

#### 41. Share-based payments

The Group has three share incentive schemes, the EOH Share Trust, the Mthombo Trust and the Share Ownership Plan. Inclusion in the schemes allows directors, executive management and employees to benefit from the EOH share price performance. For the share trusts, the participant needs to be in the employ of the Group in order to exercise vested options. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors, executive management and employees.

Under the terms of the current schemes, up to 18 000 000 shares are reserved for share options. The share options are equity-settled.

##### The EOH Share Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares granted in tranches from time to time as set out below. The share options will lapse 10 years after grant date.

25% after two years

25% after three years

25% after four years

25% after five years.

A reconciliation of the movement of all share options in the EOH Share Trust is detailed below:

	The EOH Share Trust			
	Number of options		Weighted average strike price (cents)	
	2019	2018	2019	2018
Opening balance	8 425 861	7 171 180	59,04	66,48
Granted during the year	1 000 000	1 769 400	21,08	28,51
to management	–	1 769 400	–	28,51
to directors	1 000 000	–	21,08	–
Forfeited during the year	(1 571 825)	(419 648)	69,24	65,22
Forfeited in exchange for shares in the Share Ownership Scheme	(3 154 745)	–	66,31	–
Exercised during the year	(36 250)	(95 071)	112,58	27,37
Options granted but shares not issued up to the end of the year	4 663 041	8 425 861	80,28	59,04
<b>Vesting of share options</b>				
Number of options exercisable at year end	3 395 891	4 077 840	81,35	52,24
Exercise date within one year	84 797	1 654 362		
Exercise date between two and five years	1 182 353	2 693 659		
	4 663 041	8 425 861		

##### The Mthombo Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares granted in tranches from time to time as set out below. The share options will lapse eight years after grant date.

33,33% after three years

33,33% after four years

33,33% after five years

A reconciliation of the movement of all share options in the Mthombo Trust is detailed below:

	The Mthombo Trust			
	Number of options		Weighted average strike price (cents)	
	2019	2018	2019	2018
Opening balance	3 078 746	2 577 831	57,48	69,07
Granted during the year	–	864 000	–	29,49
to management	–	784 000	–	28,51
to directors	–	80 000	–	39,14
Forfeited during the year	(1 254 833)	(346 419)	59,57	74,40
Forfeited in exchange for shares in the Share Ownership Scheme	(1 078 728)	–	65,24	–
Exercised during the year	–	(16 666)	–	45,34
Options granted but shares not issued up to the end of the year	745 185	3 078 746	57,71	57,48
<b>Vesting of share options</b>				
Number of options exercisable at year end	637 184	1 048 684	56,64	44,57
Exercise date within one year	36 500	576 273		
Exercise date between two and five years	71 501	1 453 789		
	745 185	3 078 746		

# Notes to the Consolidated Annual Financial Statements (continued)

for the year ended 31 July 2019

## 41. Share-based payments continued

### The Share Ownership Plan

EOH has reviewed its share option schemes and decided to adopt a new Share Ownership plan which is sustainable, relevant and ensures value in the hands of participants. The scheme awards participants with shares and is determined to be equity settled. Shares granted vest in tranches from time to time as set out below.

25% after two years

25% after three years

25% after four years

25% after five years.

A reconciliation of the movement of all shares in the Share Ownership Plan is detailed below:

	The Share Ownership Plan	
	Number of shares	Weighted average strike price (cents)
	2019	2019
Opening balance	-	-
Granted during the year*	6 828 225	34,83
to management	6 376 805	34,82
to directors	451 420	34,83
Forfeited during the year	(1 075 193)	34,83
Exercised during the year	-	-
Shares not issued up to the end of the year	5 753 032	104,48
<b>Vesting of shares</b>		
Exercise date between two and five years	5 753 032	
	5 753 032	

\* Shares granted include transfers from the EOH Share Trust and the Mthombo Trust.

	The EOH Share Trust		The Mthombo Trust	
	2019	2018	2019	2018
<b>Basis of valuation</b>				
Fair value was determined by using the binomial model. The inputs were as follows:				
Weighted average share price (Rand)	89,52	47,52	59,39	49,29
Option strike price (Rand)	53,71	28,51	35,63	29,57
Expected volatility (%)	23,87	33,10	25,10	38
Expected dividend yield (%)	1,4	1,4	1,4	1,4
Weighted average expected life (years)	3,7	3,7	4,1	4,1
Weighted average fair value of options/shares granted (Rand)	21,08	24,24	-	26,68
Expiry date from grant (years)	10	10	8	8

The volatility of the share price at grant date was determined using the share trading history of EOH prior to grant date.

The after tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

The Share Ownership Plan does not grant employees options, therefore a binomial option pricing model is not used.

#### 41. Share-based payments continued

The analysis of share options/shares granted to directors is detailed below:

	Outstanding at 31 July 2018 or date of appointment	Weighted average strike price (Rand)	Forfeited	Shares granted during the period	Weighted average strike price/share price (Rand)	At 31 July 2019
<b>Executive directors</b>						
<b>Stephen van Coller</b>	-	-	-	1 000 000	21,08	1 000 000
Currently exercisable	-	-	-		-	-
Exercisable in one year	-	-	-		-	-
Exercisable between two and five years	-	-	-	1 000 000	21,08	1 000 000
<b>Megan Pydigadu</b>	-	-	-	62 021	32,98	62 021
Currently exercisable	-	-	-		-	-
Exercisable in one year	-	-	-		-	-
Exercisable between two and five years	-	-	-	62 021	32,98*	62 021
<b>Executive directors that resigned during the year</b>						
<b>John King (resigned effective 30 November 2018)</b>	232 500	74,39	(152 500)	189 451		269 451
Currently exercisable	80 000	54,65	-	-	54,65	80 000
Exercisable in one year	61 250	74,43	(61 250)	-	-	-
Exercisable between two and five years	91 250	91,66	(91 250)	189 451 <sup>#</sup>	34,83*	189 451
<b>Tebogo Maenetja (resigned 31 March 2019)</b>	30 000	38,40	(85 987)	55 987	-	-
Currently exercisable	-	-	-	-	-	-
Exercisable in one year	-	-	-	-	-	-
Exercisable between two and five years	30 000	38,40	(85 987)	55 987 <sup>#</sup>	-	-
<b>Zunaid Mayet (resigned 12 July 2019)</b>	396 667	62,95	(186 667)	143 961		353 961
Currently exercisable	150 000	35,54	-	-	40,88	210 000
Exercisable in one year	60 000	54,23	-	-	-	-
Exercisable between two and five years	186 667	87,79	(186 667)	143 961 <sup>#</sup>	34,83*	143 961
<b>Non-executive directors that resigned during the year</b>						
<b>Asher Bohbot (resigned 28 February 2019)</b>	1 100 000	47,23	(312 500)	-	33,25	787 500
Currently exercisable	656 250	73,87	-	-	33,25	787 500
Exercisable in one year	175 000	69,43	(43 750)	-	-	-
Exercisable between two and five years	268 750	83,66	(268 750)	-	-	-
<b>Pumeza Bam (resigned 12 July 2019)</b>	52 500	74,03	(15 000)	-	66,58	37 500
Currently exercisable	22 500	63,68	-	-	66,58	37 500
Exercisable in one year	15 000	70,93	-	-	-	-
Exercisable between two and five years	15 000	92,65	(15 000)	-	-	-

\* Weighted average share price.

<sup>#</sup> Transfer of shares from the EOH Share Trust and the Mthombo Trust into the Share Ownership Plan.