# Notes to the financial statements continued
## for the year ended 30 June 2025

| Company 2025 Rm | Company 2024 Rm | | Group 2025 Rm | Group 2024 Rm |
|---|---|---|---|---|
| | | **21. INVENTORIES** | | |
| | | Raw materials and packaging | **243** | 250 |
| | | Semi-finished goods | **4** | 4 |
| | | Finished goods and merchandise | **981** | 1 017 |
| | | | **1 228** | 1 271 |

The following table demonstrates the impact on the Group obsolescence provision to a change in value of inventories held, with all other variables held constant:

| | Supply and Support Services | Retail | Manufacturing | Total |
|---|---|---|---|---|
| **2025** | | | | |
| +10% | **2** | **6** | **7** | **15** |
| -10% | **(2)** | **(6)** | **(7)** | **(15)** |
| **2024** | | | | |
| +10% | 3 | 6 | 9 | 18 |
| -10% | (3) | (6) | (9) | (18) |

Inventory at year-end is net of an obsolescence provision of R122 million (2024: R144 million), which is determined on an annual basis. The net movement of R22 million has been included in the cost of sales line item on the face of the statement of comprehensive income.

The provision takes into account expected future sales ability of inventory items based on historical experience, analysis of market and fashion trends and a review of the ageing of the inventory items. There has been no change in the methodology applied in the previous financial year.

Inventory losses recognised as an expense totalled R11 million (2024: R19 million).

| | 2025 Rm | 2024 Rm |
|---|---|---|
| **22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS** | | |
| **Current assets** | **52** | – |
| Financial asset at fair value through profit and loss (FVTPL)* | | |
| Movements in the Financial assets held at fair value through profit and loss are detailed as below: | | |
| Acquisition value | **50** | – |
| Fair value gains brought forward | **–** | – |
| Fair value gains during the year | **2** | – |
| | **52** | – |

* *In the fourth quarter of FY2025, The Italtile and Ceramic Foundation Trust invested in financial assets classified at fair value through profit and loss for R50 million, in the form of a managed investment portfolio. This investment is classified as Level 2 in the fair value hierarchy. In accordance with IFRS 13, the fair value measurement of the investment is determined using the stated valuation technique, whereby the Company receives a statement from the fund manager reflecting the market value of the units held in the fund. The fund manager's statement provides an observable input under Level 2 of the fair value hierarchy, ensuring transparency and reliability in the valuation process.*

The financial instruments held within the investment includes, South African equities, gilts and bonds, cash, local unit trusts, and asset swaps which are tradable instruments on the open market.

### Fair value measurement

Classes and categories of financial assets and their fair values have been presented in the table below:

| | Financial assets | | | |
|---|---|---|---|---|
| | FVTPL measurement R'm | Fair value level 1 | Fair value level 2 | Fair value level 3 |
| Managed investments | **52** | **–** | **52** | **–** |

The financial assets are held at the fair value and there have been no transfers between levels 1 and 2 for recurring fair value measurements during the year and there have been no level 3 measurements during FY2025.