant, and the business will continue to grow through driving a gain in 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 to 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 for ceramic tiles, **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. Planned 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 piped natural gas supply from Mozambique will remain a key priority for management. 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.

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 disposable income 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.

27 February 2025

DECLARATION OF ORDINARY CASH DIVIDEND

The Group's dividend cover is two and a half times. The Board of directors of Italtile ("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 share (2023: 27,0 cents) out of income reserves to all shareholders of Italtile as at the record date of Friday, 28 March 2025. The dividend per share is calculated based on 1 321 654 148 shares (2023: 1 321 654 148 shares) in issue at the date of dividend declaration. The local dividend withholding tax is 20% (twenty percent). The net local dividend amount is 22,4 cents per share for shareholders liable to pay dividends tax and 28,0 cents per share for shareholders exempt from paying dividends tax.

Italtile's income tax reference number is 9050182717.

Dividend declaration date	Monday, 3 March 2025
Last day to trade *cum* the dividend	Tuesday, 25 March 2025
Date to commence trading ex-dividend	Wednesday, 26 March 2025
Record date	Friday, 28 March 2025
Payment date	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.

RESULTS ANNOUNCEMENT The content of this results announcement is the responsibility of the Board. Shareholders are advised that this announcement represents a summary of the information contained in the full announcement which has been released on SENS and is available on the JSE cloudlink at: **https://senspdf.jse.co.za/documents/2025/jse/isse/ite/interims25.pdf** and on Italtile's website at **https://italtile.com/sens-announcements.php.** This results announcement was published on SENS on Monday, 3 March 2025.

The reviewed condensed consolidated interim financial statements for the six months ended 31 December 2024 ("Results") were reviewed by PricewaterhouseCoopers Inc. ("PwC"), who expressed an unmodified review conclusion thereon. Shareholders are advised that to obtain a full understanding of the nature of the auditor's engagement, and more specifically, the nature of the information reviewed, they should obtain a copy of PwC's report available at the following link: **https://italtile.com/reports-and-results.php** or from the Company Secretary who is contactable on +27 11 325 6363 or roxanne@acorim.co.za.

Any investment decisions made by investors and/or shareholders should be based on a consideration of the Results as a whole and investors and shareholders are encouraged to review the Results, as detailed herein.

Incorporated in the Republic of South Africa.
(Registration number: 1955/000558/06)
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Company Secretary: Acorim Proprietary Limited
Sponsor: Merchantec Capital
Auditor: PricewaterhouseCoopers Inc.