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

35. RETIREMENT BENEFIT INFORMATION

The Group participates in the Alexander Forbes Retirement Fund. This is an umbrella fund arrangement created for the provision of retirement benefits.

The Fund is a defined contribution plan and is governed by the Pension Funds Act, No 24 of 1956.

The financial position of the Alexander Forbes Retirement Fund (Provident Section): Italtile Limited is currently reviewed on a monthly basis.

As at 30 June 2025 and 2024, the Fund was found to be in a sound financial position.

At 30 June 2025, 1 599 (2024: 1 494) employees of the Group and franchisees were members of the Fund, to which the Group and franchisees contributed R41 million (2024: R44 million) and the employees Rnil (2024: Rnil). The Fund is open to all permanent staff with their participation thereof being a condition of employment.

Their dependants are eligible for death benefits accruing from the Fund in the event of the member's death.

All permanent full-time employees of franchise stores are required to participate in the Fund.

Ceramic Industries

In South Africa, Ceramic contributes to two defined contribution retirement funds for its employees which are governed by the Pension Funds Act, No 24 of 1956.

The funds are administered by Alexander Forbes.

At 30 June 2025, 883 (2024: 987) employees of Ceramic were members of the funds, to which Ceramic contributed R23 million (2024: R25 million). All permanent employees are required to join one of the funds.

In Australia, Ceramic contributes the legislated defined contribution amounts in the various superannuation funds specified by its 60 (2024: 60) employees.

Ezee Tile

Ezee Tile contributes to three defined contribution retirement funds for its employees which are governed by the Pension Funds Act, No 24 of 1956.

The funds are administered by Alexander Forbes, Hospitality and General Provident Fund, and Old Mutual. Alexander Forbes is open to all new permanent staff with their participation thereof being a condition of employment. Their dependants are eligible for death benefits accruing from the funds in the event of the member's death.

As at 30 June 2025, 124 (2024: 160) employees of Ezee Tile were members of the funds, to which Ezee Tile contributed R3,2 million (2024: R2,9 million) and employees contributed R1,0 million (2024: R1,0 million).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Group

The Group's principal financial liabilities comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. The Group's primary objective of risk management is to reduce the uncertainty over future cash flows.

Company

The Company's principal financial assets comprise loans given to a subsidiary company and trusts detailed in notes 17.1 and 23.2, and cash and short-term deposits, which arise directly from its investments. The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised on the following page.

The Company's primary objective of risk management is to reduce the uncertainty over future cash flows.

Interest rate risk

The Company and Group are not sensitive to fluctuations in interest rates.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Foreign currency risk

Group

As the Group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise.

Approximately 14% (2024: 14%) of cost of sales are short-term denominated in currencies other than the Group's functional currency.

The Group requires all of its operating units to use forward currency contracts to eliminate the currency exposures on any individual transaction for which payment is anticipated on terms after the Group has entered into a firm commitment for a purchase, for which no letter of credit has been issued. The forward currency contracts must be in the same currency as the purchased item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy not to apply hedge accounting, or to trade in derivatives for profit-making purposes.

Forward exchange contracts outstanding at the reporting date all fall due within one month (2024: three months), have a settlement value of less than a million (2024: less than a million) and are denominated in Euro and US$, with an average exchange rate of R20,63:€1 (2024: R20,00:€1) and R17,81:$1 (2024: nil).

Exchange rates utilised to convert financial information are as follows:

	2025 Weighted average rate for the year	**2025** Closing rate	2024 Weighted average rate for the year	2024 Closing rate
ZAR: Australian Dollar	**11,76:1**	**11,65:1**	12,26:1	12,14:1
ZAR: Botswana Pula	**1,34:1**	**1,33:1**	1,38:1	1,34:1
ZAR: Euro	**19,75:1**	**20,9:1**	20,23:1	19,49:1
ZAR: Kenyan Shilling	**0,14:1**	**0,14:1**	0,13:1	0,14:1
ZAR: Tanzanian Shilling	**0,01:1**	**0,01:1**	0,01:1	0,01:1
ZAR: Zambian Kwacha	**0,67:1**	**0,75:1**	0,81:1	0,73:1
ZAR: US Dollar	**18,17:1**	**17,81:1**	18,71:1	18,23:1
ZAR: Rwandan Franc	**0,01:1**	**0,01:1**	0,01:1	0,01:1

The exposure and concentration of the Group's foreign currency risk are included in the table below.

	South African Rand Rm	Australian Dollar Rm	Other* Rm	Total Rm
2025				
Financial assets				
Trade and other receivables – before loss allowance	**681**	**155**	**82**	**918**
Cash and cash equivalents	**1 899**	**4**	**266**	**2 169**
Long-term financial assets	**109**	**–**	**–**	**109**
Financial liabilities				
Interest-bearing loans and borrowings	**500**	**–**	**–**	**500**
Trade and other payables	**588**	**58**	**56**	**702**
2024				
Financial assets				
Trade and other receivables – before loss allowance**	761	146	64	971
Cash and cash equivalents	1 632	(1)	213	1 844
Long-term financial assets	102	–	–	102
Financial liabilities				
Interest-bearing loans and borrowings	500	–	–	500
Trade and other payables**	585	65	68	718

* *Other includes the Botswana Pula, Kenyan Shilling, Tanzanian Shilling, Namibian Dollar, Lesotho Loti, Zambian Kwacha, Rwandan Franc and US Dollar.*
** *Refer to note 41.*

The following table illustrates the Group's sensitivity to a change in exchange rates with all other variables held constant:

	2025 Rm	2024 Rm
Net profit before tax		
+10%	**9**	10
-10%	**(9)**	(10)
Foreign currency translation reserve		
+10%	**11**	13
-10%	**(11)**	(13)

Company

The Company has no exposure to foreign currency risk.

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

Group

The Group trades only with recognised, creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and, where appropriate, credit guarantee insurance is purchased.

In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is contained.

The maximum exposure is the carrying amount as disclosed in note 23.1. There is no significant concentration of credit risk within the Group, and trade receivables have been grouped based on shared credit risk characteristics to measure expected credit losses as disclosed in note 23.1.

The expected loss allowance as disclosed in note 23.1 is management's best estimate of trade receivables at year-end which will not be recovered. Amounts which are considered irrecoverable, usually following an extensive process to attempt to recover overdue amounts including legal steps, are written off. Aggregate write-offs for the year are disclosed in note 23.1 (shown as a utilisation in the loss allowance movement reconciliation for the year). Trade receivables consist of a large number of customers spread across franchise and third-party debtors.

	Gross trade receivables R'000	Balances specifically provided for R'000	Net balance subject to ECL loss model R'000
Trade receivables			
2025			
Third parties	**490**	**(48)**	**442**
Franchisees	**146**	**(4)**	**142**
	636	**(52)**	**584**
2024 (restated)			
Third parties*	551	(64)	487
Franchisees	163	–	163
	714	(64)	650

* *Refer to note 41.*

Details relating to the loss allowance split per ageing category of trade receivables as at 30 June is as follows:

	Current Rm	0 – 30 days Rm	31 – 60 days Rm	61+ days Rm	Total Rm
2025					
Trade receivables	**436**	**31**	**55**	**62**	**584**
Third parties	**299**	**31**	**53**	**59**	**442**
Franchisees	**137**	**–**	**2**	**3**	**142**
Expected loss rate (%)					
Third parties	**0 to 0,5%**	**0,5% to 1,3%**	**1,3% to 5,6%**	**5,6% to 8,5%**	**0 to 8,5%**
Franchisees	**0 to 0,4%**	**0,4% to 4,4%**	**4,4% to 6,5%**	**6,5% to 8,0%**	**0 to 8,0%**
Expected loss allowance	**(3)**	**(1)**	**(3)**	**(6)**	**(13)**
Third parties	**(2)**	**(1)**	**(3)**	**(6)**	**(12)**
Franchisees	**(1)**	**–**	**(#)**	**(#)**	**(1)**
Specific loss allowance					**(52)**
Third parties					**(48)**
Franchisees					**(4)**
Total loss allowance	**(4)**	**(0)**	**(5)**	**(3)**	**(65)**
2024					
Trade receivables*	507	38	41	64	650
Third parties	353	38	40	56	487
Franchisees	154	–	1	8	163
Expected loss rate (%)					
Third parties	0 to 0,5%	0,5% to 0,7%	0,7% to 1,2%	1,2% to 2,5%	0 to 2,5%
Franchisees	0 to 0,1%	0,1% to 0,2%	0,2% to 2,6%	2,6% to 19,0%	0 to 19,0%
Expected loss allowance	(2)	(#)	(#)	(3)	(5)
Third parties	(2)	(#)	(#)	(1)	(3)
Franchisees	(#)	(#)	(#)	(2)	(2)
Specific loss allowance	–	–	–	–	(64)
Third parties					(64)
Franchisees					–
Total loss allowance	(1)	(#)	(1)	(1)	(69)

* *Refer to note 41.*
# *Less than R1 million.*
Less than 0,1%.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk continued

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, as disclosed in notes 18, 23.1 and 24.

In terms of the Group's treasury policy, surplus cash balances may only be invested in liquid money market instruments managed by predefined reputable counterparties, comprising primarily of financial institutions and banks.

The external credit rating of those counterparties holding material surplus cash balances is Ba1 (according to Moody's credit rating scale).

Company

With respect to credit risk arising from cash and cash equivalents, trade and other receivables and B-BBEE loans, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments, as disclosed in notes 18, 23.1 and 24. There is no loss allowance recorded for these balances and no write-offs have occurred. Cash and cash equivalents are deposited with financial institutions with credit ratings as detailed above for the Group.

Liquidity risk

Group

The Group monitors its risk to a shortage of funds arising by using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

In terms of the Group's treasury policy, surplus cash balances may only be invested in liquid money market instruments managed by predefined reputable counterparties.

Adequate cash reserves are invested in a dividend income fund in order to match the repayment profile of the Rand loan. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. In terms of the MOI, the Company's borrowing powers are unlimited.

The table below summarises the maturity profile of the Group's financial liabilities at year-end based on contractual undiscounted payments.

	On demand Rm	Less than 3 months Rm	3 to 12 months Rm	1 to 2 years Rm	3 to 5 years Rm	> 5 years Rm	Total Rm
Year ended 30 June 2025							
Interest-bearing loans and borrowings	**500**	**–**	**–**	**–**	**–**	**–**	**500**
Lease liabilities	**–**	**27**	**73**	**100**	**127**	**285**	**612**
Trade and other payables	**–**	**702**	**–**	**–**	**–**	**–**	**702**
	500	**729**	**73**	**100**	**127**	**285**	**1 814**
Year ended 30 June 2024							
Interest-bearing loans and borrowings	–	10	507	–	–	–	517
Lease liabilities	–	27	76	108	135	347	693
Trade and other payables (restated)*	–	718	–	–	–	–	718
	–	755	583	108	135	347	1 928

* *Refer to note 41.*

The Group has cash and cash equivalents of R2 169 million (2024: R1 844 million), and unutilised credit facilities of R435 million (2024: R524 million) in respect of which all conditions precedent had been met. All covenants on borrowings have been met.

Company

The Company monitors its risk to a shortage of funds arising by using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from investments.

In terms of the MOI, the Company's borrowing powers are unlimited.

The Company has cash and cash equivalents of R19 million (2024: R11 million), and no credit facilities. All liabilities are current.

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk continued

Group

At the end of the financial year, the Group had cash and cash equivalents of R2 169 million (2024: R1 844 million) on its statement of financial position. The following table demonstrates the Group profit before tax sensitivity to a change in interest rates earned on cash and cash equivalents with all other variables held constant:

	2025 Rm	2024 Rm
+1%	**20**	14
-1%	**(20)**	(14)

At the end of the financial year, the Group had term funding liabilities of R500 million (2024: R500 million) on its statement of financial position. The following table demonstrates the Group's profit before tax sensitivity to a change in interest rates with all other variables held constant (through the impact of floating rate borrowings):

	2025 Rm	2024 Rm
+1%	**(5)**	(5)
-1%	**5**	5

Capital management

Group

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure (equity attributable to the equity holders) and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2025 and 2024.

The Group monitors capital using a gearing ratio, which is defined as interest-bearing debt and borrowings as a percentage of equity attributable to the equity holders of the parent. (Refer to note 31 for further details on interest-bearing loans.)

	2025 Rm	2024 Rm
Interest-bearing debt and borrowings	**500**	500
Equity attributable to the equity holders of the parent	**8 091**	8 171
Gearing ratio (%)	**6,2**	6,1

37. SEGMENT REPORT

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess their performance.

The Chief Operating Decision Maker has been identified as the executive directors of the Group.

On this basis, the Group has five reportable segments:

Segment	Nature of business
Retail	– Retailers of tiles, brassware, laminated flooring, bathroomware, other home-finishing products and accessories.
Franchising	– Bearer of South African and non-South African trademarks.
Properties	– Property investments and leasing.
Supply and support services	– Distributor of tiles, shower enclosures, brassware, laminate and vinyl flooring, accessories, and tiling tools. – Group administration, marketing and management services. – Outsourced debtor solutions. – Procurement.
Manufacturing	– Manufacturers of tiles, sanitaryware, baths, adhesive and related products.

All intersegmental transactions are concluded at arm's length.