# Notes to the financial statements continued

for the year ended 30 June 2026

## 6. SHARE-BASED PAYMENTS

### Share Appreciation Rights Scheme

During FY2011, a share appreciation rights scheme was adopted by the Company, in accordance with which selected directors and employees of the Group are entitled to receive notional share awards based on the increase in share price from grant date price. These awards vest as follows:

- 25% after three years and 75% after five years; and
- The exercise price is determined in accordance with the rules of the scheme.

The plan has been classified as an equity-settled share-based payment scheme and is fair valued on each grant date using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the notional awards on grant dates for awards still in issue at year-end or which vested during the year:

| Grant date | 31 August 2021 | 31 August 2022 | 31 August 2023 | 31 August 2025 |
|---|---|---|---|---|
| Notional share award | 3 300 000 | 650 000 | 300 000 | 1 000 000 |
| Grant price | R16,60 | R14,77 | R12,29 | R11,06 |
| Interest rate: | | | | |
| zero yield curve* | 5,83%# | 8,10%# | 8,19%# | 7,08%# |
| Dividend yield | 2,32% | 2,45% | 2,74% | 3,10% |
| Volatility** | 34,59% | 35,48% | 35,43% | 31,95% |

* *Source: Standard Bank.*
\# *Five-year rate used.*
** *Five-year annualised daily historical share price volatility.*

The movement in the number of awards during the year is as follows:

| | Number of awards | |
|---|---|---|
| | **2026** | 2025 |
| At 1 July | **5 528 125** | 7 534 375 |
| Awarded during the year | **1 000 000** | – |
| Vested and exercised during the year | **–** | – |
| Forfeited during the year | **(2 665 625)** | (2 006 250) |
| **At 30 June** | **3 862 500** | 5 528 125 |

The weighted average vesting period of awards outstanding at year-end is 1,28 years (2025: 0,81 years).

The fair value of the unvested awards granted on 30 June 2026 was R14,9 million (2025: R23 million).

Included in the expenses in the profit and loss for the year is R4,7 million (2025: R6 million) relating to the current year share-based payment expense for this scheme.

## 6. SHARE-BASED PAYMENTS continued

### Italtile Retention Scheme

The Italtile Retention Scheme replaces the Executive Retention Plan.

The scheme is an additional mechanism, over and above the SARS, to retain and reward selected employees and directors.

In terms of this scheme, awards are made to selected directors and employees, which are linked to shares held by the Italtile Retention Trust, with dividend and voting rights on these shares passing to the selected director or employee.

The awards have a five-year retention period and the number of shares, which vest and transfer to participants, is dependent on the achievement of certain performance targets. These performance targets include HEPS growth, return on invested capital and individual performance targets.

The movement in the number of awards during the year is as follows:

| | Number of awards | |
|---|---|---|
| | **2026** | 2025 |
| At 1 July | **14 595 000** | 7 645 000 |
| Awarded during the year | **1 075 000** | 7 350 000 |
| Forfeited during the year | **(4 000 000)** | (400 000) |
| **At 30 June** | **11 670 000** | 14 595 000 |

The scheme has been classified as an equity-settled share-based payment scheme and is valued on grant date using the market value of the related shares on allocation of awards to participants. The market value of awards issued to participants in the current year on grant date was R11 million (2025: R87 million). Included in expenses in the profit and loss for the year is R15,6 million (2025: R0,6 million) relating to the current year share-based payment expense for the scheme. The decrease in expense year-on-year is attributable to the decrease in the vesting probability of outstanding awards.

# Notes to the financial statements continued

for the year ended 30 June 2026

## 6. SHARE-BASED PAYMENTS continued

### Italtile Staff Share Scheme

During the previous financial year, the Group implemented a new staff share scheme, which replaced the existing scheme on the previous page.

Similar to the previous scheme, all employees of the Group and its franchisees that had been in the employ of the Group and/or franchise network for a period of three uninterrupted years at each allotment date (March every year) qualify to participate in the scheme (if they have not been a participant of any other share scheme before).

In terms of this scheme, awards are made to qualifying employees, which are linked to shares held by the Italtile Staff Share Scheme Trust, with dividend and voting rights on these shares passing to the participating employees. In terms of this scheme, during March 2026, awards of 0,8 million (2025: 1,1 million) of the Group's shares were made to 155 (2025: 184) qualifying employees of the Group and its franchisees. Until vesting, the shares will continue to be accounted for as treasury shares and have a negligible impact on the diluted weighted average number of shares.

The second allotment of shares in the scheme, granted in 2023, vested on 31 March 2026. A total of 104 employees qualified for the vesting, 103 of whom elected to have the shares disposed of on their behalf to receive the net value of the awards in cash with the balance electing to retain the shares.

The scheme is classified as an equity-settled share-based payment scheme and is fair valued on each grant date using a modified Black-Schöles model. The following assumptions and inputs were used in valuing the awards still in issue at year-end:

| Grant date | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 |
|---|---|---|---|---|
| Vesting date | 31 March 2026 | 31 March 2027 | 31 March 2028 | **31 March 2029** |
| Share awards | 843 024 | 1 165 220 | 1 122 584 | **1 043 925** |
| Grant price per share | R13,04 | R12,64 | R9,65 | **R6,97** |
| Share price at valuation date | R12,42 | R10,20 | R10,25 | **R8,55** |
| Interest rate yield curve* | 7.55% – 11.53% | 8,52% – 13,24% | 7,49% – 9,58% | **6,92% – 9,70%** |
| Dividend yield | 2,72% | 3,16% | 3,43% | **3,63%** |
| Volatility# | 35,81% | 31,21% | 31,87% | **29,95%** |
| Expected forfeitures | 27% | 27% | 35% | **24%** |

* *Source: JSE.*

\# *Three-year ordinary share price historical volatility.*

The movement in the number of awards during the year is as follows:

| | Number of awards | |
|---|---|---|
| | 2026 | 2025 |
| At 1 July | **2 549 626** | 3 195 730 |
| Awarded during the year | **1 043 925** | 1 122 584 |
| Vested and exercised during the year | **(562 016)** | (1 265 000) |
| Forfeited during the year | **(469 595)** | (503 688) |
| At 30 June | **2 561 940** | 2 549 626 |

The weighted average vesting period of awards outstanding at year-end is 1,85 years (2025: 1,95 years).

The fair value of the unvested awards granted on 30 June 2026 was R15,6 million (2025: R15,1 million).

Included in the expenses in the profit and loss for the year is R4,9 million (2025: R15,1 million) relating to the current year share-based payment expense for this scheme. An accelerated once-off charge of R1,5 million (2025: R1,8 million) was recorded in the current year related to awards made to employees of franchisees.

## 6. SHARE-BASED PAYMENTS continued

### Share option reserve

The composition of the share schemes' reserve is as follows:

| Company | | | Group | |
|---|---|---|---|---|
| **2026 Rm** | 2025 Rm | | **2026 Rm** | 2025 Rm |
| **52** | 52 | Black Economic Empowerment transactions | **52** | 52 |
| **15** | 23 | Share Appreciation Rights Scheme | **15** | 23 |
| **32** | 67 | Italtile Retention Scheme | **22** | 63 |
| **11** | 15 | Italtile Staff Share Scheme | **11** | 15 |
| **–** | – | Ceramic Share Schemes | **53** | 48 |
| **110** | 157 | | **153** | 201 |

### Treasury shares

The movements of the treasury shares are as follows:

| Company | | | Group | |
|---|---|---|---|---|
| **2026 Rm** | 2025 Rm | | **2026 Rm** | 2025 Rm |
| **(199)** | (111) | Opening balance | **(1 291)** | (1 293) |
| | – | **Treasury share purchases by:** | **(201)** | – |
| | – | Italtile Ceramics (Pty) Ltd | **(201)** | – |
| | – | **Share scheme vestings:** | **47** | 2 |
| | – | Share Appreciation Rights Scheme | **2** | – |
| | – | Retention Scheme | **40** | – |
| | – | Staff Share Scheme | **5** | 2[#] |
| | – | Ceramic Industries Retention Scheme | **–** | – |
| | | **Share scheme revaluation:** | | |
| | | Staff Share Scheme | **(5)**[#] | – |
| | | **Treasury share issuance of awards:** | | |
| **51** | (88) | The Italtile Retention Scheme Trust | **–** | – |
| **(148)** | (199) | | **(1 450)** | (1 291) |

[#] *Non-cash movements.*