Notes to the financial statements continued

for the year ended 30 June 2026

Company 2026 Rm	Company 2025 Rm		Group 2026 Rm	Group 2025 Rm
		21. INVENTORIES		
		Raw materials and packaging	**246**	243
		Semi-finished goods	**5**	4
		Finished goods and merchandise	**942**	981
			1 193	1 228

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
2026				
+10%	**2**	**6**	**7**	**15**
-10%	**(2)**	**(6)**	**(7)**	**(15)**
2025				
+10%	2	6	7	15
-10%	(2)	(6)	(7)	(15)

Inventory at year-end is net of an obsolescence provision of R135 million (2025: R122 million), which is determined on an annual basis.

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 R9 million (2025: R11 million).

	2026 Rm	2025 Rm
22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Current assets		
Acquisition value brought forward	**50**	–
Fair value gains brought forward	**2**	–
Movements in the Financial assets held at fair value through profit and loss are detailed as below:		
Fair value gains during the year	**6**	2
Acquisitions during the year	**30**	50
Financial asset at fair value through profit and loss*	**88**	52

* *From the fourth quarter of FY2025, the Italtile and Ceramic Foundation Trust has invested in financial assets classified at fair value through profit or loss ("FVTPL"). As at 30 June 2026, these investments amounted to approximately R80 million and comprise a managed investment portfolio classified as Level 2 within the fair value hierarchy. In accordance with IFRS 13, the fair value of the investments is determined based on statements received from the fund manager reflecting the market value of the units held in the fund. These statements provide observable market inputs and therefore constitute Level 2 inputs within 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.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS continued

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	2	3
Managed investments	**88**	–	**88**	–

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 FY2026.

Company 2026 Rm	Company 2025 Rm		Group 2026 Rm	Group 2025 Rm
		23.1 TRADE AND OTHER RECEIVABLES		
		Trade receivables – net of loss allowance	**587**	571
		Prepayments	**97**	119
		Franchisee receivables	**71**	26
#	#	Current portion of B-BBEE advances	**5**	12
		Sundry debtors – net of loss allowance*	**112**	126
#	#		**872**	854
		** Includes deposits, rebates receivable, and short-term portions of loans per note 18. Due to the nature of the receivables and the security mechanisms, credit risk on these amounts is limited.*		
		23.2 AMOUNTS OWING FROM RELATED PARTIES		
1568	3 430	Amounts owing by subsidiary		

 # Less than R1 million.

For terms and conditions relating to Group-related receivables, refer to note 27.

The amounts owing by subsidiary represent amounts owing by Italtile Ceramics (Pty) Ltd. These amounts are unsecured, carry no interest and are payable on demand. As the subsidiary has material liquid assets and other significant assets, credit risk is minimal and no expected credit loss is provided for. Outstanding balances are settled from time to time based on the cash flow requirements of the various entities.

Trade receivables of the Group comprise amounts due from franchisees and other third-party customers, each of which has different credit risk characteristics. Credit risk relating to amounts due from franchisees is limited (recovery via underlying assets of the franchise business in the event of default is provided for in franchise agreements).

An expected credit-loss model (simplified approach) is used to calculate the expected credit-loss allowance for third-party customers. The expected credit-loss model is based on historical payment profiles and credit losses. Macro-economic factors considered by the Group when determining expected loss rates include GDP annual growth, prime lending interest rate, inflation rate and unemployment. In addition, forecast macro-economic factors for 12 months from the calculation date are also considered. Refer to note 36 for further information related to expected credit loss.

As at 30 June 2026, a loss allowance of R68 million (2025: R65 million) has been recorded for trade receivables.

Movements in the loss allowance of trade and other receivables were as follows:

	Total Rm
At 30 June 2024	69
Utilised during the year	(14)
Raised during the year	10
At 30 June 2025	65
Utilised during the year	(21)
Raised during the year	24
At 30 June 2026	**68***

** Loss allowances includes R59 million (2025: R65 million) relating to trade receivables and R9 million (2025: nil) relating to Sundry debtors.*