ADTECH GROUP

A trend of consistent performance delivery

22 Annual Integrated Report

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DIVISIONS

- Group
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- Resourcing

OUR KEY STAKEHOLDERS

- Students and parents
- Investors, financiers and shareholders
- Recruitment candidates and clients
- Community
- Employees/ independent contractors
- Regulatory bodies and government
- Alumni
- Media

OUR STRATEGIC OBJECTIVES

- SO1 Academic excellence
- SO2 Growth
- SO3 Customer focus
- SO4 Educational productivity
- SO5 Human capital productivity
- SO6 Capital productivity
- SO7 Excellence through specialisation

OUR CAPITALS

- FC Financial capital
- HC Human capital
- IC Intellectual capital
- MC Manufactured/ infrastructure capital
- SC Social and relationship capital
- NC Natural capital

OUR MATERIAL MATTERS

- MM 1 Academic excellence
- MM 4 Customer value proposition
- MM 2 Challenging socio-economic conditions
- MM 5 An effective human strategy
- MM 3 Prudent investment and expansion
- MM 6 Regulatory changes and bureaucratic delays

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

E S G

FOCUS SDGs

REPORT NAVIGATION

To illustrate connectivity throughout this report, we make use of various icons as depicted on the left. Our stakeholders are encouraged to view this report in an interactive PDF format available on our website at: www.advtech.co.za under the investor information tab. The complete annual financial statements and all supplementary presentations are also available on our website.

NAVIGATION TOOLS

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- Click to see icon descriptions

Page ••.

Website link

This report is an interactive PDF.
It is best viewed in Adobe Acrobat for desktop, mobile or tablet.*

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ADOBE ACROBAT READER

** Functionality may differ according to device and app version.*

About this report

REPORT SCOPE AND BOUNDARY

We are pleased to present our annual integrated report for the year ended 31 December 2022.

This report is our primary tool for engagement with stakeholders and particularly aims to provide relevant information and detail about the group's strategic progress to providers of financial capital to facilitate investment decisions. It also provides valuable information on how the group creates value for other stakeholders including customers, employees, regulators and communities. The report content focuses on concise material and reliable information on the group's strategy, performance, governance and prospects, while explaining and demonstrating our financial and non-financial sustainable value creation over the short-term (one to two academic years), medium-term (three to five academic years) and long-term (more than five years). Any material information after year-end and up to 18 April 2023, when the board approved the integrated report, has also been included.

Our Environmental, Social and Governance (ESG) journey continues to evolve as the ESG reporting landscape rapidly advances globally. During 2022, good progress was made in developing a three-year ESG roadmap to facilitate the group's ESG reporting in compliance with best practice reporting. The road map is detailed on page 33.

Our reporting scope and boundary incorporates our group operations (school, tertiary and resourcing) in South Africa as well as operations in the rest of Africa over which we have control (see page 5). The scope of reporting also extends to an assessment of the group's risks, opportunities and material outcomes which are impacted by factors such as our internal and external operating environment and external stakeholders.

INTEGRATED THINKING

The group's dynamic operating environment is constantly changing and our ability to adapt to change is critical to our success. To achieve this agility and our purpose of providing academic excellence to enrich people's lives and futures, it is imperative that we apply an integrated thinking approach when developing, shaping and executing our strategy and guiding our business model.

As part of our integrated thinking process, we continually engage with our key stakeholders and consider various factors including risks, opportunities and material matters.

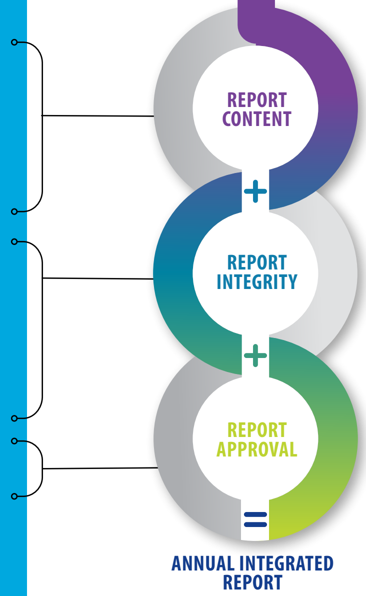
Further, we consider the six capital resources (see pages 36 to 82) used when strategic decisions are made as well as the trade-offs between these capitals. This integrated thinking process ultimately leads to actions that either create, preserve or erode value over the short, medium and long-term.

Integrated reporting process

ADvTECH's integrated reporting process is a dynamic process that involves various role players from board and executive level through to the operating committees and support services. Our report content is informed by various internal and external factors including: reporting frameworks, regulations, codes and standards; stakeholder feedback; material matters (page 14); risks and opportunities (page 9); our operating environment (page 9) and board management reports and minutes.

The board is ultimately responsible for the report's integrity and is assisted by the Audit and Risk Committee (ARCom) and Transformation, Social and Ethics Committee (TSEC). At management level, ADvTECH's robust corporate governance framework includes our combined assurance model (page 84), through its three lines of defence.

Once the board is satisfied with the report's content and integrity it signs off the report (page 3).



Reporting frameworks, regulations, codes and standards

Our annual integrated report has been prepared in accordance with the International <IR> Framework (January 2021). To guide and inform our decisions during the preparation of this report, we applied the principles and requirements contained within various regulations, codes and standards (tabled below).

	ANNUAL INTEGRATED REPORT	ANNUAL FINANCIAL STATEMENTS
IRC <IR> Framework	✓	
South African Companies Act, No. 71 of 2008	✓	✓
International Financial Reporting Standards (IFRS)		✓
JSE Listings Requirements	✓	✓
King IV Report on Corporate Governance for South Africa 2016 (King IV™)	✓	✓
JSE Sustainability Reporting Guidance	✓	

1 While the group does not have a separate ESG report, our ESG content is based on these voluntary reporting frameworks.

Material matters

Our material matters (shown below) are those issues that could substantially impact our ability to execute our strategic priorities and create and preserve stakeholder value in the short (one to two academic years), medium (three to five academic years) and long-term (more than five years). Over time these material matters are also likely to influence stakeholders' decisions. Depending on our internal and external operating environment as well as ongoing stakeholder engagement, the importance of these matters can increase, decrease or remain consistent.

During 2022, we engaged Deloitte & Touche to conduct a materiality workshop with the ARCom members as well as key internal employees, to assess whether our current material matters were still relevant to the group, given the current operating environment. To ensure that all matters that are material to future enterprise value were identified, the materiality assessment was considered through a 'double materiality lens' and included an analysis of material issues in relevant other entities.

Material matters determination process

ASSESS

our internal and external operating environment as well as stakeholder concerns

the positive and negative impact these matters have on our six capitals, strategic objectives and value creation over time

Responsibility: Divisional operating committees and management teams

CONSIDER

our internal risks and opportunities, which are matters discussed at board and leadership operational committee level

all relevant matters included in management and board reports

various external factors that include the economic, regulatory and fiscal environment and our social landscape, both locally and in the rest of Africa

Responsibility: Leadership operating committees

IDENTIFY

the issues through a double materiality lens, namely how they financially impact ADvTECH's enterprise value and how they impact on society, the environment and the economy. In the process, there may be changes in the perception of their severity

Responsibility: Leadership operating committees

REVIEW

our material matters annually

Responsibility: Group Chief Executive Officer (CEO), Group Commercial Director (GCD) and Leadership operating committees

RECOMMEND

the material matters to the board for approval

Responsibility: ARCom

APPROVE

our material matters annually

Responsibility: Board

Material matters

Material matters are unpacked on page 14

↔	MM 1	Academic excellence
↑	MM 2	Challenging socio-economic conditions
↑	MM 3	Prudent investment and expansion
↓	MM 4	Customer value proposition
↑	MM 5	An effective human resource strategy
↓	MM 6	Regulatory changes and bureaucratic delays

Change in severity year-on-year: ↑ Increased ↓ Decreased ↔ Unchanged

Combined assurance model

The board, with the support of the ARCom, ensures the ongoing development and improvement of our combined assurance model to provide effective and efficient assurance services and functions. Using a combined assurance model ensures an effective control environment, supports the integrity of information used for internal decision-making by management, the board and its committees and supports the integrity of the integrated report. It is designed with the goal to effectively cover all our significant risks and material matters through three lines of defence, as shown below.

First line of defence

board and board committees, management: executive leadership and operational management

Second line of defence

internal assurance providers: internal auditors, risk and compliance functions

Third line of defence

external assurance providers: external auditors

While ADvTECH's integrated report is not audited, certain financial information has been extracted from the group's audited annual financial statements, which is externally audited by Ernst & Young. Their unmodified audit opinion is detailed on page 109. Prior to final sign off, the integrated report is subjected to a thorough review by relevant content providers, senior management and accountable executives.

Board approval

The board believes that the integrated annual report:

- was prepared in accordance with the <IR> Framework;
- presents the material matters impacting the group in a balanced way;
- fairly presents the group's integrated performance and future prospects; and
- adequately presents the group's strategy and how it enables the group to sustainably create value in the short-, medium- and long-term.

This report, together with the group's annual financial statements for the year ended 31 December 2022, was approved by the board of directors on 18 April 2023 and signed on its behalf by:

Roy Douglas
Group Chief Executive Officer

Chris Boulle
Chairman

Highlights

ADvTECH DELIVERS ANOTHER STRONG PERFORMANCE ON THE BACK OF CONTINUED ENROLMENT GROWTH.

The trend of consistent performance demonstrates the group's strong market position in South Africa, and a growing presence across the continent.

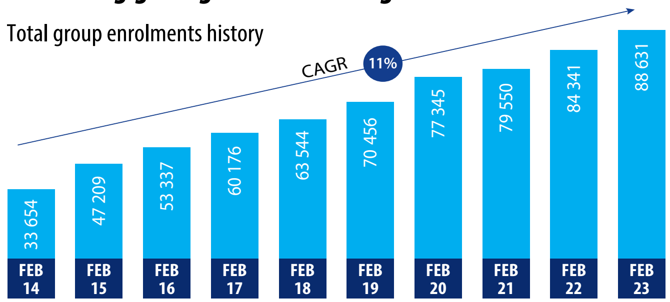
Good enrolment growth

Strong financial performance

Sound balance sheet

Delivering good growth off a large base

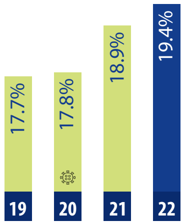
Total group enrolments history



DIVISIONAL PERFORMANCE

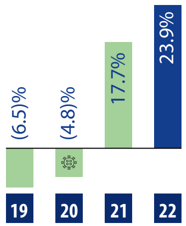
SCHOOLS South Africa
Revenue 14%
Operating profit 17%

Operating margin



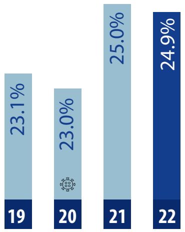
SCHOOLS Rest of Africa
Revenue 25%
Operating profit 69%

Operating margin



TERTIARY
Revenue 12%
Operating profit 12%

Operating margin



RESOURCING South Africa
Revenue 11%
Operating profit 7%

RESOURCING Rest of Africa
Revenue 46%
Operating profit 151%

COVID-19

GROUP RESULTS

↑ **18%** Revenue (2021: 8%)

↑ **20%** Operating profit (2021: 22%)

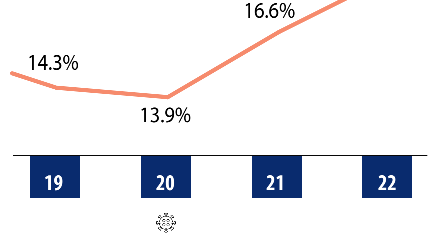
↑ **20%** Headline earnings per share (2021: 33%)

↑ **20%** Normalised earnings per share (2021: 35%)

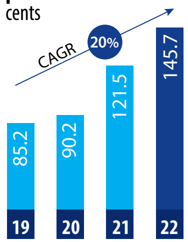
↑ **21%** Earnings per share (2021: 44%)

↑ **37.0 cents** Final dividend per share (2021: 31.0 cents)

RoFE
(Return on funds employed)



Normalised earnings per share
cents



Features contributing to our success

Strong market position through a portfolio of brands in both the schools and tertiary divisions

Clear focus on delivering value to our customers

Unrelenting focus on academic excellence central to our strategy

PROSPECTS

Building off a solid platform and ongoing demand for quality education, the group is well positioned to continue to deliver sustainable earnings growth.

Who we are

Founded in 1978, the ADvTECH group is South Africa's leading private education provider and a continental leader in quality education, training, skills development and placement.

We focus on unlocking shareholder value by deploying our six capital resources and executing our strategy.

OUR PURPOSE

We aim to **build** and grow a highly capable organisation in education, training and placement that is widely recognised for passionate commitment and success in enriching people's lives and futures.

We aim to **grow** a reputation for our ability to make a real difference to the people we serve, for our connectedness and partnerships with African and global markets and players, for the relevance, quality and usefulness of our offerings, and for the enterprising and agile ways in which we approach our task.

We will **achieve** this by focusing on our customers and taking a lead from our markets, by our innovative approach, especially in harnessing the power of technology, and by striving for excellence and sustainability in all we do.

Seventeen established education brands from pre-primary through to tertiary

Our brands operate independently while being fully supported by the group. This enables each brand to focus on its offerings and value propositions, such as a unique ethos, products and student learning experience, tailored to the specific target audience, community and market. The range of brands and their niche positioning enable us to provide quality education to specific markets.

7 906
Employees
(2021: 7 866)

110
Schools in South Africa, Botswana and Kenya
(2021: 108)

230
Accredited tertiary courses
(2021: 216)

88 735
Students
(2021: 84 341)

Resourcing in countries across Africa
19
(2021: 19)

32
Tertiary campuses across South Africa
(2021: 32)

SCHOOLS DIVISION

9 Brands (2021: 9)	110 Schools (2021: 108)	Revenue contribution 41% (2021: 42%)	R2.8 billion (2021: R2.4 billion)

Crawford International · Trinityhouse (Pre-Primary • Preparatory • High) · Junior Colleges · evolve · Pinnacle Colleges · The Bridge Assisted Learning Centre · Abbotts College High School · Makini Schools (Nursery, Primary, Secondary, College)

TERTIARY/UNIVERSITY DIVISION

8 Brands (2021: 9)	32 Campuses (2021: 32)	Revenue contribution 39% (2021: 41%)	R2.7 billion (2021: R2.4 billion)

The Independent Institute of Education (IIE) · Vega · Rosebank College · Varsity College · MSA · School of Hospitality & Service Management · Oxbridge Academy · Capsicum Culinary Studio

RESOURCING DIVISION

7 Brands (2021: 8)	Revenue contribution 20% (2021: 17%)	R1.4 billion (2021: R1 018 million)

Communicate Recruitment · Tech-Pro (Leaders in Supply Chain Recruitment) · africaHRsolutions · the working earth (Recruiting for your World) · Network Recruitment · Network Contracting Solutions · CA Global Africa Recruitment

BUSINESS ACTIVITIES

- Student acquisition
- Teaching and learning specialists
- Developing academic excellence through ongoing research and development
- Increasing digital new age technology facilities
- Benchmarking our performance, locally and internationally
- Investing in Information Technology (IT) systems (learning analytics student information system (SIS))
- Enhancing technology supported teaching and learning – online, contact and distance
- Focusing on graduate employability

BUSINESS ACTIVITIES

- Focusing on the key niche placement areas of: finance, Information, Communications and Technology (ICT), engineering, supply chain, logistics, freight
- Payroll management and contracting placements

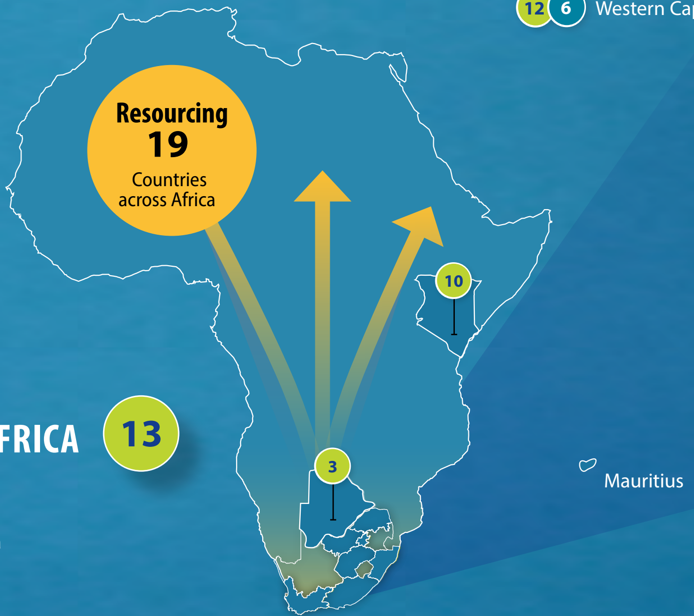
Our presence in Africa

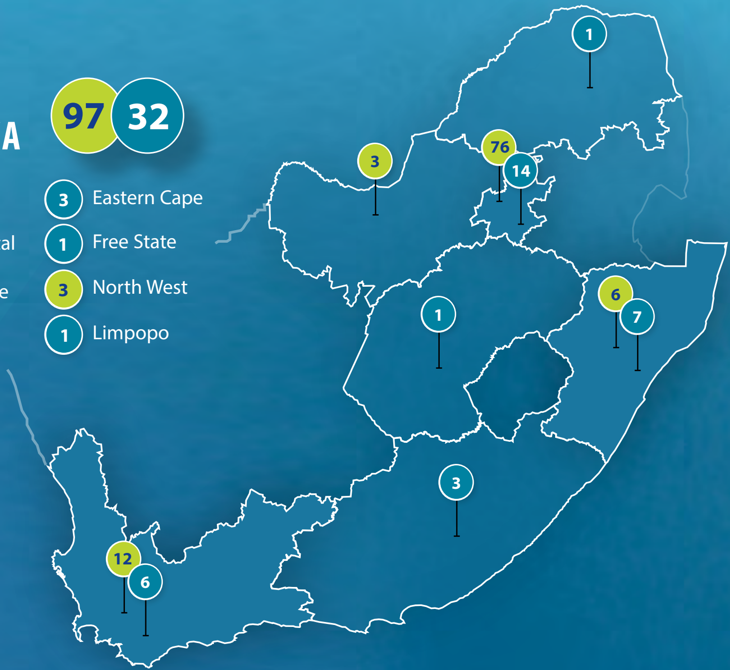
SOUTH AFRICA 97 32

76	14	Gauteng
6	7	KwaZulu-Natal
12	6	Western Cape
	3	Eastern Cape
	1	Free State
3		North West
	1	Limpopo

REST OF AFRICA 13

10	Kenya
3	Botswana





School sites

Tertiary sites

Chairman's letter

GENERAL OVERVIEW OF THE YEAR

In 2022, ADvTECH students were able to return to full-time in-person classroom learning, following the lifting of COVID-19 lockdown restrictions. The group will continue to monitor the developments with regards to COVID-19 and will implement the necessary actions should the situation change.

We continue to experience the economic impacts caused by the pandemic and various other local and international events. The macro environment is characterised by high inflation and interest rates, supply chain delays, increased sovereign debt risk, the additional continuing and increasing costs associated with load shedding and low and/or shrinking GDP growth forecasts. These forces resulted in the South African economy contracting 1.3% in Q4 2022, against market expectations of a contraction of 0.4%, according to a median Bloomberg forecast by economists. This contraction has pulled South Africa's GDP back to below pre-pandemic levels.

The Q4 2022 GDP numbers highlight the fact that the South African economy cannot grow if rolling blackouts are maintained at current levels. The perpetual rolling blackouts which have occurred in the first quarter of 2023 will, in all likelihood, result in the South African economy entering a recession, which is defined as two straight quarters of contracting GDP. While the direct impact of rolling blackouts is not as significant to ADvTECH's operations, as has been experienced by other industries, the economic impact on consumers has the potential to adversely impact our business and has been identified as the top risk to which our group is exposed.

During these trying times, we at ADvTECH remain committed to academic excellence and our singular focus on delivering value to our customers.

In August 2022, we welcomed the release of the draft policy on the recognition of higher education institutional types by the Department of Higher Education and Training (DHET). However, considering the substance of the criteria and the likely timeframe implied, ratification of an institution could take a decade or more, which would continue to severely prejudice private institutions, despite them already being accredited against the same criteria as public universities. This creates a disadvantage to private institutions as the university status has up until now been preserved for the public institutions only. The group believes that the right of prospective students to choose a higher education institution that is right for them, without being influenced by perceptions around naming conventions, should be one of the driving forces behind the DHET fast-tracking the recognition of private institutions as universities. We will continue to engage with the DHET until the desired result is achieved.

In the rest of Africa, ADvTECH continues to make good progress in Botswana and Kenya, with our three schools' brands, Gaborone International Schools in Botswana and Makini Schools and Crawford International School in Kenya. As leaders in teaching and learning on the African continent, together with our ability to embed technology for education and leveraging scale to deliver value, the group is well positioned to meet the educational demands presented by further expanding into other African markets.

Gaborone International School is currently undergoing an expansion project to accommodate the growth we are seeing at the school with phase one completed in December 2022, which comprised of the building of a new science and technology centre, upgrading of sports facilities and external road infrastructure, and phase two launched at the end of January 2023 with further upgrades of the campus. Makini School, our brownfield investment, has experienced material success since ADvTECH acquired the school with substantial demand due to increased urbanisation in Kenya. Similarly, Crawford International School, our greenfield investment, which opened its doors in 2018 in Kenya, has seen good growth since its establishment, with students completing their studies at the school progressing into top international universities. The group remains well positioned to meet the educational demands presented by various African markets, augmenting our rest of Africa growth prospects.

SOCIAL INITIATIVES

As Environmental, Social and Governance (ESG) reporting continues to evolve globally, ADvTECH's objective is to improve on its ESG reporting journey through a three-year plan, in order to ensure that we align with various principles and reporting frameworks. These include the United Nations Sustainable Development Goals (UN SDGs) with a particular focus on education (SDG 4), the Task Force on Climate-related Financial Disclosure (TCFD) and the JSE's Sustainability and Climate Disclosure Guidelines, which was finalised in June 2022 and tailored to the South African context, while being fully cognisant of global best practice.

Education is crucial for people to uplift themselves. It is one of the most important factors for escaping poverty and enables growth, prosperity and sustainability. At ADvTECH, we are proud to enrich people's lives through education, training and job placement. We aim to make a meaningful difference to the people we serve through our innovative approach. We promote academic excellence as part of our curricula and we are also passionate about embedding sustainability principles within our education approach, projects and business activities. ADvTECH's Central Academic Team (CAT) is instrumental in achieving this by embedding ESG tenets and the UN SDGs within our schools' and tertiary divisions' curricula. We fully endorse the message emanating from the COP27 conference that education must embed a more environmentally focused curriculum to help address global challenges. This approach ensures that we help shape future generations to become responsible citizens. We lead by example through responsible corporate behaviour and efforts to minimise our environmental footprint. During 2022, we supported 944 corporate social investment (CSI) projects that had positive social and environmental impacts as outlined in this report.

Read more on page 56 and 77.

ADvTECH continues to support employee wellbeing through our progressive wellness programme in partnership with the South African Depression and Anxiety Group (SADAG), to assist both employees and their extended families with the mental health support they need. We also support our students as part of our Respect, Diversity and Inclusion (RDI) programme and through our Allies initiative where SADAG representatives support our students with their wellbeing and mental health.

FINANCIAL RESULTS

ADvTECH delivered solid financial results once again, with an increase of 20% in HEPS for 2022 to 146.5 cents per share. The group continued its focus on efficiencies, providing value to our customers, brand positioning and improved customer service, which has stood us in good stead in this challenging operating environment.

We continue to make considerable progress against our strategic objectives (see page 32) and the ongoing focus on these initiatives supports the group's sustainability. The financial results and strategic progress are detailed in the CEO review on page 24 and Group Commercial Director's (GCD) report on page 37 and in the strategy section on page 31.

Having considered the group's sound balance sheet, strong cash generation and satisfactory enrolments for 2023, the board has declared a final dividend of 37 cents per share. Together with the interim dividend of 23 cents per share, the full year's dividend is 60 cents per share (2021: 31 cents per share).

Our tailored approach to education, investments in state-of-the-art campuses, systems and up-to-date teaching and learning methodologies, together with professional academic employees, positions us well to adapt to fluctuating economic conditions. This enables us to place a greater focus on how we operate amid continued economic uncertainty while considering the impact on the group and on our stakeholders. This focus resulted in excellent results which are detailed in our integrated annual report.

We continued to experience encouraging schools and tertiary enrolment growth during the year under review and the forecast for 2023 is optimistic, with the schools division up 7% and tertiary full qualifications up 4%. There is also a growing demand for online/home schooling, which provides growth prospects for ADvTECH's innovative product offering, Evolve Online School, which opened in January 2021 and currently has 813 students enrolled at the start of the academic year.

We experienced continued enrolment growth due to the quality of our academic offering and multi-mode delivery driven by our Central Academic Team. The CAT's four areas of focus being the experts in teaching and learning practices, centralised quality assurance, research and scholarships, and centralised programme and assessment development.

We are pleased to see that the business has grown revenue and operating profit by a compound annual growth rate of 12% and 13% respectively in the past five years. This is testament to the recognition of ADvTECH's excellence in education. The group's improved systems and processes have ensured that we continue to win market share in a tough operating environment, especially after having experienced headwinds such as the COVID-19 pandemic lockdown restrictions.

Within the resourcing division, the strategy to expand into the rest of Africa continues to pay dividends and the division continues to increase its presence and number of placements across 19 countries on the continent. The resourcing division increased their operating profit by 129% to R89 million (2021: R39 million) a noteworthy achievement with the low growth economy in South Africa and the high levels of unemployment.

Board changes

The group is committed to building on its culture of high performance by ensuring a sufficient balance of skill and experience on its board to assist in achieving our strategy and providing satisfactory shareholder returns.

Following the publishing of our 2021 integrated annual report in 2022, there were changes to the board. Ms Kone Gugushe retired by rotation at the AGM that was held in May 2022. Mr Stewart Van Graan was appointed as an independent non-executive director of the company with effect from 1 October 2022. Mr Daniel Smith was appointed as an alternate director to Mr Monde Nkosi, a non-executive director, with effect from 1 October 2022. Professor Alexandra Watson was appointed to the board as an independent non-executive director of the company with effect from 1 November 2022. On behalf of the board, I would like to thank Ms Gugushe for her contributions during her tenure and welcome all the new directors to the board. We look forward to their positive contribution going forward.

Appreciation

We express our appreciation to the CEO and the executive leadership in executing the group's strategy through these challenging economic times as well as to our resolute employees who continue to remain unwavering in their commitment. To my colleagues on the board, thank you for your invaluable input, wise counsel and support throughout another challenging year.

Thank you to all our stakeholders for their continued support and engagement.

One of ADvTECH's greatest strengths is our preparedness for and ability to rise to challenges. We remain geographically favourably positioned in South Africa and in the rest of Africa. With our focus on consistent academic excellence and holistic support of students, our offering will remain relevant and sustainable. Based on this, I am confident that ADvTECH's growth trajectory will continue.

Sincerely,

Chris Boulle

18 April 2023

Operating environment

The group's healthy and robust position reflects the quality of our assets as well as the strength, flexibility and agility of our business model. As education industry leaders, core to our strategy and fundamental to our success is our commitment to academic excellence, combined with a singular focus on delivering value to our customers.

We continue to differentiate ourselves in the market. Our competitive advantage of delivering value is enhanced through our drive to be the leading experts in teaching and learning across the African continent. We are able to leverage and embed technology to improve teaching and learning outcomes and take advantage of our scale to continuously improve efficiencies and affordability, as well as deliver stakeholder value.

Our sharpened focus on operational effectiveness and efficiencies continues to yield positive results, both financially and operationally. The economy, social and political setting, and the regulatory regime all impact our operating environment. These elements, combined with ADvTECH's response, are explored in this section, along with what we anticipate for the foreseeable future.

Other critical elements are comprehensively discussed in our intellectual capital section page 43 and manufactured capital page 71.

The demand for quality education is ongoing. In response we continue to strengthen our offering to deliver value in the provision of quality education. This, combined with the clear market positions of our brands in both the schools and tertiary divisions, has enabled us to record good enrolment growth over the last six years.

Our tailored approach to education and investments in state-of-the-art campuses, systems and up-to-date teaching and learning methodologies, as well as investing in academic employees, position us well to adapt to the dynamic economic conditions.

SOUTH AFRICA

ECONOMIC ENVIRONMENT

The subdued economy, characterised by rising inflation and interest rates coupled with low GDP growth, continues to place financial pressure on our customers. Unchecked corruption and struggling state-owned enterprises, notably Eskom and its inability to provide a stable electricity supply, contribute further to stifling economic growth.

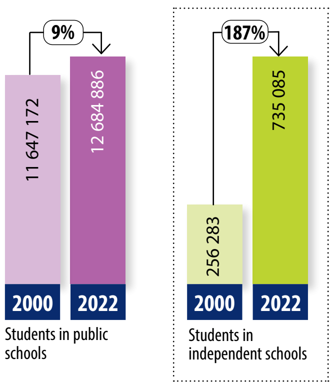
The demand for quality basic and higher education is high. It becomes even more pronounced during tough economic times, particularly in a competitive job market that demands quality candidates within key industries.

Socio-economic/political

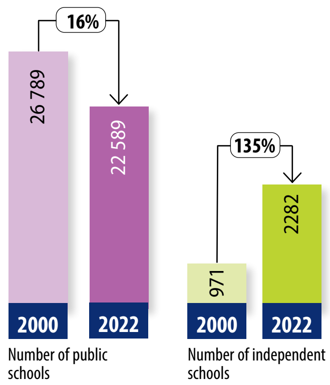
South Africa is plagued by a deteriorating public education system where the quality of education is sometimes compromised. Within this context, the provision of quality private education has become vital. The advantages of private education include benefits such as adequate school facilities, ongoing teacher development and training and satisfactory teacher-to-student ratios. Parents select to give their children the best chance to achieve results that will see them reach their potential.

The private school sector has actively responded to this socio-economic environment by significantly increasing the number of private schools over the past 10 years. Below is a depiction of how the number of public schools and enrolments have declined. Conversely the number of private schools and their enrolments have increased over the past 10 years.

Public and Independent school market size*

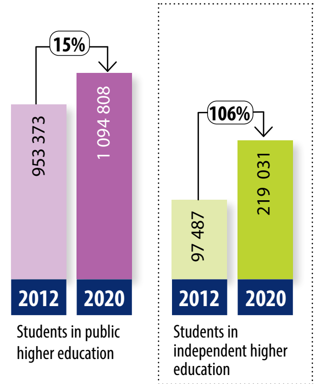


Significantly higher percentage increase in the number of independent schools**



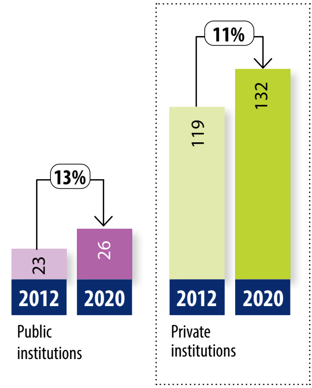
Source:
** DBE, Education Statistics in South Africa at a glance, 2000, February 2002, p4; National Senior Certificate Examinations: Results of the Class of 2021, Portfolio Committee on Basic Education, 25 January 2022, p12*
*** DBE*

Public and independent higher education market size



Source: DHET, a CRA calculation

Significantly higher number of independent higher education institutions in South Africa



ADvTECH'S RESPONSE

Enhancing our value proposition through quality, efficiency and affordability

OUTLOOK

We expect the economic environment in South Africa to remain challenging. However, we are positive that with our efficiencies and productivity as well as our approach to cost management, the group will continue to provide value to its customers and will remain financially resilient and increase its competitive advantage. As leaders in teaching and learning, we continually invest in key resources to provide our teachers with the necessary skills to enhance our students' learning experience.

REST OF AFRICA

CONTINUED STRONG GROWTH

The IMF has forecast higher GDP growth rates for sub-Saharan Africa than for South Africa and the rest of the world. The region's population is expected to double over the next three decades. According to www.statista.com, within 10 to 15 years, more than half of the world's job entrants will come from sub-Saharan Africa.

Furthermore, Africa has the youngest population in the world. Seventy percent of sub-Saharan Africa's population is under the age of 30. Having such a high percentage of young people supports the continent's growth and quality private education provides the opportunity to enhance the continent's employment and resourcing needs.

> "ADvTECH's footprint in the rest of Africa is reflective of a pan-African education business with a clearly defined strategy and well-positioned brands. This bodes well for continued strong growth as well as supporting our investment into the continent."

Jaco Lotz
International business development executive

Private education is one of the fastest growing sectors in Africa

Population will double to **2.5 billion** by 2050

1.2 billion people will require quality education

Urbanisation rate will go from **44.9%** 2023 › **50%** 2030

Currently 40% of population is **0 – 14 years old**

Source: www.statista.com

ADvTECH'S RESPONSE

- Strengthen our competitive advantage by further enhancing our offering to deliver value in the provision of quality education
- Focus on education methodologies and innovation in the way teaching and learning is carried out within the basic and higher education spaces
- Sustained robust growth within the rest of Africa
- The group recognises the success of the resourcing division and looks to continue to increase its footprint across the rest of Africa
- Focus on attracting only the best talent across the continent

OUTLOOK

Africa is on a growth path and we as a business look forward to expanding to markets within the continent in line with our growth strategy into the rest of Africa.

Success in rest of Africa

Our strategy to expand to the rest of the continent is motivated by the aim to make investments on the back of sound partnerships with local school communities, established brands with great track records and businesses that are aligned with our ethos of academic excellence and enriching human capital.

Our concerted effort to expand into the rest of Africa is driven by the need for quality education in the region as, by 2050, 300 million jobs will need to be created to absorb the large youth population entering the labour market. The region's governments will need to act now to invest in quality education and improve learning within their schools and tertiary spaces.

SCHOOLS DIVISION

All stakeholders in our schools benefit from the wide range of resources and intellectual capital within the group such as housed in the CAT. These include our experience in K-12 schools and universities (or Tertiary Higher Education Institutions in South Africa), organisational efficiencies, educational productivity, financial support and our ability to develop unique brand cultures with specific brand value propositions.

Read more in Intellectual capital page 43.

Makini School

To date, we have made substantial progress in Botswana and Kenya. We have partnered with and launched three prominent brands, being Gaborone International Schools (GIS) in Botswana, the Makini Group of Schools and Crawford International School in Kenya.

These brands continue to experience good enrolment growth and are operationally sound and are delivering a good return on investment. We continue to build scale with further enrolment growth and future development in the pipeline.

We have carried out due diligence further afield into various countries such as Egypt, Ethiopia, Ghana, Tanzania, Senegal, Uganda and Zambia.

As the leaders in teaching and learning, our ability to embed technology for education and leverage scale to deliver value, the group is well poised to provide alternatives to the educational demands and opportunities presented by the region.

All these schools are showing excellent academic results.

Crawford International School

Gaborone International School

RESOURCING DIVISION: FOCUS ON ATTRACTING THE BEST TALENT ACROSS THE CONTINENT

The group recognises the success of the resourcing division and looks to continue to increase its footprint. The strategy to enter alternative markets and expand into the rest of Africa and grow additional business segments, continues to pay dividends and the resourcing division continues to increase its presence and number of placements across 19 countries on the continent.

This division remains highly cash-generative and has seen significant growth through the acquisition of Africa HR Solutions and CA Global in 2015. The contracting and payroll needs of clients are addressed by these entities. These entities continue to increase contribution to group operating profit.

> "The dual focus on permanent and contracting placements contributed to the sustainability of the business, both locally and in the rest of Africa."
>
> **Lenn Honey**
> Divisional CEO, Resourcing division

OUR INVESTMENT IN GABORONE INTERNATIONAL SCHOOL (GIS), THE MAKINI GROUP OF SCHOOLS AND CRAWFORD INTERNATIONAL SCHOOL CONTINUES TO BEAR FRUIT.

For the third consecutive year, we have experienced 10% growth in enrolments across our rest-of-Africa brands. Underpinning this investment, we have spent time integrating and sharing our expertise in teaching and learning to drive academic excellence and continue to upgrade our campuses to ensure that we offer world-class facilities and infrastructure.

Botswana

The largest school site (by student numbers) in our group, Gaborone International School (GIS) is currently undergoing an extensive upgrade. Phase 1 was completed in 2022 and included the building of a state-of-the-art Science and Technology Centre equipped with the latest technology to enhance our academic offering (including science labs, a laser cutter and 3D printers); upgraded sports facilities and infrastructure.

As enrolment growth has exceeded expectation, Phase 2 of this upgrade project has been moved up and work is already underway.

The school has performed exceedingly well academically, placing third overall (out of 110 schools) in the group in exit examinations.

Cambridge IGCSE Examination (International General Certificate of Secondary Education)*

*Aligned to South African Grade 11

Pass rate **100%**

Gaborone International School

Average distinctions per student **3**

16% of the class achieved 'full house As'

Kenya

Our growing presence in Kenya is led by the Makini Group of Schools and Crawford International School. From the outset, both brands have shown strong growth, driven by a reputation for academic excellence and supported by outstanding facilities and extra-mural offerings that, together, create an enriching, wide-ranging educational experience.

The schools continue to perform well academically, gaining widespread recognition.

Crawford International School's first Cambridge International A Level group achieved outstanding results in the exit examinations, achieving a 100% pass rate and 2 distinctions per student.

Crawford International School in Kenya is currently the only ADvTECH school to offer the Cambridge A Level programme (which would be the equivalent of a "Grade 13" in South African schools).

Cambridge International A/AS Levels*

*Aligned to South African "Grade 13"

Pass rate **100%**

Crawford International School

Average distinctions per student **2**

19% of the class achieved 'full house As'

Student achieved **First place** in French in Kenya

95% of students were accepted into international universities in the UK, USA, Europe, Canada, Hong Kong, Asia and Australia

World Scholar's Cup

The World Scholar's Cup (WSC) is an international team academic competition or 'celebration of learning' that more than 15 000 students from over 65 countries participate in each year.

While the WSC is at its core academic, it is also an inclusive, encouraging, inter-disciplinary and team-oriented activity with the goal of motivating students from all backgrounds to discover new strengths, develop and sharpen existing skills, practice new skills and inspire a global community of future scholars and leaders.

Students participate in various team events, including examinations, debates, collaborative writing, the Scholar's Challenge, Scholar's Bowl and Scholar's Scavenger Hunt. Topics cover a range of subjects, from History and Science to Art & Music, Literature and Social Studies.

Teams from Crawford International School and the Makini Schools participated in the Nairobi Regional Round. With a lot of hard work, team effort and collaboration, 45 Crawford International students made it through to the WSC Winter Global Round, which took place in Dubai, and 20 students from the Makini Group of Schools won through to the WSC Summer Round, which took place in Bangkok.

It was no surprise that 34 Crawford International students then qualified for the next round and attended the Tournament of Champions (ToC), which was held at Yale University from 11 – 16 November 2022.

15 Makini School scholars made it through to the ToC, but were unfortunately unable to attend as the competition took place during the Kenya Certificate Primary Education (KCPE) National Exams.

The 2022 ToC theme was 'A World Renewed' and students had the opportunity to compete and interact with 1500 students from around the world. During the competition, they visited Harvard University and Massachusetts Institute of Technology (MIT), enjoyed the sights and sounds of New York City and participated in a wide range of events. To top off an amazing week, the Crawford International students came away with 17 Gold medals, 80 Silver medals and a trophy.

All round, WSC is an unforgettable, unparalleled learning experience for all of the students.

REGULATORY ENVIRONMENT

We operate in a dynamic regulatory environment in South Africa, Botswana, Kenya and Mauritius. The applicable legislative and regulatory frameworks in the different countries impact our educational and health and safety environment. ADvTECH and its subsidiaries have various affiliations and memberships to key sector associations/ bodies.

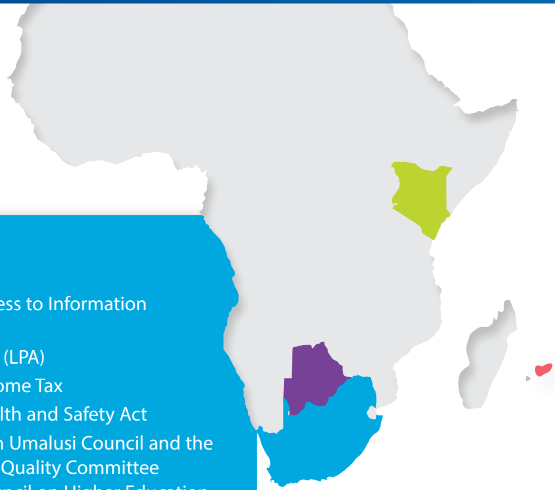
ADvTECH'S RESPONSE

Ongoing monitoring of new legislative and regulatory developments

Continuous engagement with regulatory bodies to provide comment on draft regulations, bills and policies

COVID-19 disaster management and safety protocols strictly monitored and adhered to groupwide

MATERIAL LEGISLATION, COUNCILS AND INSTITUTIONS IN THE AREAS WHERE WE OPERATE



The South African context

- Competition Act and consumer and customer protection and national disaster management regulations
- Companies Act
- JSE Listings Requirements
- South African Schools Act (SASA)
- National Qualification Framework (NQF) Act
- Skills Development Act (SDA)
- Continuing Education and Training Act
- Universities South Africa (USAf) – Matriculation Board – degree exemption requirements
- Consumer Protection Act (CPA)
- Department of Basic Education (DBE)
- Provincial Education Department (PED)
- Department of Higher Education and Training (DHET), Higher Education Act and Regulations for the Registration of Private Higher Education Institution(s) (PHEIs)
- Department of Labour (DOL) – Immigration Act and Regulations
- Protection of Personal Information Act (POPIA)
- South African Qualifications Authority (SAQA)
- Promotion of Access to Information Act (PAIA)
- Legal Practice Act (LPA)
- South African Income Tax
- Occupational Health and Safety Act
- Accreditation with Umalusi Council and the Higher Education Quality Committee (HEQC) of the Council on Higher Education (CHE) – General and Further Education and Training
- Quality Assurance Act
- Registration of teachers with the South African Council for Educators (SACE) and South African Council for Education Act (SACE Act)
- Copyright Act
- Basic Conditions of Employment Act (BCEA)
- Labour Relations Act (LRA)
- General and Further Education and Training Quality Assurance Act (GENFETA)
- South African Comprehensive Assessment Institute (SACAI)

Kenya

- Kenyan Ministry of Education
- Kiambu County Department of Education
- Kenya National Examinations Council
- Kenya Ministry of Health
- Kiambu County Department of Health
- Teachers Service Commission
- Copyright Act

Botswana

- Minister of Basic Education
- Minister of Health and Wellness
- Ministry of Employment, Labour, Productivity and Skills Development
- Botswana Teaching Professionals Council Act
- The Botswana Copyright and Neighbouring Rights Act, 2000

Mauritius

- Registrar of Companies
- Financial Services Commission
- Mauritius Revenue Authority

Membership bodies

- Associate member of the Independent Schools Association of Southern Africa (ISASA). The latter is a member of the National Alliance of Independent Schools Associations (NAISA)
- SA Private Higher Education (SAPHE) association
- Universities South Africa (USAf)
- Federation of African Professional Staffing Organisations (APSO)
- Institute for Personnel Service Consultants (IPSC) Confederation of Associations in the Private Employment Sector (CAPES)
- South African Institute of Chartered Accountants (SAICA)
- Engineering Council of SA (ECSA)
- Public Relations Institute of SA (PRISA)
- Chartered Institute of Management Accountants (CIMA)
- Association of Private Providers of Education, Training and Development (APPETD)
- South African Institute of Occupational Safety and Health (Saiosh)

International bodies

- British Accreditation Council (BAC)
- Cambridge International Assessment Authority
- International Baccalaureate (IB)

OUTLOOK

In an ever-changing global environment, change is the only constant and we expect our legislative and regulatory environment to continue evolving. We are optimistic that our ongoing legislative and regulatory engagements will contribute to positively shaping our regulatory landscape.

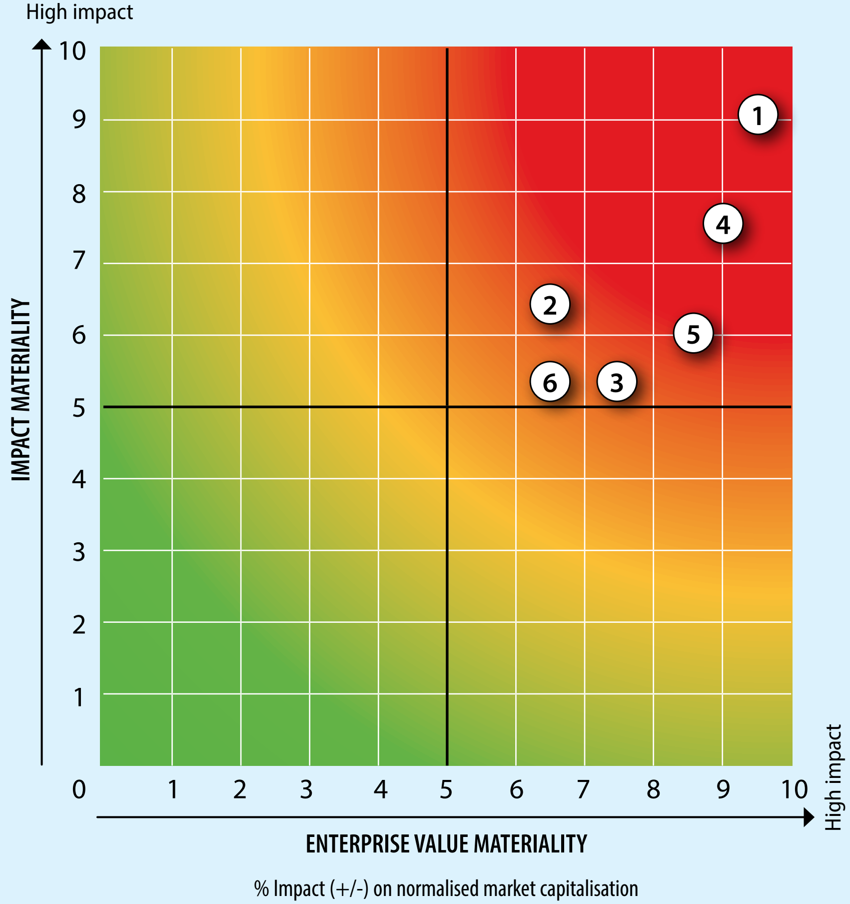
Material matters

Our material matters are those issues that could substantially impact our ability to execute our strategic priorities and create and preserve stakeholder value in the short (one to two academic years), medium (three to five academic years) and long-term (more than five years).

Over time these material matters are also likely to influence stakeholders' decisions. Following our materiality workshop in 2022, where the ARCom members and key internal employees deliberated the group's current material matters, the material matters alongside were confirmed as still relevant to the group. The top six material matters are tabled alongside.

Material matters applied through the double materiality lens

Double materiality adds the risks that a company's activities pose to the environment and to society alongside those risks that it potentially faces internally (impact materiality). These combined risks are then assessed in relation to the enterprise value materiality.



Material matters

MM 1	Academic excellence
MM 2	Challenging socio-economic conditions
MM 3	Prudent investment and expansion
MM 4	Customer value proposition
MM 5	An effective human strategy
MM 6	Regulatory changes and bureaucratic delays

Click to see icon descriptions

The table below describes our material matters as well as their ESG impacts and also demonstrates the linkage between our ESG elements, risks and strategic objectives. ADvTECH is a healthy and sustainable business, as evidenced by our continued growth and our value creation.

Material matters		ESG impact	Strategic objectives	Risk
MM 1 (2021: 1)	**Academic excellence** remains central to our value proposition. Ongoing curriculum innovation, research and development including digitisation and technology are some of our differentiating factors that ensure ADvTECH remains the educational institution of choice. We invest significant resources in teaching, innovative curriculum development and learning, benchmarking and learning analytics to ensure every student has the best chance at success.	E S ADvTECH's academic excellence provides an excellent platform for the group to embed ESG principles within our education curricular, projects and business activities. ADvTECH's dedicated CAT is instrumental in achieving this by including the UN SDGs within our schools and tertiary divisions curricula, to educate future generations about becoming responsible citizens. We also aim to lead by example through responsible corporate behaviour and support efforts to minimise our operational and environmental footprint.	SO1, SO4, SO2, SO7, SO3	2 –, 4 ↑
MM 2 (2021: 3)	**Challenging socioeconomic conditions** may adversely impact our strategy execution and our customers' choice of education options and opportunities in the job market.	S Skills shortages and high unemployment rates, particularly in South Africa, remain a concern and are exacerbated by the challenging economic conditions. By offering customers the opportunity to gain quality education in critical skills, at affordable pricing, they can make a difference in society.	SO1, SO3, SO2, SO6	1 –, 4 ↑, 9 –, 3 ↑, 6 ↑, 10 –
MM 3 (2021: 5)	**Prudent investment and expansion** activities remain a short- and long-term focus. Our growth strategy includes expansion through organic growth, acquisitions and greenfield projects.	E S Capital allocation is carefully considered from an investment and expansion perspective. In addition, care is taken from an environmental perspective, through environmental impact studies, to ensure that the natural capital (land, resources and biodiversity) is considered and that we do not have a negative material environmental impact. ADvTECH also looks for opportunities to reduce its environmental footprint by designing campuses that are environmentally friendly and minimise the use of natural resources (energy and water).	SO1, SO3, SO2, SO6	1 –, 6 ↑, 3 ↑
MM 4 (2021: 2)	**Customer value proposition** Excellent service, quality and affordable education, which focuses on our customers' value proposition, is an important component in growing our business and delivering a high-quality end-to-end service to our customers. In addition, through our innovative curricula, we include ESG elements and are respectful of our diverse student population by ensuring inclusion for all.	E S G Without our customers, we cannot be a sustainable business. It is therefore important that, through our value added curricula, we provide our customers with quality customer service and provide the opportunity to gain the necessary skills, in a safe and diverse environment, to find suitable job opportunities and make a difference in society.	SO2, SO7, SO3	4 ↑, 5 ↑
MM 5 (2021: 6)	**An effective human resources strategy** ensures business continuity and a positive societal impact. With the correct development interventions, our employee complement will represent the diverse communities we serve. Transformation and succession planning initiatives enable us to attract, develop and retain the best talent as well as ensure a high-performance culture. Our employee wellness programme also addresses the physical and mental wellness challenges employees face in their working environment.	S G ADvTECH invests significant financial capital in its employees to attract, develop and retain top talent in an environment that is free from any discrimination. The group also adheres to all relevant labour, health and safety and human rights policies. Our diversity programmes are in place to reflect the communities within which we operate as well as reinforce our employee value proposition of being an employer of choice.	SO1, SO3, SO2, SO5	7 ↑, 10 –, 8 ↓
MM 6 (2021: 4)	**Regulatory changes and bureaucratic delays** could impact our ability to obtain licensing and accreditation approval, thereby affecting our expansion strategy.	E S G The group remains committed to the highest levels of governance and ethical behaviour through our robust governance and compliance processes, despite the impact the bureaucratic delays have on our business. The ESG landscape is evolving at a rapid rate, particularly around environmental and social elements. While not all the developments have yet been regulated in South Africa, they are becoming best practice. Examples of new guidelines and frameworks include the JSE Sustainability and Climate Change Disclosure Guidelines (June 2022), the TCFD (2017) and UN SDGs (2015). ADvTECH is also required to adhere to the International Finance Corporation (IFC) reporting requirements. The nature of our business as an education provider on social and environmental aspects is important. The group's aim is to evolve and improve ESG compliance and reporting, with qualitative and quantitative information that is material to the business.	SO1, SO2, SO3	2 –, 5 ↑

Our business model and value creation

OUR INPUTS

Our capital resources are critical inputs for our business activities

FINANCIAL CAPITAL Pg 36

- **R1 713** million operating cash flows (2021: R1 472 million)
- Debt and capital resources

INTELLECTUAL CAPITAL Pg 43

- **24** brands (2021: 26)
- Central Academic Team – academic research, development and integrity
- Academic integrity
- IT systems and processes
- Internationally recognised academic accreditations

SOCIAL AND RELATIONSHIP CAPITAL Pg 56

- **39 290** school enrolments (2021: 36 802)
- **49 445** tertiary full qualifications (2021: 47 539)
- Bursaries and corporate social investment **R211 million** (2021: R207 million)

HUMAN CAPITAL Pg 66

- **7 906** employees (2021: 7 866)
- Comprehensive employee training programme

MANUFACTURED AND INFRASTRUCTURE CAPITAL Pg 71

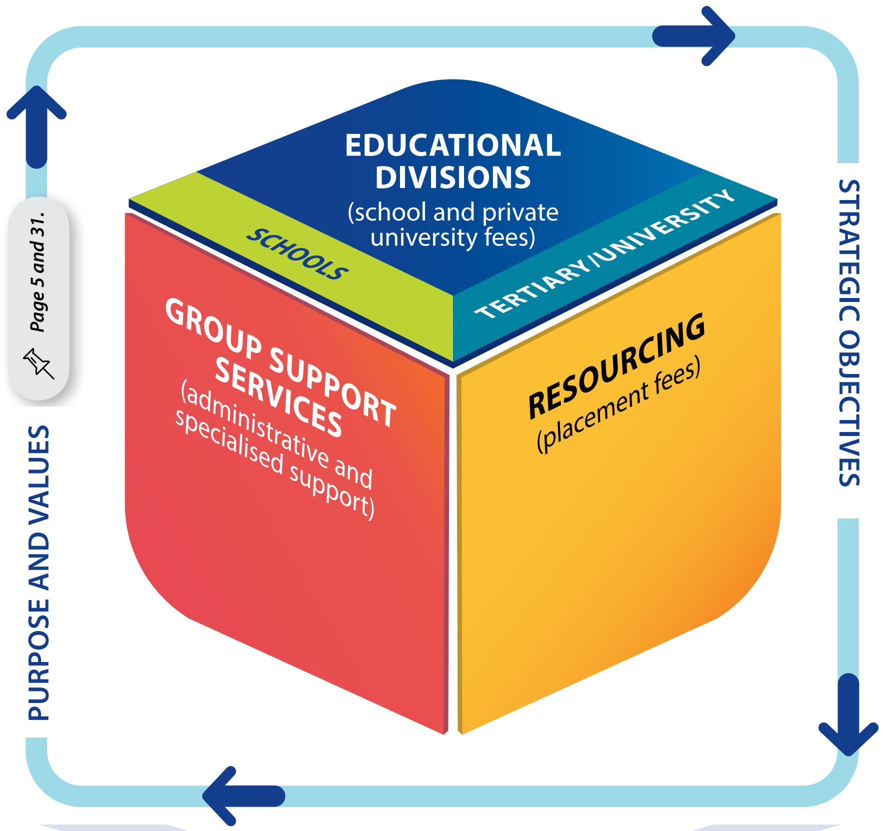
- **142** education sites (2021: 140)
- Digitally enabled campuses
- Multi-channel modes of delivery
- Invested **R496** million in IT over 5 years

NATURAL CAPITAL Pg 77

- Natural resources – land, water and electricity
- Managing and optimising electricity and water consumption

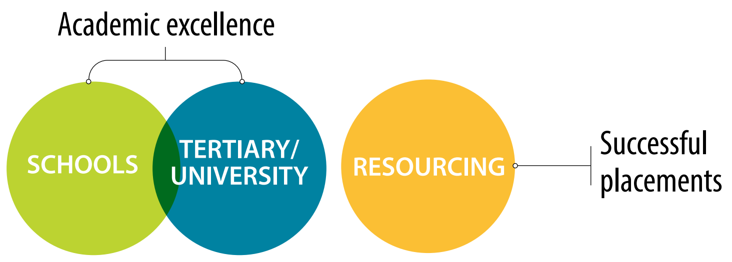
BUSINESS ACTIVITIES

Our business activities ensure that we execute our strategy in an efficient manner to deliver on our customer value proposition



OUTPUTS

Our outputs culminate in achieving our purpose of building and growing a capable business in education, training and placement to enrich the lives of our employees, students and clients



Related links

- *Corporate governance Page 84.*
- *Stakeholders Page 57.*
- *Operating environment Page 9.*
- *Risk management Page 17.*
- *Material matters Page 14.*
- *Regulatory environment Page 13.*

OUTCOMES

Through our business model's inputs, business activities and outputs we strive to create stakeholder value while balancing our capital trade-offs

Click to see icon descriptions

	Outcomes	Stakeholder impacted	Trade-offs
FC	Revenue up 18% to **R7.0 billion** (2021: R5.9 billion) Operating profit up **20%** to **R1 333 million** (2021: R1 108 million) Optimised organisational processes and structures Dividend **60.0 cents** per share (2021: 50.0 cents per share) Geographic expansion		Revenue growth and cash generated from our operations positively impacts on our financial capital and any capital outlays for expansions or investments that achieve the required hurdle rate enhances our financial capital. However, should an expansion project or investment take place it reduces our financial capital.
IC	**99.5%** IEB pass rate (2021: 99.0%) Total of **230** (2021: 216) accredited tertiary qualifications Total of **49** programmes and qualifications in the pipelines Supporting economic growth through our Graduate Employment Programme (GEP) by placing **21 178** graduates since 2013 Effective teacher to student ratios for optimal learning Effective online academic offerings Invest in teaching and learning capability for educators		Financial capital is deployed for ongoing research and development of academically sound curricula and processes which positively impacts our intellectual capital, human capital and social and relationship capital (students, recruitment candidates, community).
SC	Uplifting and developing society in line with the UN SDGs – **944** CSI projects supported (2021: 687) Approximately **15 583** (2021: 13 685) students assisted with bursaries Respect, Diversity and Inclusion academic framework gaining traction		Financial capital is deployed in respect of CSI projects and positively impacts our social and relationship capital through various upliftment projects.
HC	**R3.2 billion** in salaries and benefits paid to employees (2021: R2.8 billion) Bursaries for employees to study at our institutions Performance linked salary increases Closed the gender pay gap to **13.6%** **R19 million** (2021: R13 million) invested in employee development and training Supporting South Africa's transformation goals **57%** of interns were converted to permanent employees		The deployment of financial capital in training and development positively impacts on our human capital.
MC	**R720 million** invested in expansion projects (2021: R342 million) Additional capacity created for **13 100** students Enhanced efficiencies through technology automation Rolling out the Student Information System to tertiary division Prioritised investments to maximise return on investments Opened Pinnacle Raslouw primary and high schools		Any expansion projects, such as opening new schools and campuses, positively impacts our manufactured capital as we expand our brand portfolio. This could, however, negatively impact on our natural capital. However, we do our best to minimise the impact.
NC	**1 156** trees planted in 2022, bringing the total to **253 943** trees planted across sites Target set for a **6%** reduction in electricity by end of 2023 Solar energy pilot projects **36%** reduction in water consumption in 2022		Natural capital is impacted by our consumption of natural resources (water and electricity). However, we do ensure that we use our natural resources responsibly.

Key: Value created | Value preserved

Risk management

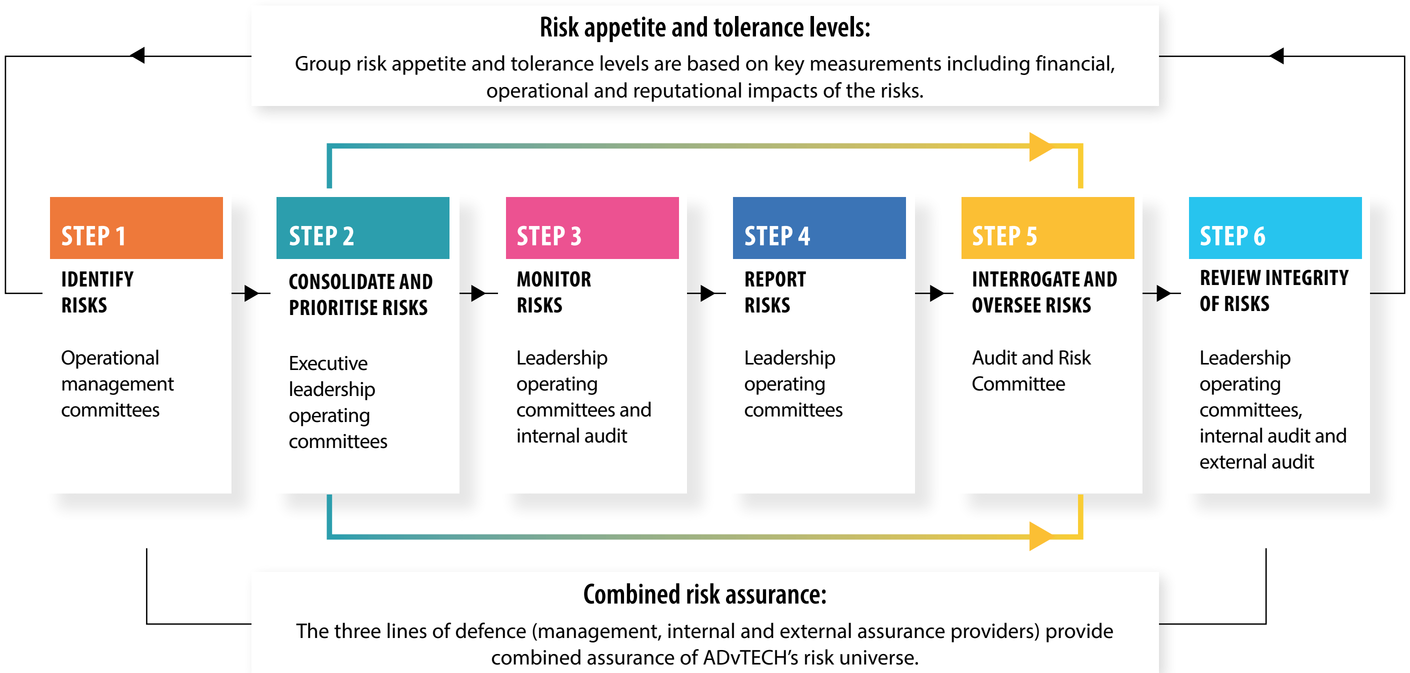
The board oversees risk management in accordance with our strategy and the ARCom assists the board in monitoring and overseeing the group's risk universe.

RISK IDENTIFICATION AND MANAGEMENT APPROACH

Risk management is an integrated approach that involves the board, leadership operating committees and operational management. The board evaluates and agrees on the group's risk appetite and risk tolerance in pursuit of its strategic objectives. The board delegates the responsibility of implementing and executing effective risk management to the group's leadership in line with the risk policy and exercises ongoing oversight of risk management.

Various external and internal factors are considered when identifying group risks. These factors include our operating environment, strategic imperatives, material matters and critical stakeholder concerns that may have been raised during engagement. Our capital resources, particularly financial capital, human capital, manufactured capital and infrastructure capital, are important as these capitals assist us to manage risk impacts and mitigate risks identified in an efficient manner.

Risk approach



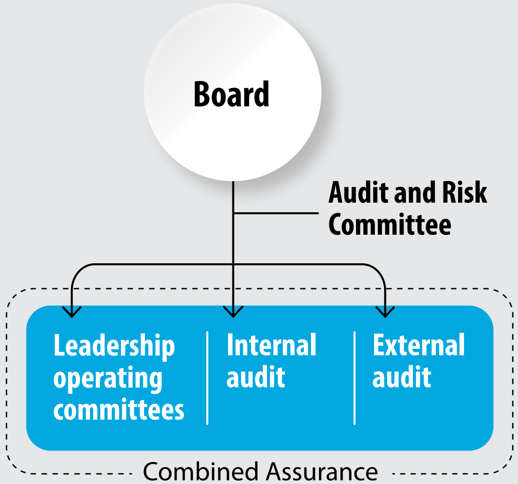
RISK GOVERNANCE

The board has ultimate accountability for the group's risks and is supported by the ARCom. The board delegates the oversight of the group's risks to the ARCom and the chairman of the ARCom provides regular feedback to the board on ADvTECH's key risks and mitigating actions. The combined assurance model provides comfort to the board that the group's risks are subject to our robust combined assurance framework.

The oversight, management and combined assurance model of risk management enables an effective internal control environment and supports the integrity of information used for internal decision-making, strategy development and business planning within the group.

The group continues to refine its approach to governing risk to ensure that it remains effective.

Risk governance framework



Click to see icon descriptions

TOP 10 RISKS

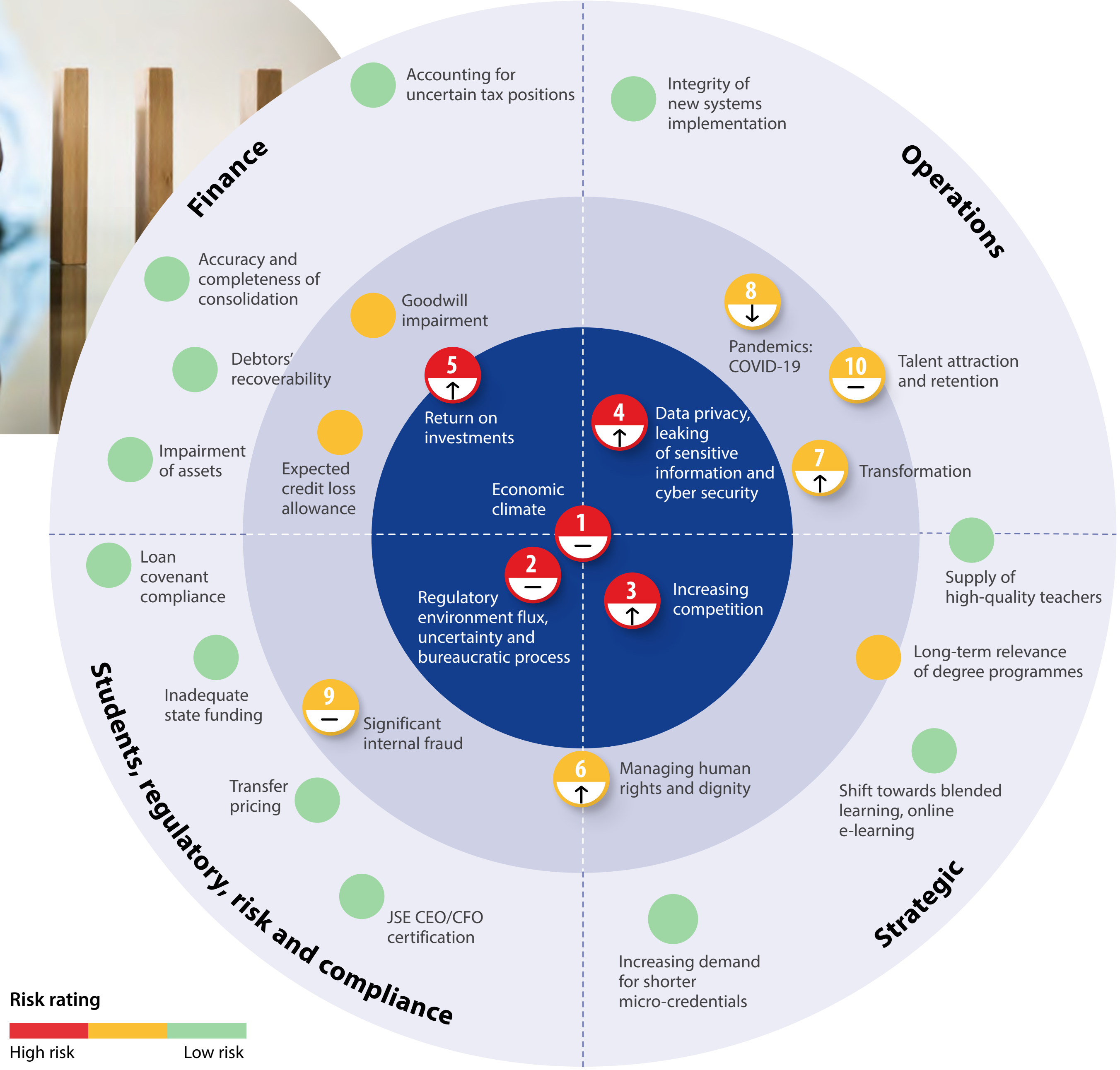
The 2022 top 10 risks identified are tabled alongside and other than their ranking have remained unchanged since the previous reporting period. These risks are also linked to our material matters, ESG, strategic objectives and capital resources.

	Risk	Material matters	ESG	Strategic objectives	Capital resources impacted	Divisions
1 — (2021: 1)	**Economic climate**	MM 2, MM 3	**Social** – community development (employment and wealth creation, skills for the future and economic contribution)	SO2 SO5 SO6	FC SC HC MC	
2 — (2021: 2)	**Regulatory environment flux, uncertainty and bureaucratic process**	MM 6	**Governance** – compliance and risk management	SO1 SO2 SO4	FC SC HC	
3 ↑ (2021: 4)	**Increasing competition**	MM 1, MM 4	**Social** – economic contribution	SO2 SO3	FC IC SC HC	
4 ↑ (2021: 5)	**Data privacy, leaking of sensitive information and cyber security**	MM 2	**Social** – customer responsibility in respect of consumer data and privacy	SO1 SO2 SO3	FC SC HC MC	
5 ↑ (2021: 6)	**Return on investments**	MM 2, MM 3	**Social** – economic contribution	SO2 SO3 SO6 SO7	FC SC HC MC	
6 ↑ (2021: 7)	**Managing human rights and dignity**	MM 5	**Social** – community development (human rights)	SO2 SO3 SO4 SO5	FC SC HC	
7 ↑ (2021: 8)	**Transformation**	MM 5	**Social** – community development (human rights) **Social** – labour standards (diversity and inclusion) **Governance** – board composition (board diversity)	SO2 SO4	FC SC HC	
8 ↓ (2021: 3)	**Pandemics: COVID-19**	MM 4, MM 5	**Social** – workplace health and safety	SO1 SO2 SO3 SO4 SO5 SO6 SO7	FC SC NC HC MC	
9 — (2020: 9)	**Significant internal fraud**	MM 5	**Governance** – internal controls and risk management	SO2 SO3 SO6	FC IC SC HC MC	
10 — (2021: 10)	**Talent attraction and retention**	MM 5	**Social** – community development (skills for the future)	SO2 SO4 SO5	FC IC SC HC	

— Constant ↑ Increased ↓ Decreased

SIGNIFICANT RISKS

Our risk universe has been updated to align with the current operating environment. Based on our risk identification process, the top 10 risks tabled alongside were identified as the most significant. Where possible we have identified opportunities arising from these risks, which will be considered and pursued where feasible.



Click to see icon descriptions

1 Economic climate

(2021: 1)

Continual deterioration of the economic climate preventing us from achieving strategic growth objectives.

Level of control: High

Board committee: Board

Key stakeholders impacted:

Mitigating actions

- There is continual review of expenses and efficient use of capex and investments to maximise returns
- Internal covenants for borrowings have been set at a more stringent level than have been granted by the bank
- Fees are being reviewed in line with effectiveness and efficiency models
- Ongoing monitoring of the group's debtor's book and continuous improvement of collections process
- Investments into better performing economies in the rest of Africa are being prioritised
- Non-essential capex, operational costs and new hires have been placed on hold
- Enhanced systems and processes for optimising debt collection, which include the centralisation of systems and information through GSS

Opportunity

- Rollout of our mid-fee brands
- Exploring investment opportunities in the rest of Africa
- Driving efficiencies to be able to deliver value to our customers by the centralising of transaction processing and procurement, together with streamlining IT systems and entrenching enterprise capable systems across the group

2 Regulatory environment flux, uncertainty and bureaucratic process

(2021: 2)

Ideology impacting on education and our accreditation. These accreditations are necessary for us to deliver on our strategy.

Level of control: High

Board committee: ARCom

Key stakeholders impacted:

Mitigating actions

- Continual review of current and new requirements to ensure compliance and focusing on building relationships with regulators
- Focus on accreditation, both locally and internationally, and maintaining accreditation audits

Opportunity

Identifying optimal processes and continuously streamlining efficiencies and proactive regulatory engagement

3 Increasing competition

(2021: 4)

Increased competition from private education providers and/or public colleges and schools. Challenges in the public landscape.

Level of control: Medium

Board committee: ARCom

Key stakeholders impacted:

Mitigating actions

- Continuously improving operational excellence and customer focus
- Exploring new markets (both segments and geographies)
- Research and development of relevant technological and operational innovation
- Robust and detailed evaluations precede any investments made
- The brand product, pricing strategy and value proposition strategy are continuously reviewed
- Education environment continually monitored for changes and appropriate responses made
- Student acquisition and retention initiatives are continuously reviewed
- Competitive offerings are continually reviewed and acquisition propositions are made where appropriate

Opportunity

New brand and product offerings

Click to see icon descriptions

4 Data privacy, leaking of sensitive information and cyber security

(2021: 5)

Complex regulatory environments impacting on IT systems and data, including the Electronic and Communications Transactions Act and POPIA; complexity of IT systems, infrastructure and services; intentional user malfeasance; unintentional user error; hacking or infiltration by third parties.

Level of control: Medium

Board committee: ARCom

Key stakeholders impacted:

Mitigating actions

- Resilient technology solutions in place
- Business continuity including an IT disaster recovery plan is in place and all hard drives on laptops and information in transit are encrypted
- IT security incident process in place
- Group CIO appointed as Group Information Officer and managing directors appointed as deputy information officers for the brands
- Established a privacy forum that meets quarterly to monitor, track and resolve issues/queries logged through the privacy helpdesk and that reports into the ICT Steering Committee
- Relevant data security and privacy policies in place
- IT security framework in place and independently evaluated
- Security awareness programmes in place
- Continued training and campaigns to create awareness of privacy laws and security risks

Opportunity

Our robust systems enhance our reputation in the market

5 Return on investment

(2021: 6)

Risk of investments not performing to objectives/expectations.

Level of control: High

Board committee: Investment

Key stakeholders impacted:

Mitigating actions

- Careful due diligence is undertaken in respect of the ongoing operations and new acquisitions through market research and financial modelling
- Integration plans and teams are in place to optimise the integration of acquisitions into the business
- Post investment analysis (consisting of corrective actions and lessons learnt) are undertaken by the Investment Committee
- Optimising the capacity of all our sites

Opportunity

- Allocation of funds to projects that maximise return on funds at the lowest risk
- Ensure synergies are derived from acquisitions

6 Managing human rights and dignity

(2021: 7)

Ensuring that students, parents, employees and all other stakeholders are not discriminated against, including discrimination on the grounds of race, gender or sexual orientation, among others. Additionally, that students are proactively protected against abuse and bullying, and by acting immediately once informed of infringements by way of decisive action.

Level of control: Medium

Board committee: TSEC

Key stakeholders impacted:

Mitigating actions

- Regulatory and legal compliance frameworks have been identified and are communicated groupwide
- Group fraud hotline/ethics hotline is in place and a business code of conduct has been implemented and is being consolidated
- Various policies in place such as the sexual harassment policy and social media policy
- Respect, Diversity and Inclusion (RDI) programme is in place

Opportunity

Our reputation in this regard can make our value proposition as an employer of choice more compelling

Click to see icon descriptions

7 Transformation

(2021: 8)

The risk of not being sufficiently transformed impacts on our ability to source and retain business.

Level of control: Medium

Board committee: TSEC

Key stakeholders impacted:

Mitigating actions

- Opportunities for employment equity candidates are reviewed continuously in line with the businesses to maximise our B-BBEE rating
- Key focus areas are currently included and measured as part of Key Performance Indicators (KPIs) at executive and management level
- External consultants have been retained to provide expert advice on improving the B-BBEE rating

Opportunity

- Growth
- Employer of choice

8 Pandemics: COVID-19

(2021: 3)

Current and potential pandemics can impact our business operations and change the 'normal' business approach to operations.

Level of control: Low

Board committee: Board

Key stakeholders impacted:

Mitigating actions

- Online teaching capability is in place
- An incident response team is in place
- Ongoing risk assessments and incident tracking
- Compliance with state directives communication and information campaigns
- Improvement of employees' ability to work remotely
- Embedded World Health Organization (WHO) and National Institute for Communicable Diseases (NICD) protocols
- Vaccination information and encouragement to get vaccinated provided groupwide
- Financial impact analysis in place to support business decision making
- Product offering in place – Evolve Online School as a comprehensive online schooling programme offering an alternative product to those who feel unsafe in a face-to-face environment

Opportunity

- Diversified academic offering for students – online, face-to-face and hybrid models

9 Significant internal fraud

(2021: 9)

Breakdown in internal control systems and procedures that result in significant internal fraud.

Level of control: Medium

Board committee: ARCom

Key stakeholders impacted:

Mitigating actions

- Internal control processes, including segregation of duties, are in place groupwide
- Internal audit and peer review processes have been rolled out across the business and significant internal audit findings are regularly tracked and actioned by management
- Qualified and competent financial personnel in key financial positions
- A code of ethics and behavioural standards in place for all employees
- A whistle-blower policy is in place
- External audit review of internal controls and processes
- Effective controls and automated systems
- Hotline in place in South Africa as well as rest of Africa for anonymous reporting purposes
- Robust recruitment checks in place for hiring new staff, including but not limited to, police clearance

Opportunity

Positive reputation and improved return for shareholders

Click to see icon descriptions

10 Talent attraction and retention

(2021: 10)

Inability to attract and retain the right skills.

Level of control: High

Board committee: Remuneration Committee (RemCom)

Key stakeholders impacted:

Mitigating actions

- A proactive human resources strategy is in place to assist with talent attraction, retention, performance management and employee development
- Leadership development programmes in place to address succession planning
- Market-related rewards in place including incentives and bonus schemes
- New incentive scheme implemented in 2022 for teachers that links directly to student outcomes
- Gender pay gap analysis conducted to monitor pay gap relative to global and South African benchmarks
- Established a job evaluation committee to ensure consistent job grading and role differentiation
- An RDI programme in place
- A proactive equity resourcing plan in place to drive transformation
- A mobility policy in place to support the integration of businesses outside of South Africa into the primary business and drive a consistent mindset and culture groupwide
- Relevant Human Resources (HR) policies in place to promote a safe and inclusive working environment
- A comprehensive employee wellness programme in place
- Ongoing employee engagement through formal surveys to encourage retention and a cohesive organisational culture

Opportunity

Skilled and motivated employees result in a positive employee culture that leads to becoming an employer of choice

The ARCom has monitored compliance with the risk appetite of the group and is satisfied that the group has, in all material respects, complied with the policy during the year under review. The committee further confirms that there were no undue, unexpected or unusual risks taken outside of the agreed risk tolerance levels. Looking ahead, we will continue to improve our risk management frameworks and processes to ensure increased accountability across all our operations to track the group's performance against our strategy.

Chief Executive Officer's review

ADvTECH DELIVERS ANOTHER STRONG PERFORMANCE ON THE BACK OF CONTINUED ENROLMENT GROWTH

ADvTECH has, once again, delivered strong results in the 2022 financial year, continuing the trend of consistent performance that reflects the quality of our assets, the scale of our operations and the resilience of our business. The strategic decision to invest in selected markets in Africa is delivering results and has made a significant contribution to the group.

The healthy and robust position of the group reflects the strength, flexibility and agility of our business model. Central to our strategy, and fundamental to our success, is our commitment to academic excellence. This, together with our unrelenting focus on enhancing our market proposition, driving operational efficiencies and providing value to our students and their parents all contributes to the enrolment growth that we have experienced.

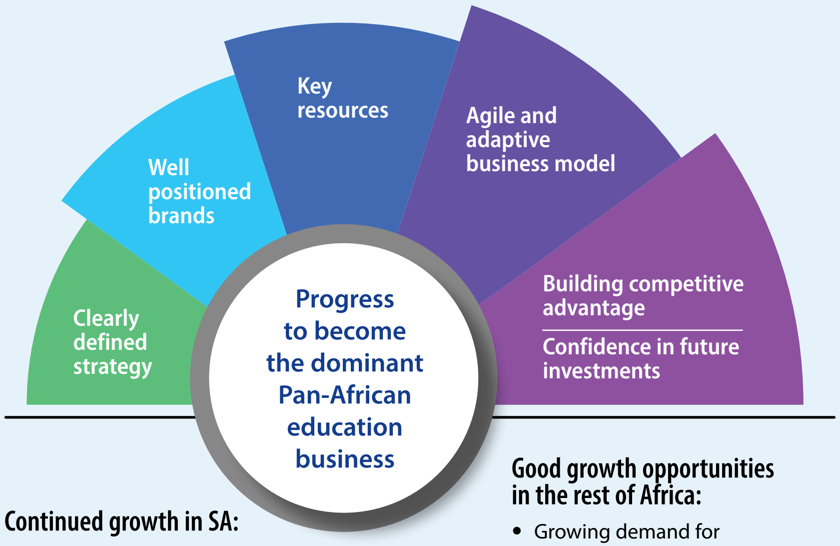
Enrolments	Feb 2019	Feb 2020	Feb 2021	Feb 2022	Feb 2023	Feb 2022 vs Feb 2023 % increase
Schools: South Africa	25 448	26 393	27 334	29 599	**31 347**	6%
Schools: rest of Africa	5 379	5 977	6 569	7 203	**7 943**	10%
Schools division	30 827	32 370	33 903	36 802	**39 290**	7%
Tertiary: full qualifications	39 629	44 975	45 647	47 539	**49 341**	4%
Total group enrolments	70 456	77 345	79 550	84 341	**88 631**	5%

The value of having both schools and tertiary within the group presents a distinct competitive advantage. Not only do we benefit from the scale of operations to deliver meaningful efficiencies and significant cost advantages, but we can leverage the substantial investment in intellectual property housed in our Central Academic Team (CAT). We are focused on developing the most effective teaching and learning practices through the use of applied research, technology and sophisticated systems and processes as a means of clearly differentiating ourselves in our chosen markets.

This gives us confidence in the future and an expectation that we will continue our growth trajectory.

SOLID BASE FORMING FOR THE GROUP'S COMPETITIVE ADVANTAGE

Ability to leverage scale



Continued growth in SA:

- Comprehensive footprint
- Established premium brands
- Growing mid-fee brands

Good growth opportunities in the rest of Africa:

- Growing demand for quality education
- Have the experience, capability and scale to deliver
- Building track record

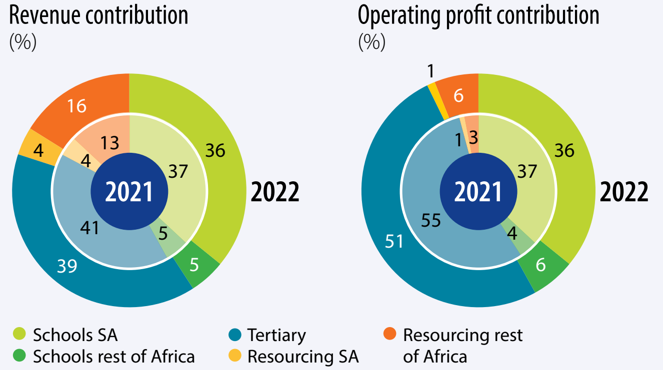
STRONG FINANCIAL PERFORMANCE

Strong cash generation and robust balance sheet evidence of sound business model, clear market focus and continued emphasis on effectiveness and efficiency

Group revenue grew by 18% to R7.0 billion for the year due to good enrolment growth in both the schools and tertiary divisions together with increased business activity in the resourcing division, particularly in the markets outside of South Africa.

Operating profit increased by 20% to R1 333 million, with the group operating margin improving to 19.1% due to the operating leverage and the continued focus on efficiency improvements.

Segmental overview



Unfortunately, we did experience challenges with the transferring of data during the migration to a new integrated business system at the beginning of 2022, which largely affected returning students in the tertiary division. This resulted in billing delays and adversely affected our collections processes. As a result, we have seen a sharp increase in our debtors provisions.

We are of the opinion that this is a once-off, isolated event linked directly to our system implementation and that it will be reversed in the period ahead. As evidence of that confidence, we would point to the performance of our schools business, where we have seen consistent improvement in collections as a result of our organisational changes and systems enhancements. The system that we have implemented at tertiary is the same as we are using in our schools division and we are, therefore, confident that we will return to normal levels of collection performance. Further evidence is the fact that billing for 2023 is progressing well and collections in the new financial year are ahead of expectations.

Read more in Group Commercial Directors report on page 37.

OPERATIONAL REVIEW

Schools division

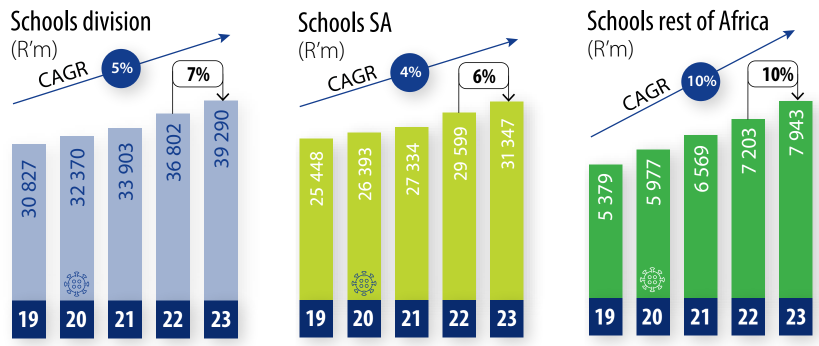
All of our brands, including the premium brands, have shown growth. This is recognition of ADvTECH's excellence in education which, together with our improved systems and processes, has ensured that we are gaining market share in a tough operating environment.

Enrolment continued to grow strongly into 2023, rising by 6% in South Africa to 31 347 and by 10% in rest of Africa to 7 943.

Fundamental to the current enrolment success is our absolute focus on academic excellence through teaching and learning, coupled with continued focus on our brand portfolio alignment, clear value propositions and improved attention to customer service. The benefits gained from the continued development of centralised structures has contributed meaningfully to the schools division this year, with robust debt collection and increased reliance on centralised procurement leading to enhanced efficiency and effectiveness across the division. This is evident in our operating margins, with schools in South Africa improving from 18.9% to 19.4%. Furthermore, the potential of the rest of Africa schools is clearly demonstrated by margins improving from 17.7% to 23.9%.

We are pleased with the solid progress made in building our online offering, Evolve. While progress has been made in terms of actual numbers, the fact that Evolve would appear to have a much lower attrition rate than other online offerings is proof of the quality of the product. The addition of the Cambridge International education offering, which has shown encouraging early signs, is yet another important opportunity to grow the brand offering across the continent.

Schools: Student enrolments



COMPREHENSIVE BRAND PORTFOLIO - SCHOOLS DIVISION

Progressive/ modern — 27 Schools
Crawford International

Traditional/ holistic — 20 Schools
TRINITYHOUSE Pre-Primary • Preparatory • High

Specialised academic support and assisted learning — 8 Schools
THE BRIDGE ASSISTED LEARNING CENTRE
ABBOTTS COLLEGE High School

Mid-fee — 47 Schools
PINNACLE COLLEGES
Makini Schools NURSERY, PRIMARY, SECONDARY, COLLEGE

Early childhood development — 5 Schools
Junior COLLEGES EARLY LEARNING

Online homeschooling — 3 Schools
evolve

SCHOOLS SOUTH AFRICA

Good enrolment growth and solid financial performance

Revenue increased by 14% to R2.5 billion and operating profit increased by 17% to R484 million, with operating margin improving to 19.4%.

Our continued focus on eliminating waste and duplication of effort has enhanced our quality offering, while improving the operating margin. Both premium and mid-fee brands performed well and enrolments continued to climb throughout the year, while extramural and aftercare also fared well.

A new school, Pinnacle Raslouw in Centurion, opened in January 2023. Enrolments have exceeded expectations, necessitating bringing phase two of the project forward to 2023.

In line with our promise of academic excellence, our students achieved outstanding results in the 2022 IEB examinations, resulting in the group retaining a leadership position in private education in South Africa. The 2022 cohort achieved an impressive 99.5% pass rate, with 90.8% obtaining a bachelor degree pass.

ACADEMIC RESULTS ACHIEVED IN SOUTH AFRICA

Outstanding results in line with the promise of academic excellence

Independent Examination Board (IEB) results	ADvTECH IEB STUDENTS 99.5% matric pass rate	ADvTECH IEB STUDENTS 90.8% bachelor degree pass rate
	IEB STUDENTS 98.4% matric pass rate	IEB STUDENTS 89.3% bachelor degree pass rate
Department of Basic Education (DBE) results	ADvTECH DBE STUDENTS 95.6% matric pass rate	ADvTECH DBE STUDENTS 71.5% bachelor degree pass rate
	DBE STUDENTS 80.1% matric pass rate	DBE STUDENTS 26.7% bachelor degree pass rate

ADvTECH STUDENTS
2 distinctions
on average, per candidate

ADvTECH STUDENTS
10% of ADvTECH students received 6+ distinctions

SCHOOLS REST OF AFRICA

ADvTECH Schools lead the way, with strong growth and commitment to quality education and efficiency gains

Whilst our growth in South Africa has been pleasing, given the socio-economic environment, our schools outside of South Africa have shown even higher levels of growth, with all of our rest of Africa schools experiencing good enrolment growth and higher levels of profitability.

Revenue increased by 25% to R334 million and operating profit increased by 69% to R80 million, with the operating margin improving from 17.7% to 23.9%, which is in line with expectation and gives confidence for further expansion.

Gaborone International School (GIS) continues to perform exceptionally well, with strong enrolment growth and market-leading academic results. The students achieved a 100% pass rate in the International General Certificate of Secondary Education (IGCSE) exams and averaged three distinctions per candidate, with 16% of students in the class achieving 'full house As'. The quality of the offering has led to strong demand and capacity is being increased to accommodate 3 000 students. Phase one of this expansion, which included the development of a state-of-the art science and technology centre, was completed in 2022 and phase two is currently underway.

As Crawford International in Kenya continues to experience strong demand owing to an enviable reputation for academic excellence and an outstanding premium school offering, capacity was increased during the year. Of the final year students completing their A-Level qualification at the school, 95% have been accepted into international universities in the US, UK, Europe, Canada, Hong-Kong, Asia and Australia. Furthermore, 19% of the final year students achieved 'full house As' and one student was the top ranked scholar for French in Kenya.

The introduction of the Cambridge International Curriculum at Makini Schools in 2020 has proven successful with enrolments for this offering now approaching 1 000 students. We continue to invest in refurbishing the sites in order to improve the facilities and to portray a more aspirational appearance.

We continue to build scale in the rest of Africa, in line with expected enrolment growth which continues to highlight the feasibility of our investments in the rest of Africa.

ACADEMIC RESULTS ACHIEVED – REST OF AFRICA

Outstanding academic delivery establishing ADvTECH's credentials

Gaborone International School

3 Average distinctions per student

100% pass rate

16% of the class achieved 'full house As'

Crawford International Kenya

2 Average distinctions per student

19% of the class achieved 'full house As'

Cambridge International

(A/AS LEVELS) *aligned to South African "Grade 13"

Student achieved **First place** in French in Kenya

95% of students were accepted into international universities in the UK, USA, Europe, Canada, Hong Kong, Asia and Australia

TERTIARY/UNIVERSITY DIVISION

WELL ESTABLISHED BRAND PORTFOLIO

Varsity College, MSA
- Higher certificates
- Diplomas
- Degrees
- Postgrad to masters
- Face-to-face
- Online
- Blended
- Part-time
- 9 campuses

Rosebank College
- Higher certificates
- Diplomas
- Degrees
- Face-to-face
- Online
- Blended
- Part-time
- 9 campuses

Vega
- Higher certificates
- Diplomas
- Degrees
- Postgrad to doctoral
- Face-to-face
- Online
- Blended
- Part-time
- Short learning programmes
- 4 campuses

School of Hospitality & Service Management, Capsicum
- Vocational
- Higher certificates
- Diplomas
- Advanced diploma
- Degrees
- 8 campuses

Oxbridge Academy
- Vocational
- Higher certificates
- Diplomas
- Short learning programmes
- Distance

Revenue increased by 12% to R2.7 billion and operating profit increased by 12% to R680 million.

Our tertiary division performed well and continues to grow off the back of a well-established, quality brand portfolio that offers a comprehensive range of programmes and qualifications. Our ability to provide multi-channel modes of delivery (contact, blended, online, full-time, part-time and distance) is fundamental to our value strategy and allows us to meet the requirements of every student at any time and at any location.

As mentioned in our half year results, during 2022, the Minister of Higher Education and Training published draft regulations setting out the criteria to qualify as a "university". The group welcomes this development as a positive step on our path towards achieving university status and we will continue to engage with the Department of Higher Education and Training to achieve the desired outcome. We strongly believe that this will benefit our students who rightfully deserve to be afforded the same status as peers who obtain similarly accredited qualifications through a public university.

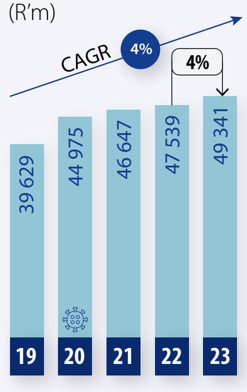
Read more on page 55.

Continued growth enabled further development of the Varsity College campuses in Pretoria and Midrand, which were expanded to increase capacity in response to growing demand. Buildings adjacent to Rosebank College's Braamfontein and Pretoria mega campuses, which have both reached full capacity, were acquired to allow for further growth. This investment in our campuses was delivered while still achieving good results and a healthy margin.

Tertiary: Full qualification student enrolments

Continued growth due to the quality of our academic offering and multi-mode of delivery.

Tertiary: Full qualifications
(R'm)



RESOURCING DIVISION

Strong overall performance led by outstanding performance in the rest of Africa

The strategy to expand into the rest of Africa continues to pay dividends. The division continues to increase its presence and number of placements across 19 countries on the continent and now generates the bulk of its revenue and operating profit outside of South Africa.

Revenue increased by **38%** to **R1.4** billion

Operating profit increased by **129%** to **R89** million

BUILDING COMPETITIVE ADVANTAGE

Our ongoing journey towards a sustainable competitive advantage

With a portfolio of brands, effective growth and a clear market focus, ADvTECH is now concentrating on building sustainable long-term competitive advantage, with the aim of becoming the dominant Pan-African education business.

Over the past few years, the group has built a solid base that includes a clearly defined strategy with well-positioned brands, highly capable skill sets and an agile and flexible business.

In our first phase of development, we improved structures, standardised systems and focused on brand propositions. The second phase enhanced operational efficiencies, including strengthening our performance management, establishing benchmarks and setting clear targets. We also introduced training and development programmes in pivotal areas, further defined our brand value propositions, improved customer service and consolidated and standardised our financial processes.

We are now in a position to develop meaningful competitive advantage. This third phase of creating a sustainable competitive advantage, through leveraging our unique position, will be harder for competitors to replicate and differentiates us further in the market.

PHASES OF DEVELOPMENT

Building a solid platform – on a journey to a sustainable competitive advantage

1ST PHASE

Standardise

Revised and improved

- Structures
- Systems
- Brand portfolios and value proposition
- Brand resources
- Standardised systems
  - GSS – automated transactional finance
  - D365 – finance system
  - SIS – Student information system

2ND PHASE

Operational optimisation

- Benchmarking
- Targets
- Performance management
- Development programmes:
  - Principals development programme
  - Customer service
  - Marketing
  - Finance skills

3RD PHASE

Building a sustainable competitive advantage through leveraging unique competences

- **Teaching and learning**
  - Research
  - Teacher training and development
- **Embedding technology**
  - Delivery of education
  - Assessment and reporting
  - Process
  - Data driven decision making
- **Leveraging scale**
  - Tertiary and schools
  - Transaction processing
  - Benchmarking for performance and quality

ADvTECH has three great strengths:

1. We are uniquely positioned to become the **experts in teaching and learning** across the continent.
2. We have and are **investing in technology**, not only for efficiency and productivity enhancement, but to deliver superior teaching and learning.
3. We can leverage our **scale to deliver value.**

Teaching and Learning

The benefit of having both schools and tertiary within the group presents a distinct competitive advantage. We are able to leverage the substantial investment in intellectual property housed in our Central Academic Team (CAT), allowing us to focus on developing the most effective teaching and learning practices through the use of applied research, technology and sophisticated systems and processes and to use these practices to bolster our internal teacher development programmes.

Through our tertiary brands, we are able to develop our own talent and bring the best of our graduate teachers into our system. This clearly differentiates us in our chosen markets and helps us to attract top-quality talent from across the continent.

Embedding technology

We have made strides in integrating technology into the teaching and learning process, allowing us to extract data from our large database of students to personalise the student experience and enable predictive data-driven decision-making. This, together with the use of interactive dashboards that provide information on progress to students, their parents and teachers, supports the best possible student and teacher experience.

Leveraging our scale

Affordability, rather than demand, remains the ongoing issue in private education. To deliver real value to the consumer, we continue to focus on educational productivity by driving operational effectiveness and efficiencies, eliminating waste and duplication through our shared services, and maintaining strong cost control measures. As an example, our standardised systems platform gives us the ability to work across the group, including in areas such as student registration, debt collection and customer management. Together, these give us a further competitive advantage, both in South Africa and in the rest of Africa.

ADvTECH's Environmental, Social and Governance (ESG) journey

As Environmental, Social and Governance (ESG) reporting continues to evolve globally, the group has a three-year plan in place to improve on our ESG reporting and ensure that we align with various principles and reporting frameworks.

Read more in ESG strategy section page 33.

Loadshedding

Despite the ongoing challenge of loadshedding in South Africa, we have successfully implemented various measures to ensure that our ability to deliver high-quality education remains unaffected and remain committed to minimising our environmental impact across all of our operations.

In addition to having generators on most of our sites, we have relatively low electricity usage, which we track using meters in order to minimise our environmental impact and contain costs. We constantly seek out new opportunities to reduce consumption and are piloting solar solutions at two of our sites to better understand the viability of rolling this out group wide. Managing and optimising our water consumption has also yielded positive results, with great progress being made in terms of savings in water consumption during 2022.

Read more on page 79.

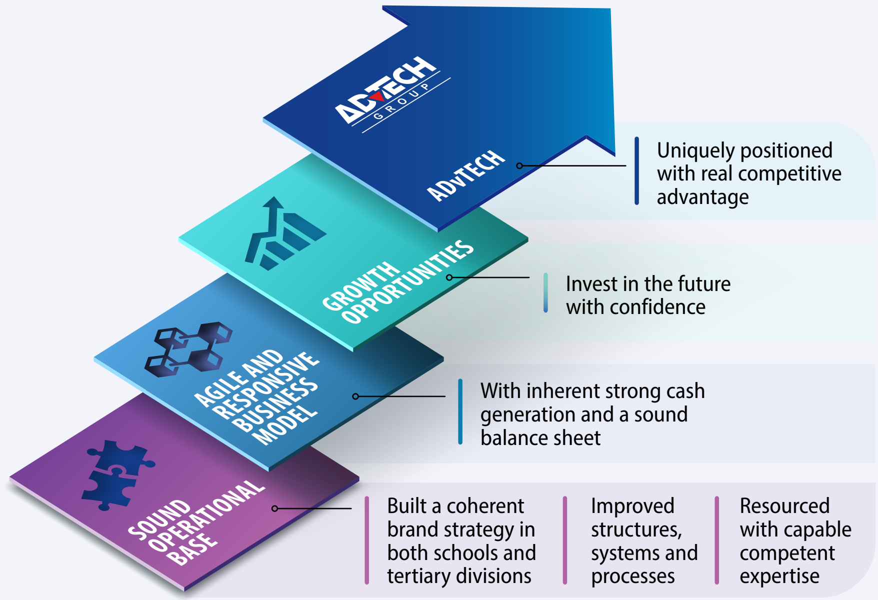
PROSPECTS

Sustainable competitive advantage and the ability to leverage scale

Demand for quality education remains in high demand. We continue to strengthen our competitive advantage by further enhancing our offering and delivering value in quality education. This, combined with the clear market positioning of our brands in both the schools and tertiary divisions and our revised structures and improved systems, continues to drive efficiency, value and growth and enables us to be agile and responsive in dealing with both unforeseen challenges and a difficult socio-economic environment. Along with the inherent strong cash generation of our business model, this will enable us to invest with confidence in areas of opportunity.

We are determined to continue with this approach to optimise our performance in both South Africa and the rest of Africa. We believe that ADvTECH is uniquely positioned to leverage all these advantages and to benefit from continued growth in demand for education in South Africa and, particularly, in the rest of Africa.

INVESTMENT CASE



To ADvTECH employees and stakeholders, a very sincere word of thanks for your commitment, dedication, flexibility and willingness to go that extra mile.

Roy Douglas

Group CEO

6 April 2023

Leadership structures

ADvTECH group's strategic leadership structure optimises decision-making and the implementation of strategic and operational initiatives. Each of the three divisions, schools, tertiary and resourcing as well as the centralised group support services, are governed by an operating committee and includes key decision makers and relevant stakeholders.

This ensures the efficient use of their skills and knowledge to directly influence and contribute to the success and development of the brands and the growth of the division, while group support services provide back-office support and efficient transaction processing.

Each operating committee benefits from executives with a broad range of experience and skills covering various disciplines. These committees consist of a total of 24 committee members and their combined experience is tabled alongside.

LEADERSHIP OPERATING COMMITTEES

BOARD OF DIRECTORS

GROUP CEO

- GROUP ACADEMIC DIRECTOR
- GROUP HR EXECUTIVE
- INTERNATIONAL BUSINESS DEVELOPMENT EXECUTIVE
- GROUP COMMERCIAL DIRECTOR

SCHOOLS DIVISION OPERATING COMMITTEE

- Brand MDs
- Chief Information Officer
- Group Commercial Director
- Group HR Executive
- Group Academic Director
- Group Properties Executive

TERTIARY DIVISION OPERATING COMMITTEE

- Brand MDs
- Chief Information Officer
- Group Commercial Director
- Group HR Executive
- Group Academic Director
- Group Properties Executive

RESOURCING DIVISION OPERATING COMMITTEE

- CEO Resourcing
  - Brand MDs
- Chief Information Officer
- Group Commercial Director
- Group HR Executive

SUPPORT SERVICES OPERATING COMMITTEE

- Chief Information Officer
- Group Shared Services Executive
- Company Secretary Head of Legal
- Group Properties Executive
- Group Corporate Affairs and ESG Manager

COMBINED EXPERIENCE OF THE OPERATING COMMITTEES

Education and academia	8
ESG	3
Human resources	6
Law	14
Mergers and acquisitions	14
Finance, commerce, and investment management	7
Information technology	6
Marketing	6
Strategy and business development	12

Our strategy

Academic excellence is at the very heart of our strategy and central to value creation. In executing our strategy we consider various elements including our stakeholders' feedback, risks and opportunities and our material matters.

We deploy our capital resources in an efficient manner that considers necessary capital trade-offs. Our strategy is executed through our three business divisions: schools, tertiary and resourcing, all of which are underpinned by our purpose and values. Our strategic objectives are the building blocks upon which we focus.

Our ESG elements are embedded within our strategic objectives. Critical enablers (people, brands, systems, governance and capital management) ensure that our business is sustainable and can adapt in a dynamic operating environment robustly and resiliently, with substance and gravitas.

OUR PURPOSE

To build and grow a highly capable organisation in education, training and placement to enrich people's lives and futures.

STRATEGIC PROCESS

Our strategic process takes into account various factors shown below. Our key stakeholders (see page 57) also play an important part in shaping our strategy through their constructive feedback.

- Material matters — *Page 14*
- Risks and opportunities — *Page 17*
- Capital resources — *Page 82*

OUR STRATEGIC OBJECTIVES

Page 32

ESG

- SO1 Academic excellence
- SO2 Growth
- SO3 Customer focus
- SO4 Educational productivity
- SO5 Human capital productivity
- SO6 Capital productivity
- SO7 Excellence through specialisation

KEY ENABLERS

- People — *Page 66*
- Brands — *Page 5*
- Systems — *Page 72*
- Governance and capital management — *Page 84*

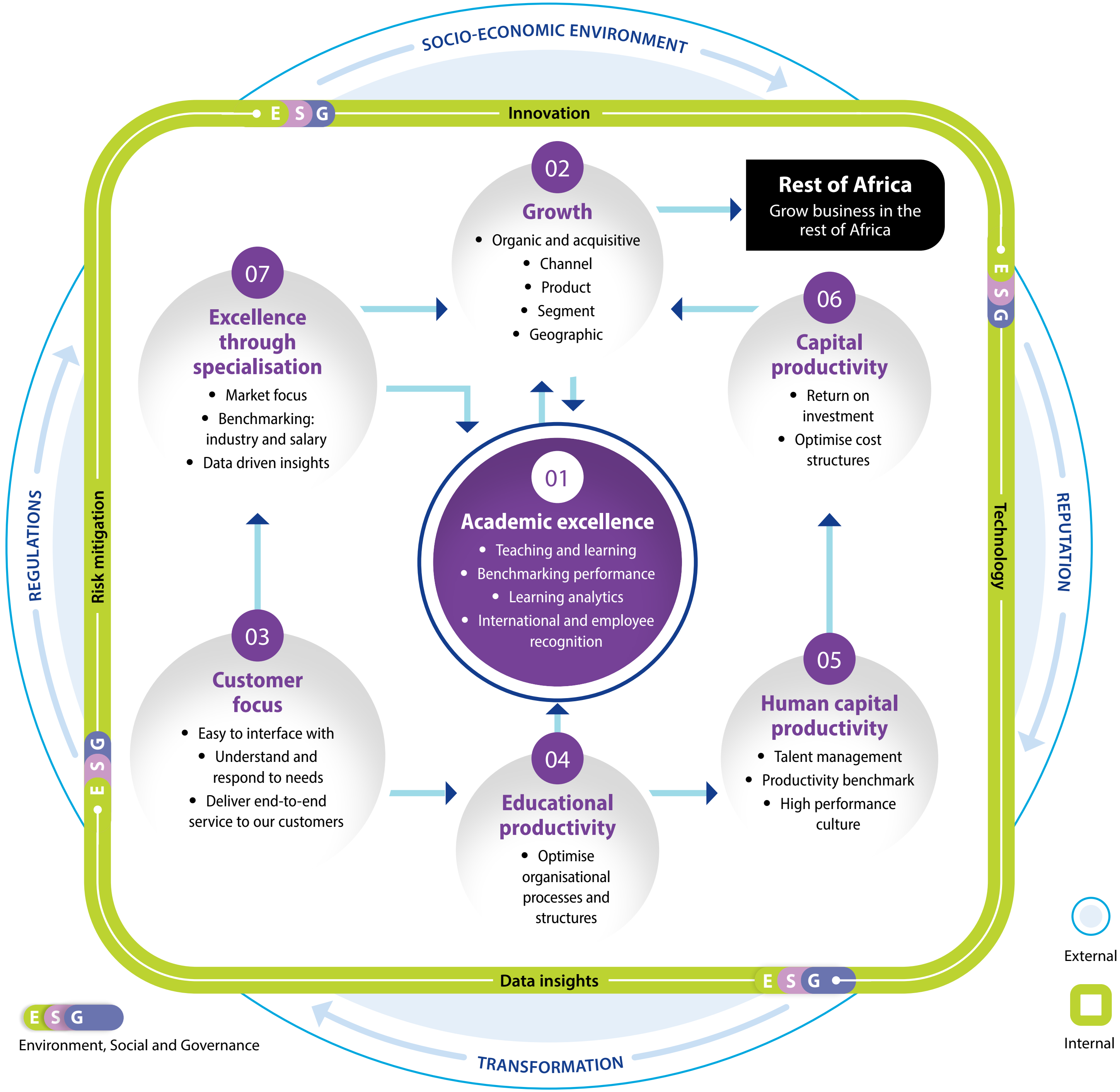
OUR VALUES

ETHICS • PEOPLE CENTREDNESS • HIGH QUALITY • SUSTAINABILITY • CARING AND RESPONSIBLE LEADERSHIP • RESPECT, DIVERSITY AND INCLUSION

OUR STRATEGIC OBJECTIVES

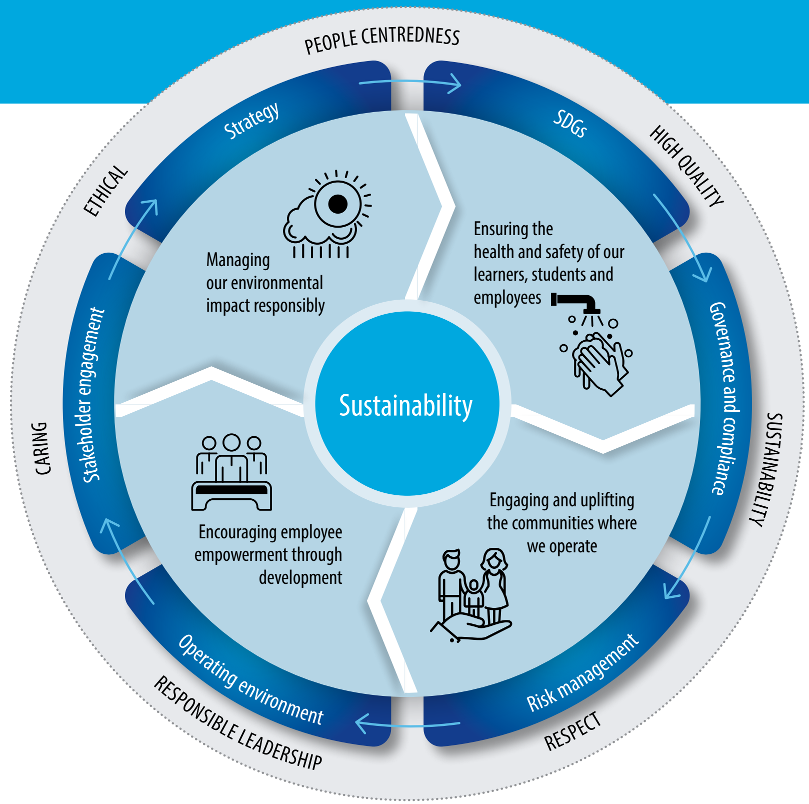
Our strategic objectives, depicted alongside, are the building blocks upon which we focus to achieve the group's strategy. They are influenced by our internal (risks and opportunities as well as material matters) and external (regulation and socio-economic environment) operating environments as well as our key stakeholders. These objectives are core to guiding our business and require ongoing innovation and data insights to maintain our respected reputation. They also ensure that we differentiate ourselves in the academic marketplace to attract and retain customers.

- SO1 Academic excellence
- SO2 Growth
- SO3 Customer focus
- SO4 Educational productivity
- SO5 Human capital productivity
- SO6 Capital productivity
- SO7 Excellence through specialisation



ESG strategy

ESG is intrinsic to the achievement of our strategic objectives. We are proud to make a meaningful difference to our stakeholders through our core business activities and ongoing engagement. We strive for excellence and sustainability in meeting the needs of the present day without compromising those of future generations.



ESG APPROACH

Strategy

The group is aware of the growing concerns around climate change and is encouraged by the traction ESG is gaining in the quest to consistently and accurately measure companies' ESG metrics. While our negative environmental impact is relatively low when compared to other businesses, given the nature of our product offering, we still strive to minimise our operations' carbon footprint by monitoring and reporting on our environmental impacts. Our main ESG contribution relates to the social element as we educate students from pre-school to tertiary level about the importance of long-term environmental, social and governance elements, and to lead by example in our everyday decisions. Education promotes equality and enables social transformation, and we believe that our greatest impact lies in embedding ESG principles within our education curricula, projects and business activities. This impact aligns with academic excellence, which is at the heart of our strategy and central to value creation.

ADvTECH's dedicated Central Academic Team (CAT) is instrumental in embedding ESG principles and achieves this by including the UN SDGs within our schools and tertiary curricula, to educate future generations about being responsible citizens. Quality education (SDG 4) is not only part of the UN SDGs, but also arguably the foundation to all SDGs.

Providing students with the skills to think through complexity, transcend paradigms, learn through dialogue and communication, engage in deep reflection as well as foster knowledge and vocational expertise, will have a generational impact as our students pay it forward.

In addition to SDG 4, ADvTECH selected five other SDGs that we can positively impact through our business operations, as we strive to lead by example through responsible corporate behaviour and support efforts to minimise our operations footprint:

SDG 4
Quality education

SDG 5
Gender equality

SDG 6
Clean water and sanitation

SDG 8
Decent work and economic growth

SDG 9
Industry, innovation and infrastructure

SDG 11
Sustainable cities and communities

Governance

ADvTECH's ESG approach is built on a robust corporate governance framework that incorporates various policies, standards and procedures relating to our ESG performance. The group's governance process ensures we comply with relevant laws and frameworks that incorporate ESG elements.

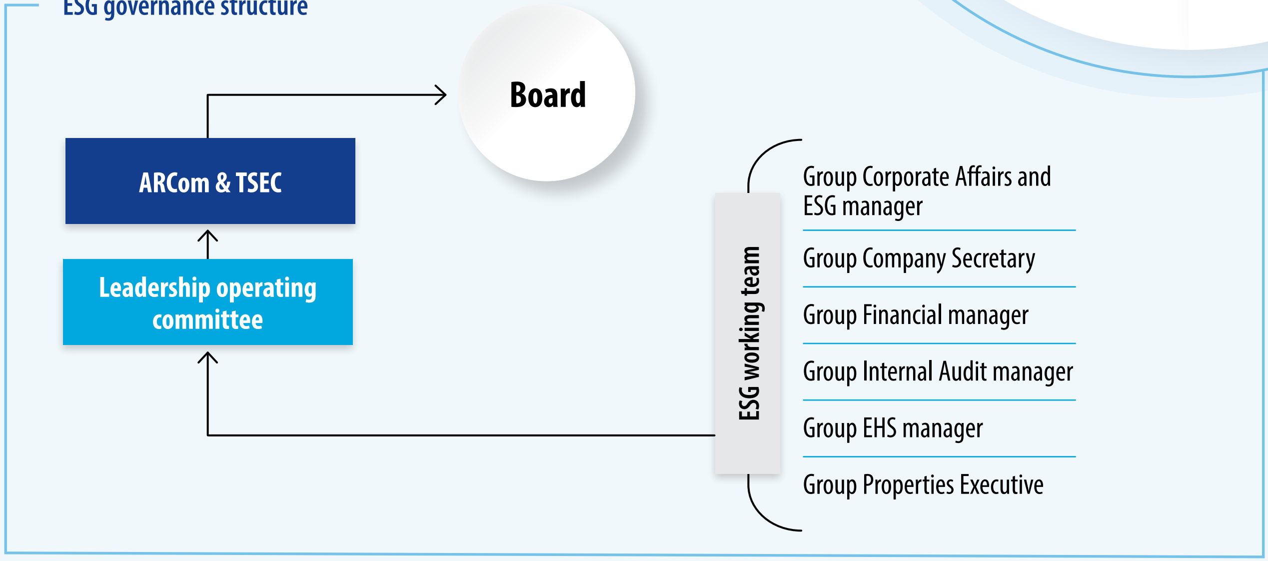
ADvTECH's board is responsible for oversight, assigning responsibility to ARCom, from a governance perspective, and TSEC from a social and environmental perspective, both of which are statutory committees that operate in accordance with a formal mandate. The chairs of these respective committees are responsible for keeping the board and stakeholders abreast of ADvTECH's ESG progress. The ARCom comprises four suitably qualified and experienced independent non-executive directors and the group CEO and GCD attend these meetings by a standing invitation. TSEC consist of three independent non-executive directors and the group CEO.

The attendance of these two committees are available on pages 89 and 90.

In 2022, ADvTECH established an ESG working team to drive the integration of ESG within the group. Members of this working group include employees who are responsible for environmental and health elements, social elements and governance.

As depicted below, ADvTECH's ESG working team provides ESG reporting updates to the leadership operating committees.

ESG governance structure



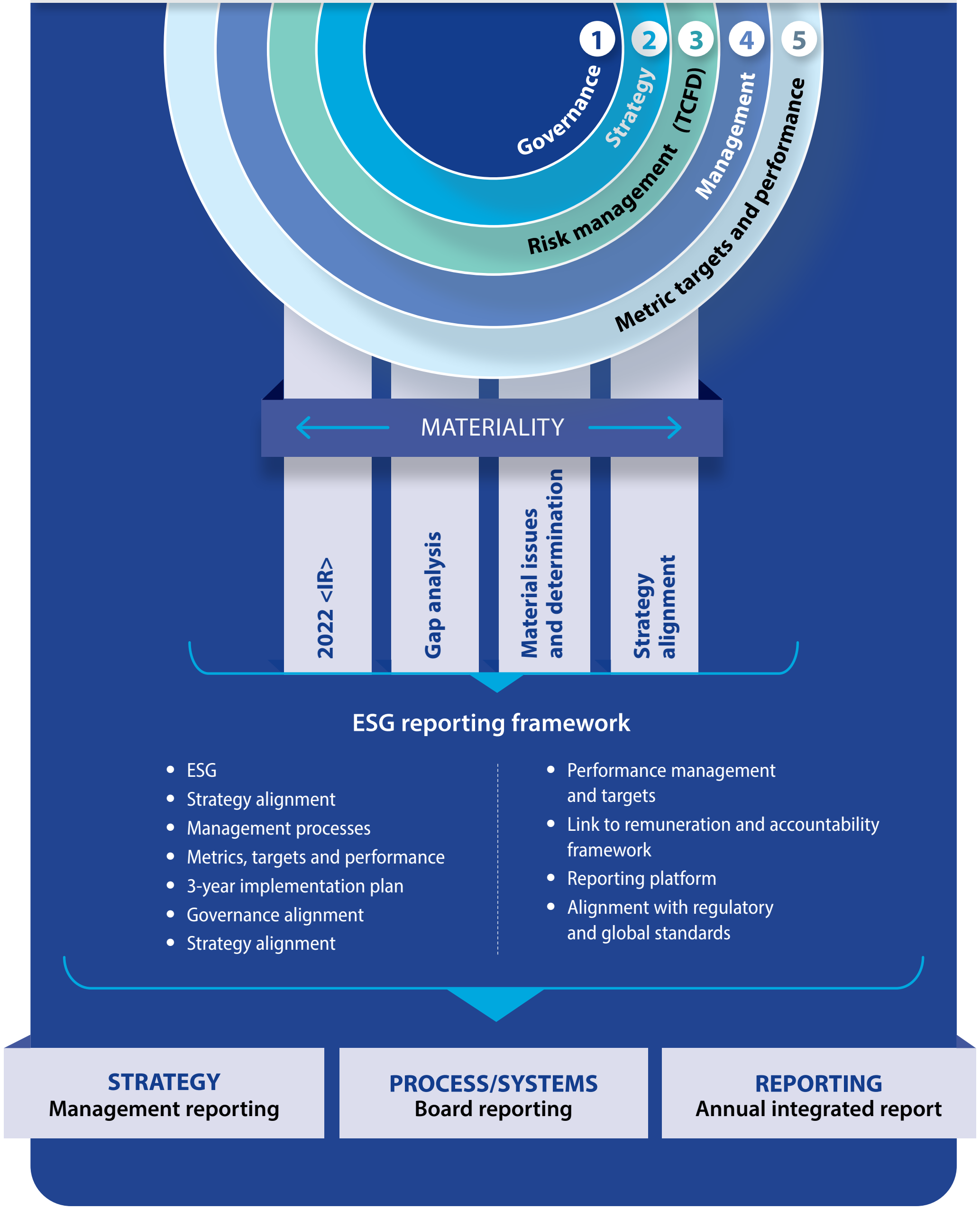
Management (including risk management)

ESG management is integrated in the group's risk management approach whereby each of the group's top 10 risks have been linked to ESG elements as tabled on page 18.

Metrics and targets

At this stage of our ESG journey, we have not yet measured our carbon footprint, however we do strive to reduce our carbon footprint through various initiatives as discussed in our natural capital section (page 77). We will be guided by the JSE Limited's Sustainability Disclosure Guidance, which was released in June 2022, as a starting point for evolving our compliance and reporting commitments over the next three years (2022 – 2024) to facilitate ESG reporting, with quantitative and qualitative information that is material to our business.

ESG journey



ADvTECH's three-year (2022 – 2024) ESG journey

The table below details the progress made in year 1 (2022).

Refer to the ESG Index for reporting against the group's specific frameworks and guidelines.

	Tasks	Progress
2022	Conducted an **internal gap analysis** based on the specific frameworks and guidelines the group will align with: • JSE Limited Sustainability Disclosure Guidance • UN SDGs • Global Reporting Initiative (GRI) Standards • IFC requirements • Education specific standards of the Sustainability Standards Accounting Board (SASB) Standards, now part of IFRS Foundation • Task Force on Climate-related Financial Disclosure (TCFD)	Various internal engagements were held with relevant functions within the group to establish ADvTECH's alignment with these frameworks, the gaps noted and how to address these gaps going forward as part of the group's ESG journey.
	Engaged an external provider to conduct a **material matters workshop** to ensure that the group's current material matters are still relevant and complete	Deloitte conducted a material matters workshop based on the double materiality (financial and impact) assessment. Attendees included the ARCom members, leadership operating committee members, various support services representatives as well as representatives from each of our divisions (schools, tertiary and resourcing).
	Finalised the group's material matters	The board approved the group's material matters for 2022

For more information on our progress, please refer to the ESG index

FINANCIAL CAPITAL

What

What is our financial capital?

Our financial capital includes cash, investments, debt and equity resources. We use a combination of these financial resources in our business operations to ensure financial sustainability.

Why

Why this capital is important?

We use cash generated by our business activities as well as funding, both debt and equity, to finance business growth organically and through strategic investments to support the group's short-, medium- and long-term sustainability and growth plans. We provide our shareholders with a return on their investments through regular dividend payments.

How

How this capital creates and preserves value?

Financial capital is used as part of our daily business operations to ensure we achieve the group's strategic objectives. When using our capital resources, we engage with stakeholders that will be impacted, consider our material matters and balance the capital trade-offs with other capitals that are impacted. This process culminates in value creation and value preservation as depicted alongside.

FINANCIAL CAPITAL INPUTS AND KPIs

VALUE OUTCOMES

Value added of
R5 695 million
(2020: R4 919 million)

Schools South Africa revenue
14%
to R2.5 billion
(2021: R2.2 billion)

Schools rest of Africa revenue
25%
to R334 million
(2021: R268 million)

Tertiary division revenue
12%
to R2.7 billion
(2021: R2.4 billion)

Resourcing division revenue
38%
to R1.4 billion
(2021: R1.0 billion)

Borrowing costs well within covenants

Strong cash generating ability - free operating cash flow before capex increasing by 10% to
R1.2 billion
(2021: R1.1 billion)

Value created | Value preserved

MATERIAL MATTERS CONSIDERED

MM 2 | MM 3 | MM 4

STAKEHOLDERS IMPACTED

OTHER CAPITALS IMPACTED

IC | HC | MC | SC

STRATEGIC OBJECTIVES SUPPORTED

S02 | S03 | S06

SDGs SUPPORTED

Click to see icon descriptions

Outlook

- Maintain a strong balance sheet.
- Sustainable cost and capital expenditure containment.
- Continued streamlining of processes to drive further effectiveness and efficiencies.

Group Commercial Director's report

STRONG OPERATING PROFIT GROWTH DRIVES UP RETURN ON FUNDS EMPLOYED

A particularly pleasing aspect of the ADvTECH group results was the significant improvement in the return on funds employed to 18.9% (2021: 16.6%). This demonstrates the value created for shareholders from the investments the group has made since 2014, that have meaningfully increased the scale of the business and are now emerging from the J-curve and moving towards achieving their optimal returns.

The group continued its trend of delivering a consistent performance that reflects the quality of our assets and robustness of the business model. All divisions increased their operating profits in 2022, with the education divisions benefiting from enrolment growth and the resourcing division seeing an increase in the level of recruitment activity. The continued drive for operational efficiencies contributed to improved operating margins.

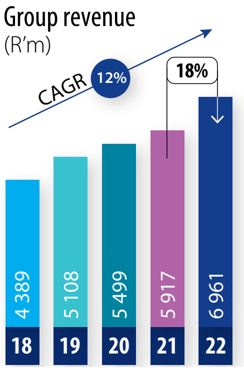
Also pleasing is the continued strong cash generating ability of the group with free operating cash flow before capex increasing by 10% to R1.2 billion (2021: R1.1 billion). This demonstrates the inherent cash generating capabilities of the group's business model. This has allowed the group to scale up the business significantly over the years, through strategic investments, while also positioning it well to explore further expansion opportunities with confidence.

Revenue

GROUP REVENUE grew by

↑ **18%** to **R7.0** billion

(2021: R5.9 billion)



South African schools' revenue increased by 14% to R2.5 billion (2021: R2.2 billion) with fees increasing in line with inflation and all brands, including the premium brands, showing enrolment growth. Fees for boarding, aftercare and extramural activities showed a meaningful increase as they returned to pre-COVID-19 levels.

Our schools in the rest of Africa saw a 25% increase in revenue to R334 million (2021: R268 million) with all our schools having experienced good enrolment growth. These schools have demonstrated the quality of their academic offering at fee points that have made them extremely competitive, which has led to strong demand. Cumulatively, these schools have experienced annual enrolment growth of 10% or greater for four consecutive years leading into 2023. Makini is also benefiting from students switching from the Kenyan national curriculum to the Cambridge International curriculum, which is offered at a higher fee.

The tertiary division continued to grow enrolments increasing revenue by 12% to R2.7 billion (2021: R2.4 billion). Fee increases were marginally below inflation while the fee mix was positive owing to more students opting for Degree qualifications that attract higher fees.

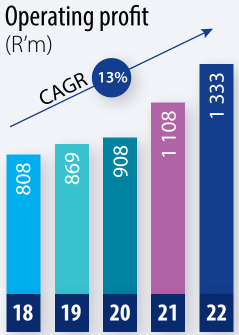
Revenue from the South African resourcing brands increased by 11% to R252 million (2021: R226 million), as market share gains were achieved in a still subdued employment market. The strategic decision to expand resourcing into the rest of Africa continues to bear fruit as the business continued to build scale in the more buoyant markets across the continent, increasing revenue by 46% to R1.2 billion (2021: R0.8 billion).

Operating profit before interest and non-trading items

OPERATING PROFIT increased by

↑ **20%** to **R1 333** million

(2021: R1 108 million)



Operating profit increased by 20% to R1 333 million (2021: R1 108 million) with group operating margins improving to 19.1% (2021: 18.7%) largely due to operating leverage resulting from enrolment growth and the continued focus on operating efficiency improvements.

South African schools increased their operating profit by 17% to R484 million (2021: R413 million) with the operating margin improving from 18.9% to 19.4%. This was achieved due to the operating leverage of improved capacity utilisation together with the continued initiatives that focused on eliminating wastage and duplication.

Schools in the rest of Africa increased operating profit by 69% to R80 million (2021: R47 million) with all schools making a meaningful contribution. The disciplines, policies and procedures of the group are becoming entrenched in these schools and contributed to the operating margin improving to 23.9% (2021: 17.7%).

The tertiary division grew operating profit by 12% to R680 million (2021: R609 million) and maintained its operating margin at 24.9% (2021: 25.0%) due to good cost controls that were offset by higher levels of credit losses on trade receivables.

The combined resourcing division achieved an operating profit of R89 million (2021: R39 million). This improvement was delivered as a result of increased placements, particularly across the rest of Africa.

Non-trading items

The net amount of non-trading items of R14.3 million is made up as follows:

- Profit on disposal of property, plant and equipment of R11.4 million, the majority of which arose from the disposal of land and buildings that were surplus to requirements;
- Corporate action costs of R0.2 million relate to legal fees in relation to the loan facilities; and
- Profit on disposal of subsidiary of R3.1 million, relating to the disposal of a 51% shareholding in the Contract Accountants Group.

Profit for the year and normalised earnings per share

Net finance costs increased marginally to R173 million (2021: R161 million) due to increased finance costs on lease liabilities as a consequence of several new leases being entered into or renewed that were partially offset by lower finance costs on reduced borrowings.

A greater proportion of the group's profits are being earned in countries with a lower taxation rate than South Africa. This, together with the South African income taxation rate reducing to 27% with effect from the 2023 year that requires deferred taxation assets and liabilities to be remeasured, resulted in the effective taxation rate reducing to 28.3% (2021: 29.2%).

Profit for the year increased by 24% with normalised earnings per share, which excludes non-trading items, increasing by 20% to 145.7 cents (2021: 121.5 cents) per share.

Working capital and cash flow

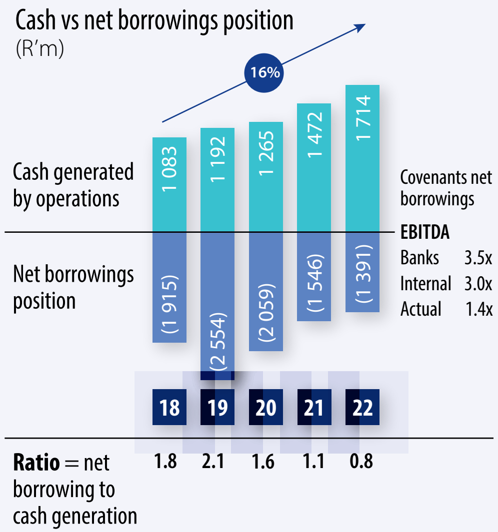
The group has an inherently negative working capital model due to fees being payable in advance, while most costs are payable in arrears. Negative working capital amounted to R623 million at year end (2021: R562 million) with the increase from last year attributed to increased trade and other payables and fees and deposits received in advance.

The continued focus on collections resulted in gross trade receivables at schools and resourcing, amounting to R91 million (2021: R82 million) and R42 million (2021: R36 million) respectively, to reduce to 3.2% (2021: 3.3%) and 3.0% (2021: 3.5%) of revenue respectively. In tertiary division, however, we experienced challenges with the transferring of data during our migration to a new integrated business system at the beginning of 2022, resulting in billing issues, which largely affected returning students. This meant that several students were only presented with correct statements late in the year and in some cases led to delays in them servicing their accounts. As a result, gross trade receivables for tertiary increased by 50% to R670 million (2021: R447 million). Overall, the group trade receivables increased by 42% to R802 million (2021: R565 million) and the credit loss allowance at 31 December 2022 increased to R438 million (2021: R321 million) representing a 55% (2021: 57%) coverage of gross trade receivables.

Owing to the increased credit loss allowance made against the tertiary trade receivables, credit losses for the year increased to R257 million (2021: R117 million). Compounding the negative year on year comparison is the fact that the credit losses reported in the prior year also benefitted from collections post the COVID-19 lockdowns exceeding expectations. The system issues have now been resolved and the billing for 2023 enrolments is running smoothly.

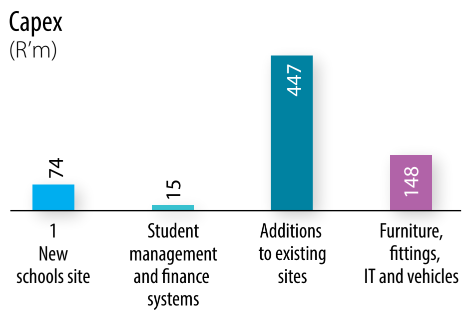
Trade receivables and credit loss allowance

R'm	Group Total 2022	Schools 2022	Tertiary 2022	Resourcing 2022	Group Total 2021	Schools 2021	Tertiary 2021	Resourcing 2021
Trade receivables	**802.0**	**90.5**	**669.5**	**42.0**	564.8	81.8	446.9	36.1
Loss allowance	**(437.5)**	**(54.4)**	**(380.2)**	**(2.9)**	(321.0)	(46.6)	(272.6)	(1.8)
	364.5	**36.1**	**289.3**	**39.1**	243.8	35.2	174.3	34.3
Coverage of debtors' balance	**55%**	**60%**	**57%**	**7%**	57%	57%	61%	5%
Credit losses	**257.1**	**24.9**	**230.5**	**1.7**	117.3	1.9	114.1	1.3
Credit losses as % of revenue	**4%**	**1%**	**8%**	**0%**	2%	0%	5%	0%



Free operating cash flow before capex increased by 10% to R1.2 billion, resulting in the cash conversion representing 137% of profit for the year. Cash generated by operating activities increased by 11% to R1.8 billion (2021: R1.6 billion). This enabled the funding of investments and capital expenditure of R720 million, payment of financing costs of R168 million, dividends of R321 million, taxation of R338 million, repayment of lease liabilities of R98 million and the net settlement of debt amounting to R50 million. This, again, emphasises the inherent cash generating ability of our business.

Investments



Total capital expenditure for the year amounted to R720 million and was focused on the following:

- developing a new school site;
- increasing site capacity to meet demand; and
- enhancing our business systems to enable the standardisation of processes across the group and to allow for further efficiency improvements.

Land and buildings that were surplus to our requirements were disposed of for proceeds of R22 million.

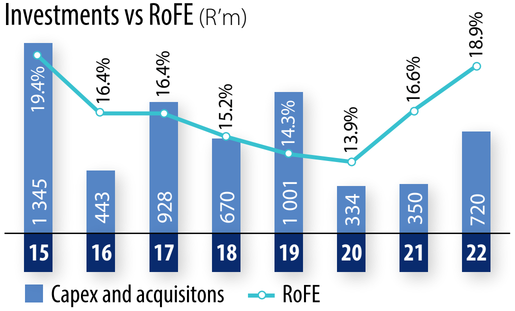
Building related capital expenditure was incurred to develop the Pinnacle Raslouw School and to increase capacity on existing sites. Increasing capacity on existing sites is more efficient capital expenditure and, at a relatively low cost, capacity of the schools division was increased by 5% to be able to accommodate 46 700 students. Capacity utilisation improved to 83% (2021: 82%) in 2022 and has improved further to 84% in 2023 due to the 7% increase in enrolments. Capacity on existing sites can be increased to accommodate a further 13 100 students. Plans are in place to roll out the development of this capacity over approximately eight to ten years.

In 2023, the capital expenditure programme will focus on adding capacity to existing sites that will enhance the returns on these investments. Major projects for the year ahead are the acquisition and fit-out of the building adjacent to Rosebank College Braamfontein in order to add capacity to this mega campus, phase two the expansion of Gaborone International School and phase two of Pinnacle Raslouw. Capacity will be added at approximately a dozen additional sites.

School Building Capacity	Feb 2019	Feb 2020	Feb 2021	Feb 2022	Feb 2023
Students enrolled ('000)	30.8	32.4	33.9	36.8	**39.3**
Existing building capacity ('000)	38.2	41.2	41.5	44.5	**46.7**
% Existing building capacity utilised	81%	79%	82%	83%	**84%**
Ultimate capacity ('000)	54.8	56.8	56.8	56.8	**59.8**
% of ultimate capacity utilised	56%	57%	60%	65%	**66%**

Return on funds employed (ROFE)

Investments vs RoFE (R'm)



In the five-year period from the beginning of 2015 to the end of 2019, the group invested R4.4 billion in capital expenditure and acquisitions that have significantly increased the scale of the business. This, together with the inclusion of right-of-use assets, resulted in the average net assets in a year increasing from R1.2 billion in 2014 to R6.1 billion in 2019, a compound annual growth rate of 38%.

Over the same period, operating profit grew from R256 million in 2014 to R869 million in 2019, a compound annual growth rate of 28%. While this represents a significant increase, the lag in operating profit relative to the increase in net assets is due to the J-curve effect with projects taking several years before achieving their optimal returns. This led to the ROFE decreasing during this period of significant investment.

With these investments now moving out of the J-curve and towards their optimal returns, together with the lower level of investment in the last three years, ROFE is now showing a meaningful improvement, a trend that is expected to continue in the coming years. Average net assets in the year amounted to R7.1 billion (2021: R6.7 billion) and with operating profit in 2022 amounting to R1 333 million (2021: R1 108 million), ROFE increased significantly from 16.6% in 2021 to 18.9% in 2022.

Capital structure

During the year, the group settled a term loan amounting to R600 million, increased the revolving credit facility from R950 million to R1 350 million and refinanced the remaining term loan of R600 million. These facilities, together with an overdraft facility of R100 million, brings the group's total facilities to R2.05 billion (2021: R2.25 billion).

The refinancing has extended the term that the facilities are available to July 2025 and resulted in a reduction in the interest margin of between 0.55% and 0.65%, depending on the level of drawdown.

The make-up of these facilities allows the group to fund its long-term needs while maximising the benefits of its seasonal cash flows. These facilities are expected to provide sufficient funding for the rollout of the planned investment programme while still allowing for headroom against the covenants.

Net borrowings, excluding lease liabilities, decreased to R1.4 billion (2021: R1.5 billion) at year-end due to strong cash generation during the year that exceeded the capital expenditure incurred and dividend pay-outs. The group remains well within its covenants at year-end, with net borrowings (including lease liabilities) equating to approximately 1.4 times (2021: 1.6 times) EBITDA, while gearing decreased to 47% (2021: 52%).

The group's inherently strong organic cash flow, which is expected to increase in line with earnings growth, together with the funding facilities in place, positions the group well to fund its future investment programme and enables it to consider significant additional growth opportunities that may become available.

Dividends

Following a period of significant investment, the group is now benefiting from these investment returns. The growth trend and continuing strong cash generation, together with a sound balance sheet and reduced borrowings, have informed the board's decision to continue with the payment of dividends at a similar cover ratio as was in place in the prior year.

The group declared a final dividend of 37.0 cents (2021: 31.0 cents) per ordinary share in respect of the year ended 31 December 2022, which together with the interim dividend of 23.0 cents (2021: 19.0 cents) brings the total dividend for the year under review to 60.0 cents (2021: 50.0 cents) per share.

The dividend cover ratio is 2.4 times (2021: 2.4 times) relative to normalised earnings. While the board considers the needs of the group and the investment opportunities available to it in deciding on the level of dividend pay-outs, it is their intention to maintain a dividend cover ratio of between 2.2 and 2.5 times relative to normalised earnings.

Appreciation

I would like to thank our shareholders and funders who have provided the means and support for us to carry out our expansion programme, the benefits of which are now apparent.

I would also like to thank the financial staff across all our divisions groupwide, not only for their commitment to accurate and relevant financial reporting, but also their continued focus on our process and efficiency improvement initiatives. The strength of the team and robustness of our systems allowed for the smooth operating of the financial function throughout the year. Your diligence and commitment are critical to our ability to provide quality information that informs the decision making of management, the board and our stakeholders.

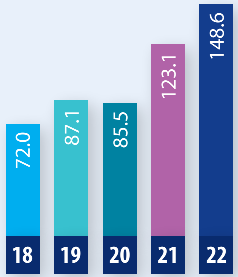
Didier Oesch
Group Commercial Director

18 April 2023

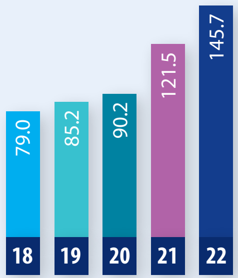
Ratios and statistics

for the year ended 31 December 2022

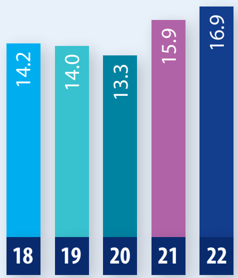
Earnings per share
(cents)



Normalised earnings per share
(cents)



Normalised earnings on average shareholders' funds
(%)



	2022 R'm	2021 R'm	Restated* 2020 R'm	2019 R'm	Restated* 2018 R'm
Earnings and distribution					
Earnings per share (cents)	**148.6**	123.1	85.5	87.1	72.0
Headline earnings per share (cents)	**146.5**	121.6	91.6	86.0	71.4
Normalised earnings per share (cents)	**145.7**	121.5	90.2	85.2	79.0
Distributions to shareholders per share (cents)	**60.0**	50.0	20.0	15.0	30.0
Profitability					
EBITDA on revenue (%)	**24.1**	24.0	22.8	23.0	24.7
EBIT (before non trading items) on revenue (%)	**19.1**	18.7	16.5	17.0	18.4
Operating profit on average shareholders' funds (%)	**28.8**	27.1	24.1	27.0	25.8
Normalised earnings on average shareholders' funds (%)	**16.9**	15.9	13.3	14.0	14.2
Return on funds employed (%)#	**18.9**	16.6	13.9	14.3	15.8
Productivity					
Revenue per average fixed assets (Rand)	**1.3**	1.2	1.1	1.1	1.2
Revenue per employee (R'000)	**880.4**	752.3	700.3	648.6	581.4
Revenue per square metre (Rand)	**10 543.8**	9 291.2	8 893.2	8 334.7	8 160.5
Finance					
Current assets to current liabilities	**0.3**	0.3	0.3	0.3	0.4
Operating cash flow per share (cents)	**169.4**	162.0	162.2	82.9	77.9
Capital expenditure (including borrowing costs capitalised) – excluding acquisitions (R'millions)	**725.9**	346.8	308.4	704.6	568.9
Capital expenditure – acquisitions (R'millions)	**0.0**	8.4	21.0	320.0	114.9
Free operating cash flow before capex per share (cents)	**213.7**	194.7	148.1	106.4	105.1
Net asset value per share (cents)	**892.9**	795.1	700.9	623.2	571.5
Debtors days as at 31 December	**22.1**	18.1	17.9	23.3	21.8
Net gearing ratio (%)	**47.3**	52.3	67.9	88.9	78.5
Other					
Total shares in issue (millions)	**554.5**	554.5	551.8	548.8	546.6
Weighted average number of shares in issue (millions)	**542.1**	540.1	539.4	539.0	535.9
Diluted weighted average number of shares in issue (millions)	**547.6**	545.9	540.6	539.0	536.1
Employee headcount at year-end	**7 906**	7 866	7 853	7 876	7 549
Total capacity occupied ('000 m_2)	**660.2**	636.9	618.4	612.9	537.8

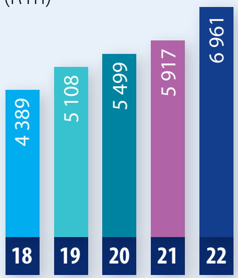
 # The return of funds employed is calculated by dividing the normalised EBIT by the average funds employed for the year. The funds employed for each year is calculated by taking total assets for the year less cash balances and all non-interest bearing liabilities.

** The 2020 year was restated to correct an error in the weighted average numbers of shares and the 2018 year was restated due to the adoption of IFRS 16.*

Five year financial review

for the year ended 31 December 2022

Group revenue
(R'm)

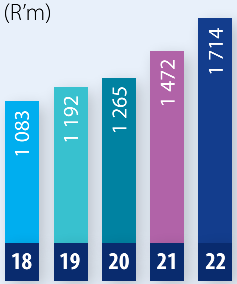


↑ **18%** **group revenue**

Operating profit
(R'm)

↑ **20%** **operating profit**

Cash generated from operations
(R'm)



↑ **16%** **cash generated** from operations

	2022 R'm	2021 R'm	Restated* 2020 R'm	2019 R'm	Restated* 2018 R'm
Summarised statements of comprehensive income					
Revenue (including bursaries and discount allowed)	**6 960.6**	5 917.2	5 499.2	5 108.0	4 389.0
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	**1 678.2**	1 422.8	1 254.5	1 173.6	1 083.8
Depreciation and amortisation	**345.7**	314.5	346.4	304.5	275.6
Operating profit before interest and non-trading items	**1 332.5**	1 108.3	908.1	869.1	808.2
Non-trading income/(expenses)	**14.3**	12.2	(28.8)	13.5	(39.5)
Net finance costs paid	**(172.6)**	(161.4)	(204.8)	(221.8)	(192.0)
Profit before taxation	**1 174.2**	959.1	674.5	660.8	576.7
Taxation	**332.3**	279.7	209.0	192.5	180.6
Total comprehensive income for the year	**841.9**	679.4	465.5	468.3	396.1
Attributable to minority interest	**36.5**	14.5	4.4	(1.1)	10.1
Profit attributable to equity holders of the parent	**805.4**	664.9	461.1	469.4	386.0
Headline earnings	**794.1**	656.5	494.1	463.7	382.9
Normalised earnings	**790.1**	656.0	486.3	459.2	423.4
Summarised statements of financial position					
Shareholders' equity	**4 951.2**	4 409.1	3 867.8	3 420.3	3 123.7
Interest bearing debt	**1 745.6**	1 791.4	2 241.2	2 725.3	2 144.1
Lease liabilities	**952.7**	757.7	565.0	485.5	537.8
Other non-current liabilities	**49.2**	48.3	50.1	74.4	72.9
Deferred taxation liability	**127.4**	152.1	152.6	170.9	114.2
Other current liabilities	**1 101.5**	908.4	764.0	767.6	733.1
	8 927.6	8 067.0	7 640.7	7 644.0	6 725.8
Non-current assets	**8 077.3**	7 446.1	7 129.6	7 041.1	6 154.4
Bank balances and cash	**355.1**	245.0	181.7	170.5	228.9
Other current assets	**495.2**	375.9	329.4	432.4	342.5
	8 927.6	8 067.0	7 640.7	7 644.0	6 725.8
Summarised cash flows					
Cash generated from operations	**1 713.8**	1 471.9	1 264.5	1 192.1	1 083.1
Net cash inflow from operating activities	**939.4**	898.4	895.1	454.8	425.6
Net cash outflow from investing activities	**(689.9)**	(302.9)	(273.8)	(998.6)	(657.5)
Net cash (outflow)/inflow from financing activities	**(144.2)**	(542.2)	(566.9)	489.9	512.4
Net increase/(decrease) in cash and cash equivalents	**105.3**	53.3	54.4	(53.9)	280.5

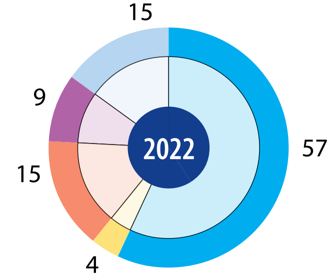
* *The 2020 year was restated to correct an error in the weighted average numbers of shares and the 2018 year was restated due to the adoption of IFRS 16.*

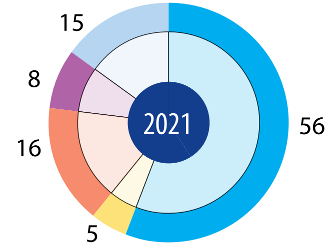
Value added statement

for the year ended 31 December 2022

	2022 R'm	2021 R'm
Value added		
Revenue (net of bursaries and discounts)	**6 960.6**	5 917.2
Bursaries and discounts	**225.5**	223.4
Interest received	**7.4**	7.7
Cost of providing services	**(1 498.4)**	(1 229.4)
	5 695.1	4 918.9
Value distribution		
Employees		
Net benefits paid to employees	**3 235.6**	2 774.7
Social responsibility		
Bursaries and discounts	**225.5**	223.4
Government	**882.9**	775.3
Government taxes	**333.9**	280.7
Net VAT paid	**74.9**	74.2
PAYE	**474.1**	420.4
Providers of capital	**500.7**	393.0
Finance costs	**180.0**	169.1
Distributions to shareholders	**320.7**	223.9
Reinvested in the group		
Retained to sustain and grow the group	**850.4**	752.5
	5 695.1	4 918.9

Value distribution
(%)





Employees
Social responsibility
Government
Providers of capital
Reinvested in the group

Click to see icon descriptions

INTELLECTUAL CAPITAL

What

What is our intellectual capital?

Offering our students and their families value for money and a superior academic product is at the heart of our intellectual capital. Focus areas include deployment of appropriate and effective technology, student-focused methodologies, data driven insights, sector leading policies and processes, curricula, excellent corporate governance and quality qualifications. Our systems, processes and employee development all focus on delivering value and successful outcomes. This is measured by school progression and completion and graduation and employability at the tertiary level.

ADvTECH's intellectual capital is reinforced by:

- Exceptional teaching and learning
- Data driven decision-making
- Local and international accreditation

Why

Why this capital is important?

As an education provider, ADvTECH's intellectual capital, particularly through academic excellence, is what enables the delivery of our strategy. Structural and operational support, at brand and site level as well as centrally in both the school and tertiary divisions, enables effective and efficient development and refinement of the intellectual capital capability of the group. Cooperation between divisions is a differentiator that supports data driven and research led improvements. The CAT are accountable for quality assurance and ensuring the efficient and effective delivery of the group's academic offerings.

How

How this capital creates and preserves value?

Our systems allow us to quickly embed our intellectual capital at new sites and in programmes so that we can shorten development cycles and improve the outcomes of all initiatives.

We preserve value by focusing on the core values of graduating work-ready citizens in the tertiary division and ensuring that every student in our schools develops incrementally in an engaging, inspiring and challenging learning environment that is globally benchmarked. By balancing the objectives of being able to monitor and assure quality, while not limiting the application of individual professional competencies on the part of our academics, we create value as insights uncovered can be deployed for wider use. We invest substantially in the ongoing development of our academic employees and we also contribute to the broader body of knowledge through the publication of our research. When using our capital resources, we engage with key stakeholders and balance capital trade-offs. This process culminates in value creation and preservation as depicted alongside.

INTELLECTUAL CAPITAL INPUTS AND KPIs

VALUE OUTCOMES

- Research into best practices
- Employee development
- Student support
- Strategic use of data to make evidence-based decisions
- Developed and accredited new qualifications and programmes
- Local and international accreditations

Value created

Value preserved

MATERIAL MATTERS CONSIDERED

MM 1 | MM 2 | MM 4 | MM 5 | MM 6

OTHER CAPITALS IMPACTED

FC | HC | MC

SDGs SUPPORTED

STAKEHOLDERS IMPACTED

STRATEGIC OBJECTIVES SUPPORTED

SO1 | SO3 | SO6

Outlook

- Continuing to leverage systems, processes and intellectual capital to embed leading academic practise.
- Ongoing formalised research, particularly in the tertiary division, on the quality and substance of our academic model, so that we contribute more formally to knowledge management in the sector broadly.

HOW WE MANAGE INTELLECTUAL CAPITAL, ACADEMIC EXCELLENCE AND ACADEMIC GOVERNANCE TO SUSTAIN OUR EDUCATION BUSINESS

Our commitment to academic excellence is at the core of our strategy and is fundamental to ADvTECH's success.

Our comprehensive educational offering, flexible delivery methods, improved systems, market leading pastoral support and ability to transition seamlessly between online platforms and physical space, enabled us to provide quality education without interruption in a challenging and changing environment. These differentiating factors form the basis of our competitive advantage. The group has continuously improved through targeted initiatives that include improved structures, investment in systems and enhanced technological capability.

ACADEMIC INTEGRITY

ADvTECH recognises the crucial role that academic integrity plays in terms of the credibility and reputation. Throughout all divisions we prioritise and aim to uphold academic integrity, to impart to students, faculty, and stakeholders that we value honesty, fairness and ethical conduct.

ADvTECH proactively promote and maintain academic integrity, including educating students and faculty on ethical conduct, and implementing clear policies and procedures to prevent and address academic misconduct, taking into account developments on the technological front that could impact academic integrity, such as the rapid proliferation of Artificial Intelligence.

We seek to ensure that ADvTECH's academic programmes and qualifications are reputationally credible and respected by external stakeholders such as employers, other educational institutions and professional organisations.

BRAND DIFFERENTIATION AND CENTRAL ACADEMIC LEADERSHIP

ADvTECH, through its multi-brand strategy, is committed to brand differentiation to meet specific market needs. This differentiated strategy leverages scale opportunities provided by the shared base of principles, processes and systems resourced through the dedicated CAT experts, which supports both divisions' synergies, efficiencies, teaching and learning. Common policies, standards and quality assurance systems enable quick and effective data-driven comparisons, which allow for immediate and focused support.

Having both schools and tertiary divisions allows us to integrate these through our CAT, which uniquely positions ADvTECH to become the experts in teaching and learning across the African continent. Our investment in research and development is significant and we are able to integrate this investment across divisions regarding curricula, teacher training and development.

Developing our own talent and conducting research leads to an enhanced student education experience.

Read more about our teacher development programmes in Human capital page 66.

The group also benefits from its systems capability and standardisation. The CAT focuses on best practice, which considers latest educational developments and international standards in pedagogy and technology, enabling the group to leverage this advantage and deliver value, as evidenced in our academic results across our schools and tertiary brands.

Read more about how technology enables education in Manufactured capital page 71.

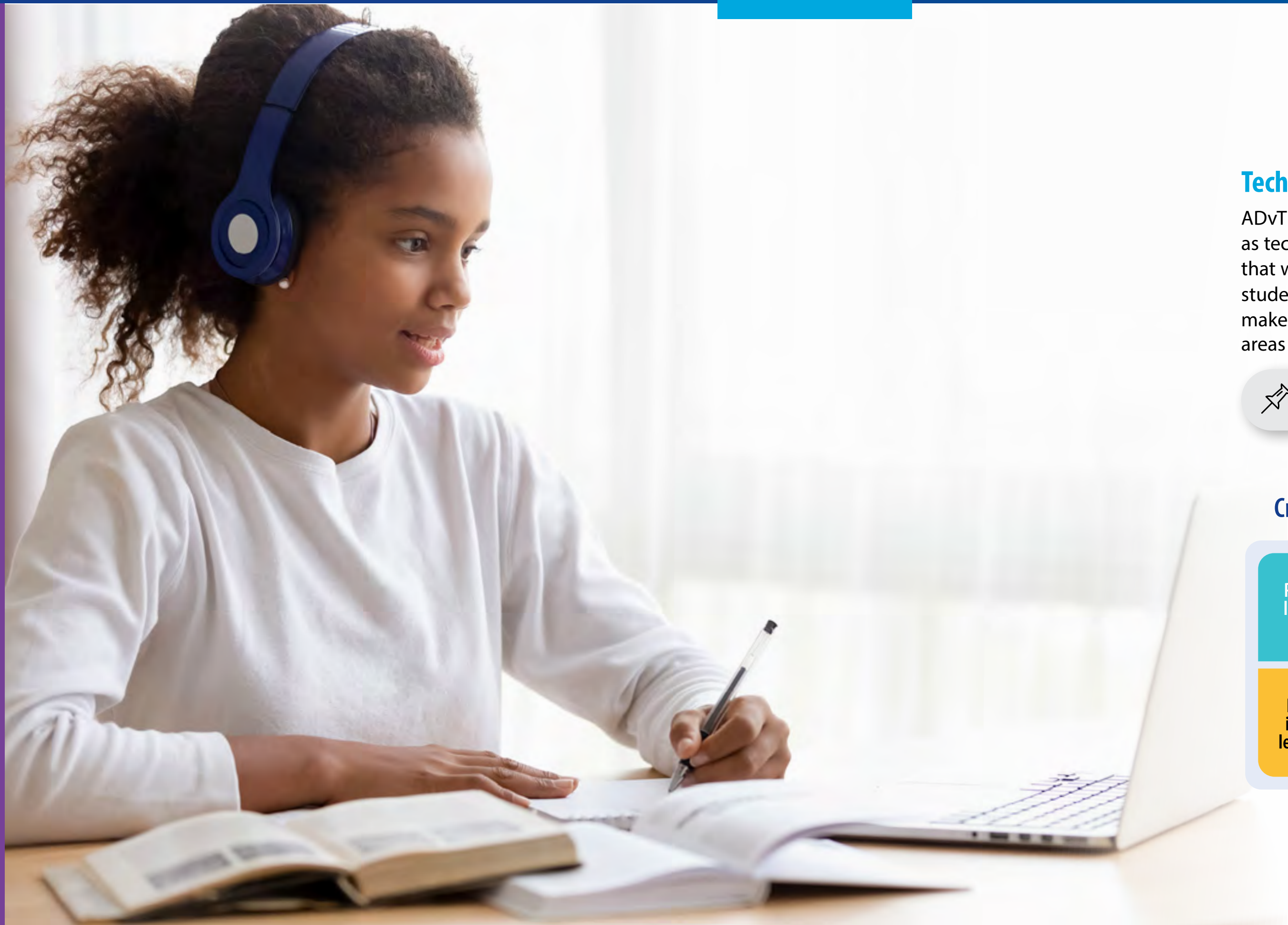
PROGRESS IN 2022

CENTRAL ACADEMIC TEAM

In 2022, we redefined the workstreams aligned to the CAT strategy to focus on:

- **Academic excellence and student success.**
- **Global citizenship incorporating the values of RDI and global competencies.**
- **The implementation of the EdTech framework underpins the various digital literacy elements to enhance learning.**

The CAT's updated strategy has enhanced our support of the strategic initiatives across the schools to ensure that we are better able to drive quality assurance, benchmarking and improvement in teaching and learning alongside professional development. The support of the academic heads of each brand, together with specialists in the CAT, have enabled better collaboration to implement and support this strategy at school level as well as providing leadership within crucial phases and on specific group strategies and initiatives.

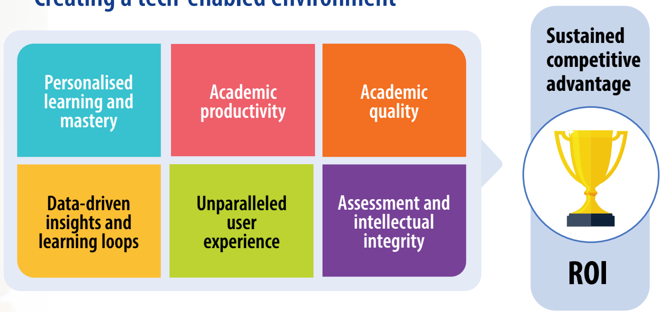


Technology

ADvTECH's approach to technology in education is another key focus area, as technology is a key enabler. We continue to identify the technologies that will help us deliver first class teaching to provide the best possible student experience. Through our student base (100 000+) the group can make informed decisions using data-driven insights, particularly in the areas of adaptive and personalised predictive learning.

Read more on how we monitor and measure our student performance in the ADvLEARN case study page 52.

Creating a tech-enabled environment



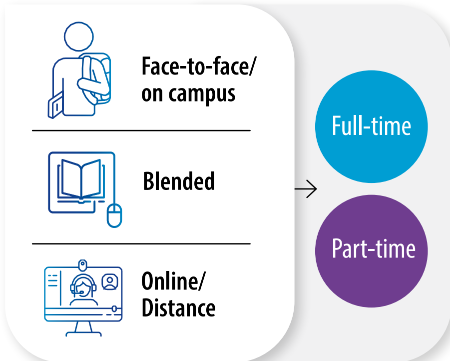
FEATURE: Faculty of Education

Education degrees in ADvTECH's tertiary division have consistently been in the top five most popular fields of study for new students. Some education graduates are employed at ADvTECH schools. Aspiring student teachers are mentored, exposed to diverse educational settings and assisted to develop the practical skills essential for excellence in teaching.

Multi-channel modes of delivery

Our multi-channel modes of delivery (contact, blended, online, full-time, part-time and distance) is fundamental to our value proposition and allows us to meet the requirements of every student at any time and at any location.

*Read more about our **virtual computer venues – anywhere, anytime, anyplace learning** in Manufacturing capital page 71.*

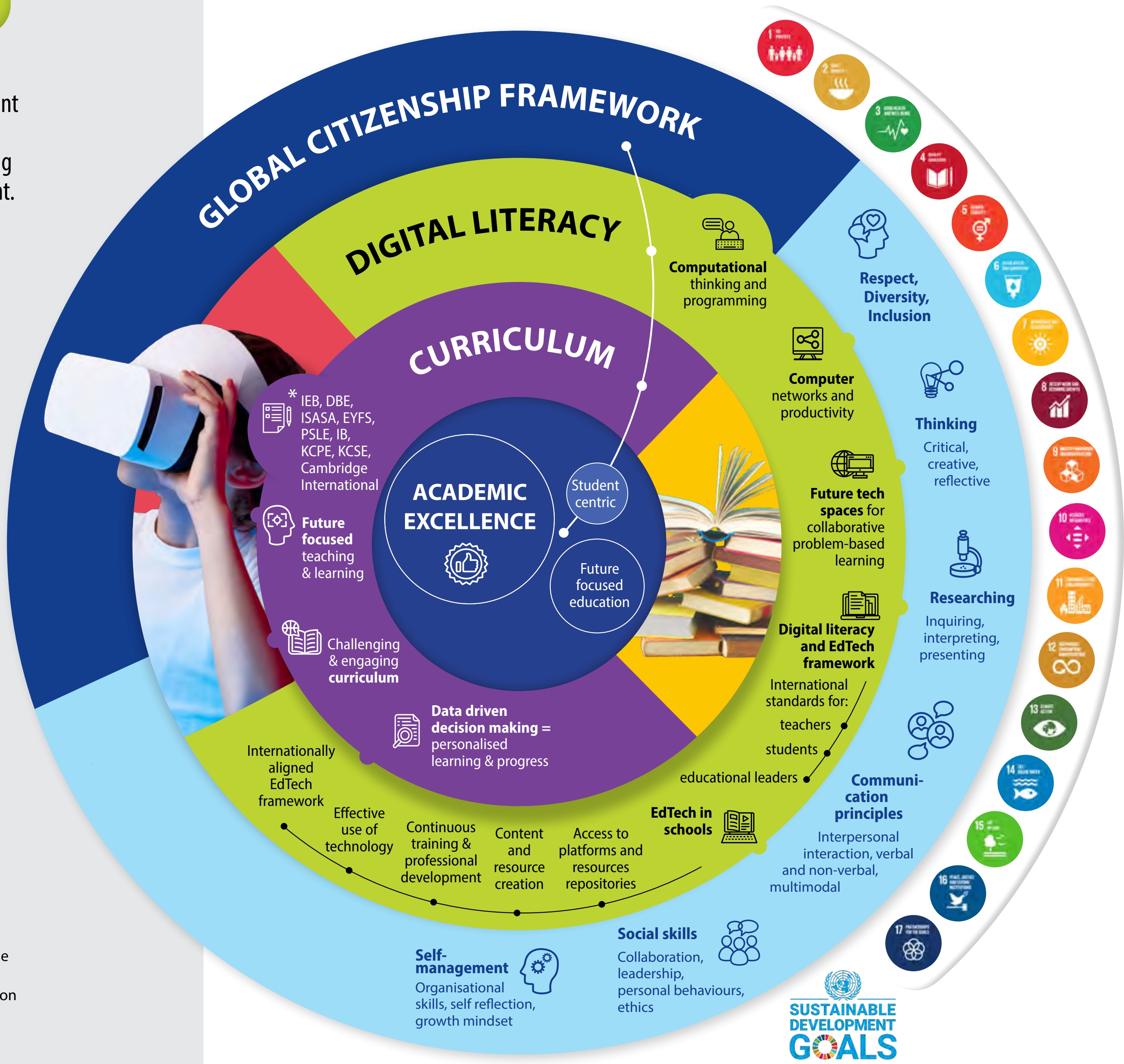


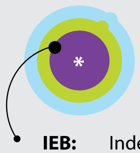
- Invested in Learning Management System (LMS) and other enabling technologies
- Integrated Student Information System
- Ability to track and measure individual student progress
- Sophisticated reporting from assessment to qualification level

SCHOOLS DIVISION

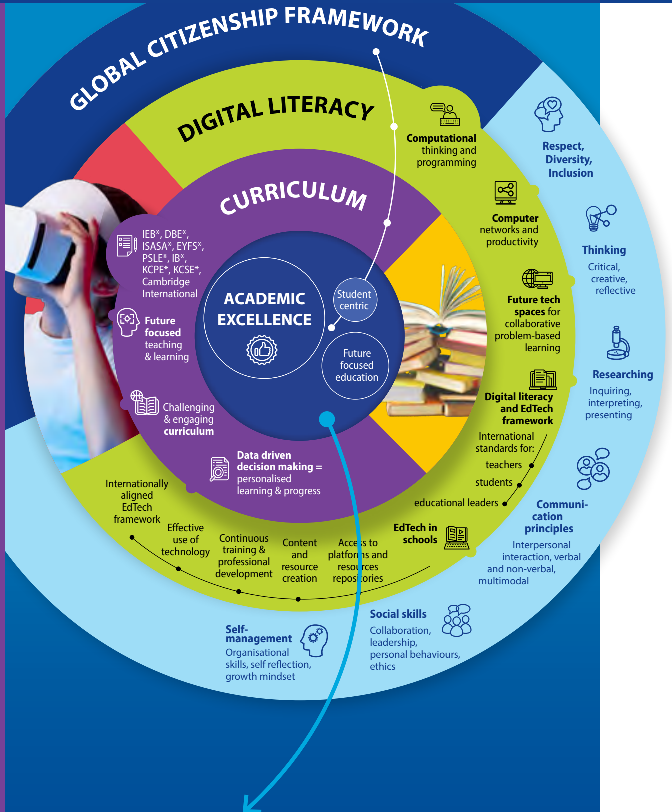
Our objective is to ensure every student develops incrementally to the best of their abilities in an engaging, inspiring and challenging learning environment.

Enriching Human Capital





IEB: Independent Examination Board
DBE: Department of Basic Education
ISASA: Independent Schools Association of Southern Africa
EYFS: Early Years Foundation Stage
PSLE: Primary School Leaving Examination
IB: International Baccalaureate programme
KCPE: Kenya Certificate of Primary Education
KCSE: Kenya Certificate of Secondary Education
Cambridge International



ACADEMIC EXCELLENCE

ADvTECH's schools division academic strategy ensures that each student progresses incrementally towards mastery, in a learning environment that is flexible, inspiring, engaging and challenging.

Academic governance and benchmarking performance

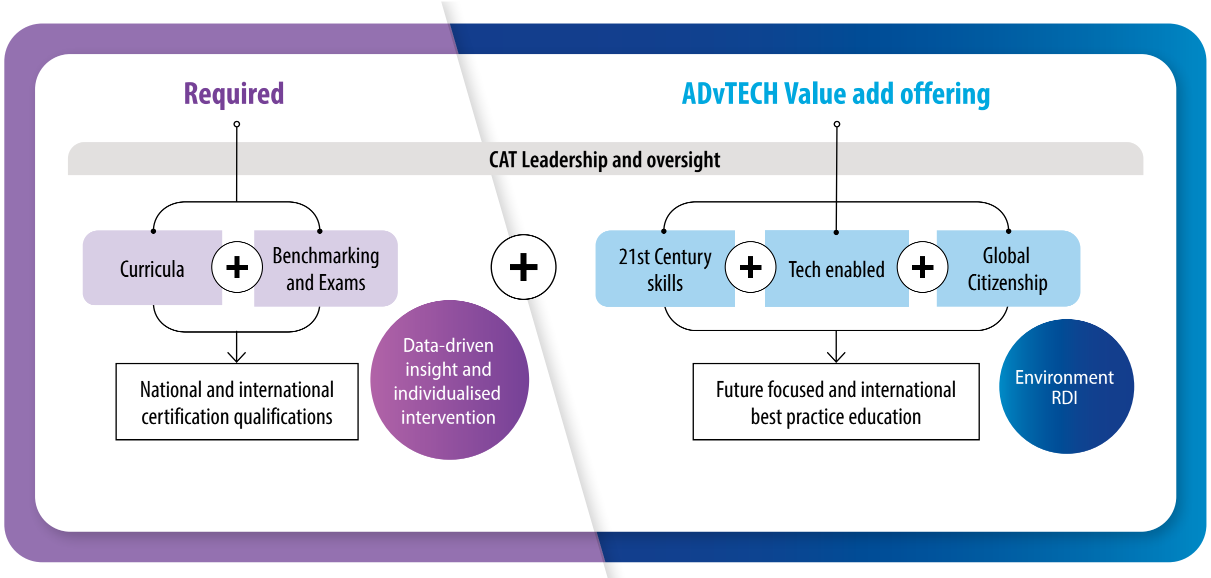
Benchmarking enables us to objectively compare our students' performance against students in other classes, schools and countries. It is also used to monitor the effectiveness of our focus on consistent student growth and to track effective teaching and learning.

ADvTECH's CAT piloted a benchmark online assessment tool for international benchmarking of student academic growth. This tool was implemented in a phased approach in 2022 for Grades 0, 3, 6 and 8, and further grades will be added for 2023. The data obtained adds value by building individual and class profiles on support and extension opportunities.

In the schools division, increased attention to coordinated and principle driven policy ensures ongoing improvement of common standards without undermining differentiation. The schools' CAT coordinates brand collaboration in the consultation and development process of these standards and policies.

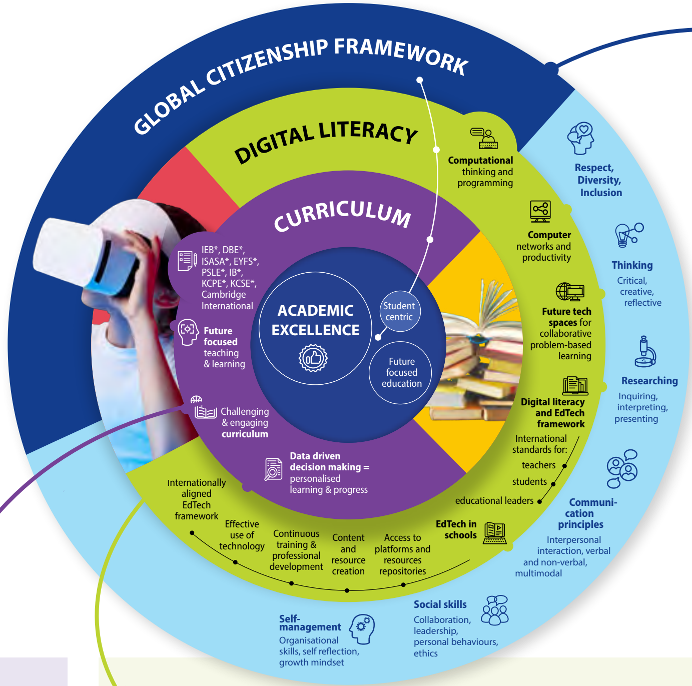
ADvTECH launched an innovative teacher performance success model, aimed at driving our teaching and learning capability and optimising our value proposition. This model challenges teachers to invest in their own growth and development and rewards those who demonstrate a positive impact on outcomes such as academic success with above-average salary increases and performance bonuses. The model encourages accountability and ensures that our academic teams are focused on delivering value and providing a stellar customer experience for our students and parents.

Human capital page 66.
RemCom report page 93.



ACADEMIC CURRICULUM AT SCHOOLS AND 21ST CENTURY SKILLS

ADvTECH incorporates the development of 21st Century Skills[1] (throughout the curriculum, embedding skills needed to succeed in the information age).



School curricula and leaving examinations

We prepare our students for school-leaving examinations by exposing them to world-class curricula and ensuring that our academic standards generate quality outcomes for our students' performance. In South Africa, all ADvTECH schools, other than Greenwood Bay College, are moving towards students completing the Independent Examinations Board (IEB) Grade 12 examinations, with the last set of schools, who previously wrote the DBE examinations, coming on board to write their first IEB examinations in 2023.

All our schools in the rest of Africa as well as Greenwood Bay in South Africa, offer the Cambridge International Assessments. Cambridge's International General Certificate of Secondary Education (IGCSE), AS and A levels are externally set and marked, with certificated examinations from the University of Cambridge. Evolve, ADvTECH's online school, will offer both the IEB and Cambridge International Assessments from 2023. In addition to the Cambridge International Assessments, the national Kenyan Certificate of Primary and Secondary Education (KCPE and KCSE) continues to be offered at Makini Schools. The local Botswana Primary School Leaving Examination (PSLE) is offered at Gaborone International School.

Digital literacy

ADvTECH provides its students with a high quality, holistic EdTech programme which is integrated into the curriculum and prepares students to navigate their future digital world. We incorporate the latest technologies while also focusing on digital citizenship. Digital citizenship engages students and shows them how to safely connect with one another, through digital tools, platforms and devices. It also provides a clear understanding of the interconnection between tech-life and real-life citizenship skills to create knowledgeable, responsible and mindful online interaction. Negative digital habits such as cyber bullying, irresponsible social media usage and unsafe use of the Internet are explained and strongly discouraged. The requirements for being a good digital citizen is taught in the classroom and reinforced at home.

Our schools expose students to programmable robots, interactive coding platforms, Minecraft, 3D printers, iPads, laser cutters and indoor drones. We continue to provide dedicated EdTech spaces designed to incorporate a variety of devices with an emphasis on collaboration.

ADvTECH also adheres to The International Society for Technology in Education (ISTE) standards, in line with the following principles: The Empowered Learner, Digital Citizen, Knowledge Constructor, Innovative Designer, Computational Thinker, Creative Communicator, and Global Collaborator.

Global citizenship framework

The Global Citizenship framework comprises of self-management, social skills, communication principles, researching, creative and critical thinking skills.

Education has a material impact on society and future generations. ADvTECH is committed to fulfilling its responsibility towards the broader society. ADvTECH also embeds social and environmental awareness skills through education to make a sustainable and impactful difference to society. We have two focused initiatives that are discussed below and on the following page.

FEATURE: Global Citizenship

E

Environmental Greening Education for Sustainable Development (EGESD) framework

During COP27, it was emphasised that education must be transformed to respond to the global climate and environmental crisis. Currently a few select ADvTECH schools are members of WESSA and present their curricula as part of the school value-add programme and ADvTECH intends to rollout the programme across all schools. WESSA have also committed to developing a value-add programme framework focused on the environment, similar to the RDI programme. The framework will focus on delivering strong, coordinated and comprehensive action that will prepare every student to acquire the knowledge, skills, values and attitudes to address climate change and to promote sustainable development.

Through our quality education offering, we consider social and environmental effects, which stands us in good stead as the schools division CAT spearheads value-add EGESD across the schools division, in partnership with UNESCO Greening Education Partnership.

Read more in Natural capital for insight into how the schools already incorporate EGESD principles page 77.

1. 1. *21st Century skills are abilities that today's students require to be successful in their careers during the information age. These skills include critical thinking, creativity, collaboration, communication, information literacy, media literacy, technology literacy, flexibility, leadership, initiative, productivity and social skills.*

FEATURE: Global Citizenship

S

Respect, Diversity and Inclusion (RDI)

ADvTECH's RDI programme gained momentum and support in the schools division throughout 2022 and our aim to build non-discriminatory schools remains an imperative. We have also intensified the support for schools by presenting RDI workshops for teachers and students. Students and teachers have engaged with the various topics during their RDI workshops. Students have provided the CAT with RDI topics for 2023, including diversity, cyber bullying, how to manage conflict, reporting inappropriate adult behaviour, mental health support and Afrophobia. This RDI programme also reinforces ADvTECH's inclusive journey that focuses on specific elements (see alongside).

"By ensuring that respect, diversity and inclusion are central to our efforts as we build the global competencies of children, we generate responsible global citizens and we discharge our duty to offer education that will have an impact beyond their time at school."

Desiree Hugo
Academic Head, schools division

Developing global citizens

Our RDI and Global Citizenship framework helps students thrive in a dynamic, diverse, global and connected world and improves their ability to navigate complex problems and communicate solutions to social, personal, global and environmental issues.

Creating communities of support

Building confidence in teachers to support and facilitate students is crucial to the success of the RDI initiative. Resources are centrally created and shared by the CAT in response to issues of mutual relevance for the broader school community. For instance, the process of developing mastery of topics and material includes the use of readings, case studies and scenarios on which the academic and teaching teams engage first before engaging with the students. By working together as a team on topics first the values and competencies are embedded throughout the group in the employees' teams. Relationships of support are built in this way.

Awareness and consciousness

Knowledge results in awareness. Consciousness comes from experience and engagement. Knowledge is built by timetabling and formalising lessons and opportunities to understand the values and skills and apply them. Consciousness is raised by embedding the application of global competency skills in the academic programme as a whole and ensuring that the values of respect, diversity and inclusion permeate all engagements at schools.

Leadership

Each school has explicitly mandated a team to take responsibility for facilitating the RDI values and global competencies in the school. School leadership is required to account for how the culture of global citizenship is built in employees and then students, through engagement with the global competencies and RDI values.

Communication and trust

Schools are communities. Parents and families are central to the success of deepening a culture in which these values are embedded. School management partners with families to build understanding and to strengthen the impact of global citizenship ambitions. Communication builds trust and focuses on the issues and topics being covered so that relationships in the school are transparent, respectful and inclusive. By sharing information parents are empowered to participate in the development of these skills, values and attitudes in their children and to contribute to the achievement of the aims of the school and beyond.

E S G Environmental, Social and Governance

TERTIARY DIVISION

INPUTS

Value proposition

WORLD CLASS CURRICULA

- Central Academic Team (CAT) with experts providing overarching leadership
- BAC international accredited institution
- University level degrees
- Professional qualifications:

230 Registered and accredited qualifications

139 IIE accredited qualifications
81 Oxbridge accredited qualifications
10 Capsicum Culinary School accredited qualifications
49 Qualifications in the pipeline for accreditation

1	PHD	15	Post graduate diplomas
3	Advanced diplomas	34	Diplomas
8	Masters	75	National certificates (N1-N8)
14	Honours	35	Higher certificates
42	Degrees	3	Advanced certificates

- Consistent quality
- International and employer recognition
- **7 Faculties:**

1. Humanities and Social Sciences
2. Commerce
3. Law
4. Information and Communications Technology
5. Education
6. Engineering, Science and Health
7. Finance and Accounting

- **> 45 000** registered students, **3 000+** academic staff
- **32 campuses** across South Africa

Core skills

DIGITAL LITERACY
ACADEMIC LITERACY
GLOBAL ORIENTATION
WORLD OF WORK ORIENTATION
EMPLOYABILITY OF GRADUATES

- Adaptive
- Sustainable
- Inclusive
- Equitable

Underpinned by

SYSTEMS AND TECHNOLOGY

- Blended teaching platform
- Modern administrative systems
- Learning and other analytics
- Data-driven
- Online learning

RESEARCH AND DEVELOPMENT

- Benchmarking
- Drive to improve knowledge generation profile adding to knowledge economy
- Industry-relevant qualifications

ACTIVITIES

EXCEPTIONAL TEACHING & LEARNING

- Best practice in the sector/industry
- Tech-enabled
- Scalability
- Adaptive and personalised learning
- Developing lecturers and students (inseparable)
- Fit-for-purpose
- Work-integrated modules and work simulation and experience

MEANINGFUL STUDENT DEVELOPMENT

- Academic training
- Student learning interventions
- School to university bridging programmes
- Whole student journey

Academic excellence

PROFESSIONALISM

- Customer/student orientation – easy to register, enrol, etc
- Promotion of student success
- Good governance
- Principle-based, policy and process-driven

OUTPUTS

WELL-ROUNDED WORK-READY GRADUATES

- Autonomous life-long learners
- Critical thinkers
- Problem-solvers
- Global citizenship including social and environmental focus areas

INDUSTRY PARTNERSHIPS

- Real-world experience
- Industry experts
- Endorsed by industry and professional bodies
- International and employer recognition
- Structured industry immersion opportunities

CAREER GUIDANCE

- Studying the right thing
- Networking, reputation and relationship building
- Career centres
- Graduate Empowerment Programme

RESEARCH AND SCHOLARSHIP

- Promote Scholarship of Teaching
- The Independent Journal of Teaching and Learning:
  – leading scientific Teaching and Learning Journal
  – publishing international thought leaders and academics
- Developing academics to become established researchers
- Driving the academic publication of IIE research in established international accredited scholarly journals

All leads to future and workplace focused education

ENRICHING HUMAN CAPITAL IN SOUTH AFRICA

ACADEMIC EXCELLENCE IN TERTIARY (UNIVERSITY) DIVISION

ADvTECH's tertiary division continues to grow its reputation as the leading provider of quality private higher education in South Africa. In keeping with our commitment to academic excellence, substantial investment ensures that ADvTECH can grow its footprint, through accessing our educational offerings at our campuses across South Africa or through distance education programmes.

Student focus

ADvTECH aims to build student careers through curricula that are relevant to the modern world of work. We have developed strong industry, academic and professional body partnerships to ensure this relevance. In addition to our work-focused curricula, prospective students continue to be drawn to our brands as they provide smaller class sizes and personal attention. We also aim to develop graduates who are socially responsible citizens in the 21st century.

EXCEPTIONAL TEACHING AND LEARNING

How we monitor and measure our student performance

We monitor student progression at the level of assessments, modules, programmes and qualifications. Our data analytic platform allows us to make evidenced based decisions about where and how to intervene to promote the success of our students, cohorts and lecturers.

Our Learning Management System (LMS) supports the qualifications, modules and student learning journey, while standardised module structures ensure teaching and learning strategy principles are attained and maintained. A dedicated team of instructional designers and content developers collaborate with heads of programmes to deliver content. Lecturers are trained to use LMS content to drive active learning and student engagement.

WORK READINESS

Teaching for student success must result in work-ready citizens. Work readiness is promoted through:

- community engagement and social awareness initiatives
- volunteer programmes
- development of work-ready skills
- work-integrated learning opportunities
- entrepreneurship

Read more about our Graduate Empowerment Programme at Rosebank College on page 63.

TRANSFERABLE 21ST CENTURY SKILLS

The IIE aims to develop graduates who have the skills required of citizens in the 21st century. Relevant transferable skills include:

- digital literacy
- self-directed and lifelong learning skills
- critical and creative thinking skills
- communication skills
- research skills and information literacy
- accountability and ethical behaviour
- valuing diversity and being able to work in diverse teams

FEATURE: Annual IIE Research and Teaching-and-Learning Symposium

The tertiary (university) division hosted its 12th Annual IIE Research and Teaching-and-Learning Symposium, which focused on presentations by established international scholars on topics that are of interest to the broader academic community. The IIE is determined to lead in the best teaching and learnings practices, having developed an integrated education business in both schools and tertiary through our CAT.

> "The symposium was successful in that it allowed us to celebrate our achievements as well as highlighting the areas where we are still developing within the teaching and learning space."
>
> **Shevon Lurie,** Director, IIE

DIGITAL LITERACY

FEATURE

Supporting students and teachers through adaptive learning technology

In January 2023, ADvTECH started rolling out a unique South African-developed personalised learning digital platform called ADvLEARN, across grade 7-12, to remain at the forefront of global technological innovation and emerging best practices. ADvLEARN enables personalised learning development using adaptive technology to deliver data-driven insights and learning analytics. Students can therefore enjoy a unique learning experience while constantly improving their understanding in core areas.

We use ADvLEARN to enhance learning in Mathematics (Grades 7 to 12), Physical Sciences (Grades 10 to 12) and Mathematical Literacy (Grades 10 to 12). The pedagogy for ADvLEARN is finding and filling the gaps to ensure students improve understanding in core areas.

In addition to enhancing student learning, ADvLEARN also gives teachers the ability to instantly allocate relevant student work and homework to student devices, immediately access student performance and achievement data, as well as easily view and identify concepts needing additional teaching and review. This system also supports students who want to progress faster as well as students requiring reinforcement of key concepts.

Adaptive learning example

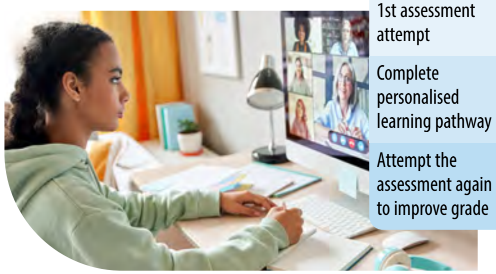
01 Log into the platform

02 Click on homework or courses

03 On the platform
- 1st assessment attempt
- Complete personalised learning pathway
- Attempt the assessment again to improve grade

04 In class with your teacher
- Understand concepts behind the method by watching videos
- Complete practice exercises

05 In class on the platform
- Final standardised test check for understanding



PROFESSIONALISM

Governance and oversight

The IIE's academic work for the tertiary division is coordinated by our CAT, which is represented by more than 100 academic post schooling professionals and an accreditation and quality assurance department, who support about 2 000 professionals on the campuses and in the distance education units. The CAT oversees the IIE's maintenance of the required standards for registration and accreditation at post school level and is responsible for assuring the academic quality on all campuses and managing curricula, assessments and certifications.

A formal governance structure, which includes a senate, a teaching and learning committee, research and postgraduate studies and faculty boards, oversees the development and implementation of academic policies. This enables the exceptional quality learning experiences on campus and online. The quality assurance system includes peer reviews of lecturers and tutors, programme reviews involving academics and industry leaders, and a range of student success and graduate tracking projects. The use of data and fact-based evaluations is core to our objectives.

INDUSTRY PARTNERSHIPS

The Independent Institute of Education (IIE)

The IIE is South Africa's leading 'private university' with a track record of academic leadership. It benchmarks against the highest local and international standards. While each ADvTECH brand has its own focus, the success of the IIE, and the rest of the tertiary division, can be attributed to its commitment to launching and developing students' careers.

ACADEMIC EXPERTS + INDUSTRY EXPERTS + RELEVANT CURRICULA = THE INDEPENDENT INSTITUTE OF EDUCATION QUALIFICATION

Local accreditation

The IIE offers higher education qualifications from higher certificate to PhD level. All qualifications are accredited by the Higher Education Quality Committee (HEQC) of the Council on Higher Education (CHE), registered on the National Qualifications Framework (NQF) by the South African Qualifications Authority (SAQA) and registered by the Department of Higher Education and Training (DHET).

International accreditation (British Accreditation Council)

The IIE was the first private higher education provider to be accredited in South Africa by the BAC (internationally recognised quality assurance agency). The BAC is an independent authority in the UK that also accredits private providers in other countries including Greece, Switzerland, Singapore, India, Mauritius and the United Arab Emirates. The continued BAC accreditation represents an objective confirmation of the world-class standards our institutions have attained.

Trade and occupational qualification accreditations

Other post school qualifications, particularly those offered at Capsicum Culinary School and Oxbridge Academy, enjoy accreditation either directly from the Quality Council of Trades and Occupations (QCTO) or from one or more Services Sector Education and Training Authority (SETAs). Several brands and qualifications enjoy endorsement from various international professional associations.

The Independent Journal of Teaching and Learning

The IIE has the only DHET accredited and peer reviewed academic journal managed by a private higher education institution in South Africa. The Independent Journal of Teaching and Learning is in its 16th year of publication, with two editions annually available on open access platforms.

The IIE and ADvTECH's purpose:

Strategic objectives

- Compliance to regulatory environment and licence to operate
- Improved quality and innovation
- Leadership position in education
- Superior endorsement
- Branded house – master brand and strategic brand marketing

Key differentiators

- South Africa's largest and most accredited private higher education institution
- Industry-relevant curricula based on established industry and academic partnerships that are verified through regular programme reviews and graduate tracking studies
- Innovative and supportive teaching methodologies
- Learning opportunities that meet the diverse needs of our students
- Structured programmes on all campuses linking students to the modern world of work

THE INDEPENDENT INSTITUTE OF EDUCATION

- Vega
- Varsity College
- Rosebank College
- MSA
- School of Hospitality & Service Management

Supporting ADvTECH's purpose of building and growing a high-quality organisation in education to enrich people's lives and futures

Values: Respect • Development • Sustainability • Continual improvement • Responsiveness • Innovation

TERTIARY PROGRESS IN 2022

OXBRIDGE ACADEMY

During the period under review, Oxbridge Academy added three occupational certificates and one skill certificate to its product offering. Oxbridge Academy also launched Engineering Studies N4 – N6 in three fields – electrical, mechanical and civil engineering, as well as obtaining accreditation for 11 new qualifications, broadening the brand offering to meet student demand.

Four skills courses in the Business Management field were launched as of January 2023, bringing the total number of new qualifications introduced to 26.

In 2022, Oxbridge Academy achieved 97.5% from ICAS and 100% from the Chief Directorate: National Examinations for its inspection. They have also broadened their offering to the rest of Africa and partnered with Makini School in Kenya, where a Business Development Manager provides support with enrolments in the region.

Mindsharp, a digital learning platform launched in 2021, has now been incorporated into Oxbridge Academy, providing a broader offering from a digital perspective.

CAPSICUM CULINARY STUDIO

Capsicum has been reaccredited to offer all the QCTO qualifications until 2027. We also had reaccreditation granted to us by CATHSSETA for our qualifications until 2027. Extension of scope was granted for three new programmes to roll out in 2022 and our centre accreditation was renewed by City and Guilds. We rolled out an online basket for short learning culinary skills for the public and we are implementing a LMS in 2023 for the National Chef Programme and Advanced Professional Chef Programme Year 1. Together with SA Chef, we implemented a pilot mentorship programme with our third-year students and we have begun to explore Africa as part of our expansion plans.

FEATURE

S G

The IIE Bachelor of Public Health Degree

A scarce and unique tertiary programme in South Africa

The IIE Bachelor of Public Health qualification is unique as it focuses on the detection, surveillance and prevention of disease. The objective of this discipline is to reach populations and communities to detect and prevent health problems. The public health approach is based on a preventative health model rather than a curative health model.

A diverse set of academic areas within the IIE Bachelor of Public Health undergraduate degree

The IIE Bachelor of Public Health undergraduate degree combines different academic areas to allow for a multidisciplinary approach to the healthcare field. It also covers the more scientific basis of healthcare in a few of the modules.

Public health employment opportunities

The public health field is a unique area of study providing many professional job opportunities. IIE MSA is one of the few campuses in South Africa to offer it as a field of study. Employment opportunities include sectors such as government, the private sector, NGOs, research institutions and international healthcare organisations and the World Health Organisation.

The need for public health workers in every sector is likely to grow in the foreseeable future. The practical placement module in the third year of study allows for students to work at various institutions and organisations including government settings such as clinics and hospitals. We further see a growing awareness of this more preventative approach to public health and expect graduates of our programmes to be in demand. There is a strong demand for multi-skilled public health programme managers, public health policy advocates and for prevention and health promotion workers.

> "In most countries, including African countries, government directions for public health programmes are geared towards preventative healthcare in a community setting, rather than in hospitals, to deal with the rising health costs caused by the increase in chronic health conditions, co-morbidities and other preventable lifestyle diseases. Government and non-government organisations are therefore in constant need of public health professionals and graduates who are qualified to deal with disease prevention, including health promotion, rather than focusing on a curative and more expensive health model. A public health system oriented toward prevention and proactive measures will be best equipped to encounter a pandemic and respond to other ongoing health challenges."
>
> **Dr Witthuhn,**
> Programme Manager for Health, IIE MSA

E S G Environmental, Social and Governance

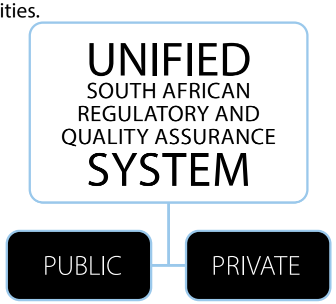
FEATURE

Our journey to university status

In terms of the Higher Education Act, registered and accredited private higher education institutions are currently not legally allowed to call themselves universities. This applies even though the country has a unitary quality assurance system, which requires private institutions to fulfil the same criteria as public institutions. Despite this hurdle, IIE brands are increasingly becoming the first choice for prospective students, due to their reputation of providing a stable environment and producing high-quality graduates who are sought-after by industry.

The draft policy on the recognition of South African higher education institutional types

Both public universities and private higher education institutions are subject to a unitary quality assurance and accreditation system for higher education. Although *public universities and private higher education institution qualifications are evaluated, registered and accredited against the same system,* the criteria for recognition as university have never been published and thus an artificial barrier persists preventing private higher education institutions from being ratified as universities.



THE INDEPENDENT INSTITUTE OF EDUCATION

Since 2017, the current legislation made provision for private higher education providers such as the IIE to be recognised as a university, university college or higher education college. For this to happen the Minister of Education was, since 2017, required to develop and publish criteria for the recognition of the institutional types. A draft policy has now been published, but publication of the final policy is only expected later in 2023.

In August 2022, we welcomed the release of the draft policy on the recognition of higher education institutional types by the DHET. However, considering the substance of the criteria and the likely timeframe implied, ratification of an institution could take a decade or more, which will continue to severely prejudice private institutions, despite them already being accredited against the same criteria as public universities.

ADvTECH believes in the right of prospective students to choose a higher education institution that is right for them and their career goals. Prospective students however are still influenced by perceptions around naming conventions, which creates an unfair advantage, as despite the unitary system, university status has up until now been unfairly preserved for public institutions only.

While private universities have been allowed to take their rightful place in the education sector worldwide, highly respected institution such as Harvard, for instance, private institutions in South Africa continue to compete for students' right to choose and their place of study to be recognised as at least equal to that of public universities. Regrettably, the recently released draft criteria do not remedy the situation, but rather are set to exacerbate it.

For insight into the academic delivery core to our business and for detail on our Graduate Empowerment Programme page 63.

ADvTECH's RESPONSE

- **We continue to engage with the DHET on the way forward regarding private institutions being given 'university status'**
- **Further cement our reputation as a leader in education in South Africa**
- **To continue driving our academic excellence ethos – the core of what we stand for**

Outlook

ADvTECH is committed to creating an inclusive study environment for its students by continuously engaging with the regulatory providers to achieve educational equity within the South African context. We aim to foster an education system that provides equal opportunities for students in the private and public education systems and drive the case for deserving private tertiary institutions to be awarded 'University status'.

Click to see icon descriptions

SOCIAL AND RELATIONSHIP CAPITAL

What

What is our social and relationship capital?

This capital incorporates our relationships with the communities in which we operate and that we serve as well as other key stakeholders including students and their parents (page 59) who benefit from or impact on our work. Transparency, responsiveness and dialogue characterises our stakeholder relationship management approach. ADvTECH also embeds corporate citizenship by giving back to broader society through various outreach projects within our areas of operation as well as by instilling a culture of respect, diversity and inclusion in all aspects of our work internally and externally.

Why

Why this capital is important?

Our business actions impact on our key stakeholders. Therefore we ensure that their input forms part of our strategy development and implementation in our sustainable stakeholder value creation processes. We also participate in activities that support and sustain communities in those areas where we operate. Our CSI programme focuses largely on educational outcomes through local employment and procurement opportunities in areas in which we operate. Where possible, we align with the UN SDGs, focusing on inclusive and equitable quality education and the promotion of lifelong learning opportunities for all.

How

How this capital creates and preserves value?

By actively engaging with our key stakeholders and supporting communities where we operate, this capital's deployment informs how we shape our strategy, identifying material matters and being proactive with stakeholder feedback to protect our brand and reputation. Trade-offs between other capitals are also considered. This engagement process culminates in value creation, value preservation and value erosion as depicted alongside.

SOCIAL AND RELATIONSHIP CAPITAL INPUTS AND KPIs

VALUE OUTCOMES

RDI campaign gained traction and continues to sensitise employees around all forms of discrimination and diversity

CSI projects supported:
944
(2021: 678)

social projects	environmental projects	animal projects
814	**72**	**58**
(2021: 580)	(2021: 26)	(2021: 45)

Rosebank College Graduate Empowerment Programme (GEP) assisted with
1 560 placements
(2021: 986)

Skills development: Schools capability programme has enhanced teaching and learning and value-based behavioural skills across the schools division

Ongoing focus on employee wellness

Leadership enhancement of principals through the Principals Development Programme (PDP)

SIS implementation challenges experienced at certain tertiary divisions

Value created
Value preserved
Value eroded

MATERIAL MATTERS CONSIDERED

MM 1 | MM 2 | MM 4

OTHER CAPITALS IMPACTED

IC | HC | FC

SDGs SUPPORTED

8 | 11

STAKEHOLDERS IMPACTED

STRATEGIC OBJECTIVES SUPPORTED

SO1 | SO3 | SO4 | SO6

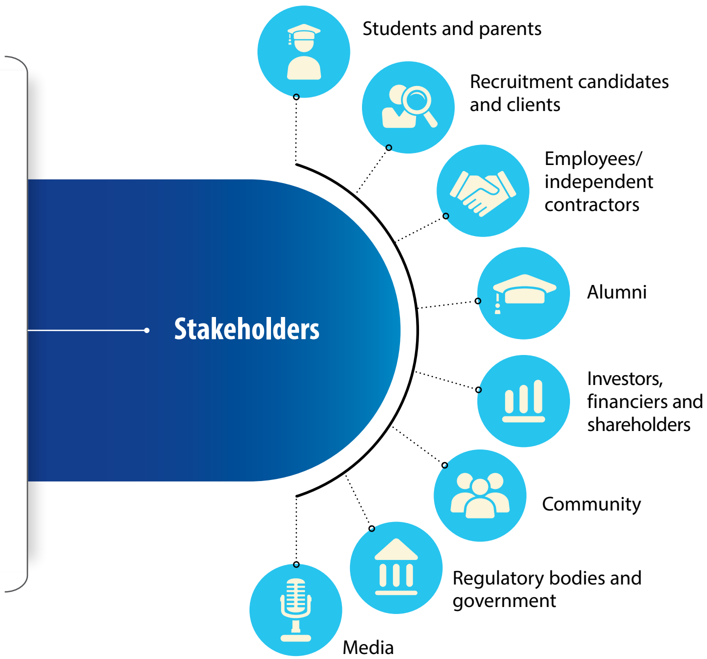
Outlook

- Continue to proactively engage with our key stakeholders
- Continue to give back to the communities in which we operate through our CSI initiatives

HOW WE MANAGE SOCIAL AND RELATIONSHIP CAPITAL TO SUSTAIN OUR BUSINESS THROUGH STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

Our stakeholder engagement approach varies according to each stakeholder's role and interests. Active stakeholder interaction and constructive feedback are encouraged. Various sector appropriate engagement platforms are used. Concerns directly addressed to us are handled with a view to retaining and developing relationships to build common understanding and mutual benefit. We also monitor all media to identify concerns that may not be directly communicated. Our stakeholder engagement policy guides our stakeholder communication to ensure consistent messaging groupwide. All material stakeholder concerns are discussed at TSEC meetings.



COMMUNITY ENGAGEMENT AND IMPACT ON SOCIETY

Quality education maintains our stakeholders' confidence. We provide supportive learning environments that promote engagement and development, and we deploy education innovations and best practice to achieve academic excellence. We aim to develop balanced and confident students, who can identify and embrace personal growth opportunities and who understand their role in society. Whether we work with a child from pre-school through to postgraduate study or only engage with a student for a few years, our focus is on generating alumni who will contribute positively to their communities and society.

Through our curriculum we encourage students to become global citizens who recognise and embrace being part of an international community, while community engagement lays the foundation for awareness of interconnectedness through service to communities. This also enables students to learn from their experience, apply their knowledge and explore career opportunities. ADvTECH promotes citizenship and community engagement through awareness, volunteerism, work integrated learning and service learning. All the IIE brands are encouraged to have sustainable relationships with community-based organisations so that students' input provides a cumulatively meaningful contribution and activities promote the dignity of the community being served. Ongoing monitoring of community activities and engagement takes place, with oversight by TSEC.

CORPORATE SOCIAL INVESTMENT

Our business focuses on people development, education and imparting knowledge. Education promotes equality and enables social transformation, which is why community development through educational support is key to ADvTECH's CSI programmes. Our CSI approach is directed towards education interventions within disadvantaged local communities and promotes employee and student participation.

PROGRESS IN 2022

MATERIAL STAKEHOLDER CONCERNS IN 2022

There were several key stakeholders' concerns raised based on our current operating environment. These are discussed below along with our response.

Hot topics impacting our business

	ADvTECH's response
Online systems Administrative challenges experienced with the SIS system that was launched in February and March for tertiary divisions	• Despite planning and testing, unforeseen issues arose once the system went live. Alternative measures were immediately put in place to mitigate the disruption to any students affected while the system issues were being resolved • We prioritised additional academic support, for affected students, in the form of booster sessions, master classes, consultations, and summative assessment preparation sessions
Draft policy released by the DHET regarding the recognition of South African higher education institutional types The draft policy released does not address the unfair differentiation whereby university status is preserved for public institutions only	• ADvTECH welcomed the release of the draft policy on the recognition of higher education institutional types by the DHET, however ADvTECH will continue to engage with the DHET until private institutions are regarded as universities, the same at its public counterparts
Reputation management Continuous improvement on cross-cultural communication and reputation management at rest of Africa sites in an effort to strengthen opportunities for growth in other African markets	• Put in place strategic communication and PR plans and partnered with local agencies, with experience in the specific African markets we operate in, to assist with a proactive strategic stakeholder engagement, reputation management and cross-cultural communications expertise
Back to school • Consumer financial pressures continued into 2022, with school fee pressure • Enrolment space at schools	• Fee increases for 2022 were largely in line with inflation • Financial assistance is offered on a case-by-case basis where parents face financial strain • Grade availability varies across each school and campus and each school does their best to accommodate students. Where capacity is reached or exceeded, additional capacity will be developed
Municipal property rates ADvTECH and Afriforum took legal action against the City of Johannesburg Municipality regarding the property rates for educational institutions	• The courts ruled that the categorising of educational institutions as businesses by the City of Johannesburg (COJ) and increasing their municipal property rates was unlawful and that the rates charged should revert back to the status quo of educational institutions.

Click to see all strategic objectives

Alongside, and on the following pages, we list our key stakeholders, their interests, how we engage with them and our internal view on the relationships we have with our stakeholders.

Investors, financiers and shareholders

Investors and the financial markets community have a shared interest in the group's success. These stakeholders contribute fiscal support to the business and enable us to grow in South Africa and the rest of Africa

Medium +

Strategic objectives: SO2 SO6

How we engage

- Regular financial results presentations
- Annual integrated report and interim financial results publications
- Stock Exchange News Service (SENS) announcements through the JSE
- Media releases
- Engagements and individual meetings with investors and analysts by the group CEO, the GCD and the chairman
- Regular engagement with financiers to discuss the group's debt obligations

Investor virtual tours and video clips, Annual general meeting and King IV™ compliance report, available at www.advtech.co.za

Interests

- Growth prospects
- Profitable and sustainable business
- Remuneration policy
- Policies
- Strategy
- ESG metrics and reporting
- Compliance with the JSE Listings Requirements
- Corporate governance

Value add

- A resilient, sustainable group geared for long-term growth, in line with shareholder expectations
- Providing a market-related return on investment
- Providing investors with insight into ADvTECH's Tertiary brands international value proposition and investment case. Investors' feedback was positive and constructive, with renewed interest in the education industry

Students and parents

Current and potential parents and students are vital to our business as they create the demand needed for us to remain sustainable

High +

Strategic objectives: SO1 SO3 SO5 SO7

How we engage

- Parent functions, roadshows, meetings and online parent portal
- Parent Teacher Association
- Face-to-face student, lecturer and teacher engagement
- Cloud-based SIS
- Continuous assessment and feedback on student progress
- Tertiary student portal for students registered with the IIE
- Electronic and mobile communication
- Newsletters and magazines
- Student support teams and school counsellors
- Call centres, service desks, academic support and student self-help tools
- Social media
- An ethics hotline via student portals for tertiary students to report unethical behaviour
- Student and parent customer satisfaction surveys
- Online virtual graduations
- Virtual campus tours

Interests

- Quality offerings – academic, cultural and sport
- Customer service
- Policies
- Qualified staff
- Reputation
- Safe and innovative learning spaces
- Preparation for the future world of work
- COVID-19 communication

Value add

- Proactive solution-driven communication, including user-friendly digital technology
- Online assistance
- Enhancing products and customer service
- Managed SIS complaints to assist students with registration administration issues
- Health and safety
- RDI programme in place to address all forms of discrimination and diversity

Level of influence on ADvTECH

High | Medium | Low

ADvTECH's relationship with stakeholders

+ Positive
– Neutral

Click to see all strategic objectives

Alumni

Low +

It is important to foster our relationships with alumni as their success is based on the quality of education we provide. In turn, we use this as evidence of the impact of our teaching and learning methodologies

Strategic objectives: SO1 SO2

How we engage

- Regular work placement surveys
- Electronic communication such as websites, social media platforms, webinars, and newsletters
- Graduate and alumni surveys and feature stories
- Graduate employment workshops and alumni career platform
- Virtual career days
- Networking opportunities
- Coaching opportunities
- Programme advisory committees

Interests

- Alumni testimonials and surveys
- Career prospects
- Networking
- Further education
- Development and continued success of their institutions

Value add

- Supporting graduates in finding employment
- Enhancing ADvTECH's reputation through alumni
- Crawford International Kenya Alumni launched in 2022
- The IIE's World of Work social media platform continues to assist graduates to bridge the gap between the world of study and the world of work while showcasing alumni successes
- Showcasing Junior College's contribution towards foundation years

Recruitment candidates and clients

High +

Recruitment candidates and corporate clients provide the mandate for us to operate in the recruitment market

Strategic objectives: SO2 SO3 SO5 SO7

How we engage

- Electronic communication including websites, social media platforms, online interviews and newsletters
- LinkedIn
- Salary survey reports
- Telephonically
- Media releases and social media video clips to share tips, information and facilitate the recruitment process for candidates and clients

Interests

- Customer service
- Quality applicants
- Vacancy placement turnaround time
- Remuneration benchmarking and surveys, e.g. PayScale

Value add

- Innovation forums aimed at improving the online user experience
- Enhanced service levels through innovative technologies
- Quality placements that enhance client productivity

Community

Low +

Our brands are integral to the communities in which they operate

Strategic objectives: SO1 SO3 SO5 SO6 SO7

How we engage

- Annual IIE Research and Teaching and Learning Symposia
- Initiating and taking part in various CSI projects and initiatives in communities where we operate
- Promoting sustainable development through all our CSI programmes and activities
- Initiating or participating in various greening initiatives
- Encouraging and supporting voluntary testing and education to minimise the stigma around those living with HIV/Aids
- Developing citizenship characteristics in students

Interests

- Uplifting youth and our brand image
- Partnership to enhance collaboration in careers and job shadowing
- CSI projects
- Community development and upliftment through education support
- Bursaries and internships

Value add

- Showcasing presentations by established international scholars on topics that are of interest to the broader community
- Optimising student-centric drives and initiatives for students
- Enhancing career options and job shadowing for students
- Providing financial support through bursaries
- Involving students and employees in CSI projects and aligning with community needs
- Supporting awareness of gender based violence
- Reducing carbon footprint through various energy, water and waste solutions

Level of influence on ADvTECH: High | Medium | Low

ADvTECH's relationship with stakeholders: + Positive | – Neutral

Media

The media keeps our stakeholders informed, which impacts our business operations, perceptions and brand awareness

Medium –

Strategic objectives: SO1 SO2

How we engage

- Regular results presentations
- Annual and interim reporting
- SENS announcements through the JSE
- Media releases
- Proactive PR and educational media releases addressing relevant topics and the role of private education in South Africa
- Social media

Interests

- Brand and site-specific incidents
- Group performance
- Growth prospects
- Policies
- Reputation
- Credibility and quality education

Value add

- Stakeholder communication – specifically for the SIS system challenges in 2022
- Lobbying for legislation revisions to allow private higher education institutions to be called private universities (page 55)
- Reinforcing ADvTECH's position as an academic excellence sector thought leader via PR campaigns
- Building relationships with the communities in which we operate through local media, including social media
- All brands have unique strategic marketing and communication plans in place
- Obtaining extensive media space with key audiences across various media platforms

Regulatory bodies and government

Regulatory and professional bodies, associations and government set and enforce regulatory standards and guidelines

Medium –

Strategic objectives: SO1

How we engage

- Ongoing engagement with relevant regulatory bodies in South Africa and in the rest of Africa through face-to-face or virtual meetings and/or formal correspondence – key regulatory bodies are listed on page 13
- Annual academic publication – The Independent Journal of Teaching and Learning
- Representation and participation at the DBE working committee on home education policy and related regulations
- Ongoing engagement (face-to-face or virtual meetings and/or formal correspondence) with government departments

Interests

- Licence to operate as a business entity
- Regulatory compliance
- Policy adherence
- Certification of brands and students
- Transformation Employment Equity (EE)
- International accreditation
- SETA internships and bursaries

Value add

- Engaged the DHET regarding university status for private tertiary institutions
- Maintaining good relations with regulators and ensuring regulatory compliance
- Accreditation with Umalusi, HEQC, and CHE
- IIE accreditation with the BAC
- Registration of teachers with the SACE
- Registration of early childhood development centres with the Department of Social Development
- Registration with the Information Regulator (South Africa) in compliance with POPIA
- Application with QTCO for the N4 – N6 Engineering studies at Oxbridge
- Engagement with the Teacher's Service Commission and Department of Labour and Immigration for expatriate teachers in Kenya and Botswana respectively
- Engagement with ETDP SETA to manage bursary and internship processes

Click to see all strategic objectives

Level of influence on ADvTECH

High | Medium | Low

ADvTECH's relationship with stakeholders

\+ Positive
– Neutral

Click to see all strategic objectives

Employees/independent contractors

Our business revolves around people. We pride ourselves on attracting and retaining top talent in the sectors where we operate. Our employees are passionate and highly skilled. They have a commitment to quality and excellence and drive the execution of ADvTECH's strategy while living the company values

High +

Strategic objectives

SO1 SO3 SO5 SO7

How we engage

- Interactive communication across the group's brands via group internet and communication channels
- Teacher performance improvements initiative that aims to provide each teacher with a personalised learning pathway to teaching and learning excellence
- Workshops, presentations, online meetings, newsletters, video clips and project update meetings
- Integrated leadership development programmes (online and face-to-face) and mentoring
- Management toolkit for new managers
- Change management initiatives
- Dedicated intranet spaces and portals for the central academic team and education divisions
- Regular health and wellness programmes and health and safety representatives
- Cultural events to celebrate employee diversity
- Employment equity and disability awareness communication campaigns and workshops
- Employee awards and recognition
- An ethics hotline for employees to report unethical behaviour
- Employee satisfaction surveys at brand level
- RDI campaign and anti-discrimination tools (FaceUp)
- Employee culture surveys

Interests

- Skills development and training
- Competitive remuneration and benefits
- Company growth, which brings about career prospects and challenging work/projects
- Health, safety and wellness
- Diverse work environment
- Sustainability
- Recognition
- Ongoing engagement surveys
- Vetting and screening of employees and service providers where appropriate

Value add

- Developed and equipped our employees to reach their potential and ensured succession plans in place
- Launched LinkedIn Learning to provide opportunities for continuous learning
- Enhanced our market competitiveness through various leadership and management training opportunities
- Equipped principals to be leaders in a customer-centric environment
- Market-related remuneration including bonuses and incentives
- Improved online staff engagement to enhance productivity
- Sensitising employees regarding RDI
- Supporting employees' mental health
- Protected employees' personal information
- Provided a safe and healthy work environment
- Onboarding training in place

Level of influence on ADvTECH

High | Medium | Low

ADvTECH's relationship with stakeholders

+ Positive
– Neutral

Communities

CSI Invested **R211 million** in bursaries

(2021: R207 million)

Case studies

The information below and on the following pages highlights some of ADvTECH's initiatives in the communities where we operate as well as the goals achieved. These initiatives also link to the UN SDGs.

ADvTECH's CSI GOALS

- Raise awareness and motivate self-employment and entrepreneurship as career options
- Provide inclusive and equitable quality education
- Assist in breaking the cycle of poverty by ensuring graduates are employed
- Partner with disadvantaged schools to improve their academic quality
- Promote lifelong learning opportunities for all
- Ensure that our graduates play an active role in building the economy of our communities
- Ensure sustainable cities and communities through community partnerships.
- Produce highly skilled, employable graduate professionals
- Assist with basic needs and infrastructure improvement
- Encourage students to 'pay it forward' by giving back to communities to enrich and empower lives and livelihoods

CASE STUDY

Graduate empowerment programme (GEP)

Introduced at Rosebank College in 2013

Overview

Higher education raises awareness of, and motivates, self-employment and entrepreneurship as career options, which encourages innovative business start-ups, especially in the IT sector. While theoretical grounding is important, students also need practical training that prepares them for the world of work. Rosebank College aims to achieve this through the GEP. For more than 70 years, Rosebank College has delivered quality tertiary education to students across South Africa. Rosebank College's academic approach is career oriented and technology driven, with qualifications designed and frequently reviewed to meet changing market demands. This ensures that what students learn meets the latest skill requirements of their chosen vocation. Each campus has a career centre and offers career coaching sessions and mentorship covering various entrepreneurship attributes and communication skills in the workplace. Motivational speakers inspire and encourage the students, while Rosebank College partners with potential employers to help match roles and opportunities for those students set to graduate soon.

With a high unemployment rate among graduates we also introduced the Rosebank College Graduate Entrepreneurship Programme in 2022 which was positively received by students, graduates and employees. We held Entrepreneurship and Innovation workshops on all campuses in partnership with relevant youth development organisations, to explore ways in which to empower students/graduates with entrepreneurial skills.

International and employee recognition

Successes to date

1 987
National graduate database for the class of 2022

21 178
Total graduates placed to date

2 777
Total graduates and students coached in 2022

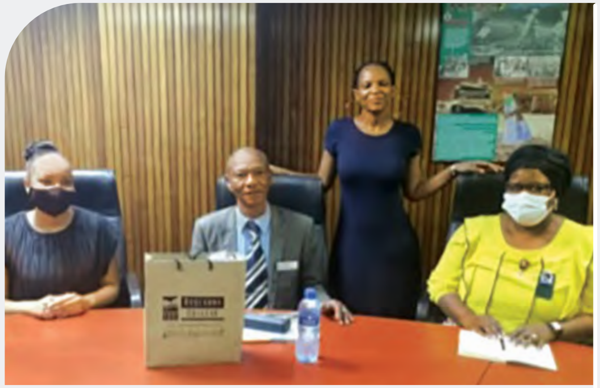
4 582
Client database

"Our company went through a recruitment process where candidates applied online and sent videos responding to questions. Seven Rosebank College graduate candidates were selected for interviews and all candidates were invited to spend a week at our offices for a practical week, following which they were employed. The quality of the candidates is really good and we are glad to have participated and going forward we would like to be more involved throughout the year in recruiting your students."

Peter Erasmus,
Senior executive, Signature Business Solutions

CASE STUDY GRADUATE EMPOWERMENT PROGRAMME (GEP) – continued

Focus areas in 2022



Business development

Various initiatives include:

- ✓ Established relationships with 388 new companies for graduate employment opportunities and entrepreneurship, and we encouraged some government departments to employ our graduates. Going forward we aim to strengthen the relationships between IIE RC and government departments by inviting relevant officials to our campuses as guest lecturers with our Public Administration students.
- ✓ Signed an Memorandum of Understanding (MOU) with the Department of Economic Development for various internship opportunities in 2023, which are being sponsored by the Transport Education Training Authority.
- ✓ Engaged with the Department of Small Business Development to establish a partnership that will support the Entrepreneurship Programme.
- ✓ Partnered with the Nelson Mandela Business Chamber and DHL Global Logistics for placement and entrepreneurship opportunities.
- ✓ Held campaigns in FMCG and various retail organisations (ShopRite and Pick n Pay) to employ IIE RC graduates.

"I was a student at Rosebank College from 2016 to 2019 and I attended your work readiness programme, and through your lessons, I was able to secure employment. You've helped me in many ways including placing me at my current employer after my graduation for an internship in which I gained experience in the industry I am in."

Current students
Work readiness coaching with exiting students.

Career Fairs
The 2022 Career Fairs on all the campuses were well received with 82 companies attending and nationally exhibiting their organisations to attract IIE students/graduates. In 2023, we would like to invite government departments at these fairs to promote further engagement.

Work readiness and coaching

Continued with work readiness online coaching sessions to prepare graduates for the world of work. Social media is emphasised in these sessions for students/graduates to leverage these platforms in marketing themselves to prospective employers or to market their products if they are entrepreneurs.

In 2022, we coached 2 840 exiting students and graduates, and we introduced a student career development portal with employability videos and assessments that is compulsory for all first-year students. Going forward, we are enhancing our coaching sessions by introducing industry experts to provide insights on the skills and knowledge required to work in any industry.

Entrepreneurship and innovation workshops

This programme aims to equip entrepreneurial leadership and start-up skills through training to build scalable enterprises. We profiled 126 entrepreneurs who have their own businesses and we established relationships with youth development organisations for partnerships in areas such as incubations of start-ups, training, mentorship and coaching, access to Small, Medium and Micro Enterprise (SMME) funding, collaborations and networking, as well as sponsorship for the entrepreneurship and innovation workshops. The GEP department is engaging with prospective partners to assist students/graduates who want to become self-employed.

Various entrepreneurship and innovation workshops.

CASE STUDY

Varsity College and IIE MSA create significant change in local communities through the KHUMO Project

KHUMO stands for Kid Heroes Under the Mentorship of Others, it also means "wealth" in Setswana. This is a fitting name considering the project's objective is to share Varsity College and IIE MSA's wealth of knowledge, skills and resources to contribute towards educating and mentoring young minds.

The KHUMO project partners with local community schools and collaborates with them to strengthen, support and transform disadvantaged schools by addressing the needs identified by the specific school. The project has brought together students, staff and the expertise of lecturers.

Ensuring sustainable development and making a positive impact in local communities

Varsity College and IIE MSA have embarked on various projects that utilise the time, talents and skills of its people, who are passionate about ensuring sustainable development and making a meaningful impact in local communities.

Projects

- Varsity College Pretoria campus hosted a day of empowerment with a senior development workshop for the principal, deputy principal, heads of department and teachers at Nantes Primary School. The day included the opportunity to spend the day at the campus with the staff in a very informative Mathematics and English teaching techniques workshop. To further focus on the school's literacy needs, the campus conducted a literacy needs analysis, followed by collecting age-appropriate reading books, which was delivered to the school. Varsity College Pretoria campus is proud to be in partnership with this school, empowering the youth for a better future.
- Varsity College Nelson Mandela Bay campus donated 15 whiteboards and four notice boards to Papenkuil Primary School foundation phase. Their launch activities coincided with the Mandela week activities which concluded with a character dress-up read-a-thon where staff and students dressed up as book characters to try to make reading fun for the students and emphasise the importance of literacy. Staff and students spent the morning reading a book to the students while portraying the character they were dressed as, giving them the ultimate reading and visual experience.

"Varsity College and IIE MSA aims to create significant change in local communities through its CSI initiative, The KHUMO Project, which focuses on local empowerment through primary and secondary education in South African schools and community upliftment."

Louise Wiseman,
Managing Director, Varsity College and IIE MSA

HUMAN CAPITAL

What

What is our human capital?

Our employees are our human capital. Most of them are professionally qualified and contribute a wealth of intellectual capital to our academic expertise and integrity. We invest significant financial capital in building intellectual capital to attract and retain these high-calibre employees. They are passionate and committed to quality and excellence, which is key to creating and maintaining confidence in our value proposition.

Why

Why this capital is important?

We are a 'people business' and ADvTECH's employees are our ambassadors who are instrumental in delivering an exceptional customer service. We continue to innovate and identify key talented individuals and potential leaders.

How

How we create and preserve value using human capital?

HUMAN CAPITAL INPUTS AND KPIs

VALUE OUTCOMES

Invested **R19 million** (2021: R13 million) in employee training and conferences to boost development

Launched a new method to incentivise our teachers, drive performance success and academic excellence.

Continued quality academic offering through well-established CAT

Investment in teaching and learning capability for all teachers and instructional leadership for principals to further drive academic excellence

RDI campaign fully embedded within the group

Feasibility study for a new HR system that meets the group's needs are under way

Value created
Value preserved

MATERIAL MATTERS CONSIDERED

MM 1 | MM 2 | MM 6

OTHER CAPITALS IMPACTED

FC | SC | IC

STAKEHOLDERS IMPACTED

STRATEGIC OBJECTIVES SUPPORTED

SO1 | SO2 | SO3 | SO4 | SO5

Click to see icon descriptions

Outlook

- To be leaders in teaching and learning.
- Anchor ADvTECH's learning and development framework while continuing to build commercial competence and management expertise through our flagship learning and development leadership programmes.
- As teacher development is pivotal to our continued success, leverage the significant advantage we have in being able to bring the best of the education graduate teachers from our tertiary division into our school system, creating a pipeline of high-calibre, quality teachers.
- An industry first – ADvTECH launched a teacher management development and performance success tool aimed at further building our teaching and learning capability. The tool is intended to empower teachers at all levels to perform at their best in every interaction, creating a new standard for stellar teaching behaviours and practices within ADvTECH Schools and, in turn, enabling the growth of every student who crosses our threshold.
- We have modified our RDI programme into a short learning programme for our teacher students.

Read more on page 49.

- Embed the schools division's three-year capability journey to equip teachers with 21st century skills, focusing on building optimal student, teacher and parent-teacher relationships.
- Align the group's EE targets and policies with the proposed Act amendments and increase the group's equity cover ratio.
- Continue to support employee wellbeing through ADvTECH's progressive wellness programme.

HOW WE MANAGE HUMAN CAPITAL TO SUSTAIN OUR BUSINESS

Our business success is directly attributable to our

7 906 (2021: 7 866)

dedicated permanent employees, supported by independent contractors who fill key positions (such as sports coaches and lecturers), who together work tirelessly in support of our business model, entrenching our competitive advantage.

Investment in our human capital development is a further lever in our competitive landscape. Education and learning are considered essential to creating a culture of high performance and engagement. Every individual has their own individual development plan in support of their long-term career growth. Plans are reviewed annually to ensure they remain aligned to both personal and professional needs.

Our skills development programmes focus on building management and leadership skill, functional expertise, commercial competence, interpersonal proficiency and critical 21st century thinking skills, all of which are required to support the holistic development of our students.

Permanent employees	Independent contractors	Fixed-term employees	Casual employees
68%	**20%**	**10%**	**1%**
(2021: 68%)	(2021: 22%)	(2021: 10%)	(2021: 1%)

Our remuneration philosophy is directly linked to performance outcomes and we participate in several market surveys to ensure that remuneration remains competitive.

In addition to guaranteed pay, our employee value proposition extends to a broader offering that includes additional benefits like a retirement fund, bursaries and medical and health benefits. We offer generous leave benefits in addition to the statutory requirements of maternity, paternal, adoption and surrogacy leave.

Recognition of top performers is also integral to our overall employee value proposition.

Award category 2022

Long-service awards are presented on completion of five-year service intervals to acknowledge the important contribution of longer-serving employees.

During 2022, employees reached the following milestones:

Years' service	5	10	15	20	25	30	Total
2022	**365**	**155**	**112**	**32**	**15**	**2**	**681**
2021	568	232	131	45	23	2	1 001
2020	351	183	85	49	7	1	676

PROGRESS IN 2022

LEARNING AND DEVELOPMENT

Investing in employee development remains a priority for ADvTECH. During the year,

166
(2021: 82)
managers
were upskilled groupwide

R19 million
(2021: R13 million)
invested
in employee training and conferences groupwide

The 70/20/10 learning principle underpins our ADvTECH Learning Architecture:

70% on-the-job training

20% coaching relationships and feedback

10% formal training

ADvTECH's employee learning and development programmes ensure that all employees can deliver the outputs needed and equipping them with the capabilities required to deliver and support a high-performance culture and growth mindset, aligned to the group's strategic objectives. Rigorous nomination processes have resulted in exceptional commitment from the participants selected for the various programmes, which adds value to the business.

In 2022, ADvTECH designed a groupwide framework for measuring return on investment (ROI) of interventions linked to building employee capability. The ROI framework incorporates the measurement of training statistics, enabling ADvTECH to conduct regular learning and development benchmarking to ensure that our programmes are aligned to appropriate standards. A dashboard focused on learning and development metrics will be introduced to the group and will enable us to view the learning journey holistically, make informed decisions about important focus areas and to regularly course correct.

The graphic below depicts learning and development programmes offered groupwide. All programmes are designed to be scalable across divisions and follow a blended-learning approach (face-to-face and online).

ADvTECH HR Academy

Launched in 2022 to build key competencies that will enable HR to partner with the business in achieving strategic objectives and developing and improving current and future performance. The Academy has a four-phase approach to moving business partners from efficiency to agility and improved decision making.

Schools division capability programmes

As we continue to put the strategic building blocks in place to make ADvTECH the dominant Pan-African education business, our learning strategy and capability is shifting to ensure that we not only meet the current development needs of our employees but also place intense focus on building the skills required to achieve sustained competitive advantage. In 2021, ADvTECH embarked on a journey to build key organisational capabilities and 21st century competencies in the schools division. We are in the third year of our three-phase capability journey and have already seen the value this programme has delivered.

The programmes aim to provide each teacher with a personalised learning pathway to Teaching and Learning excellence and participation is driven largely by line managers and coaches, with support from the CAT. To further support the journey, our teachers' rewards (in particular, annual salary increases) are linked to achievement of superior student outcomes.

Bursaries and internships

We split our SETA bursary allocation (R1 million) between internships and bursaries. Of the interns hired into the group, 57% were hired into permanent positions. Several employees received bursary allocations to further their learning and development.

TRANSFORMATION

The group's EE policy drives annual talent targets and overall transformation progress is overseen by the group's TSEC. Each division tracks transformation performance against an approved five-year EE plan, with consolidated overall group tracking taking place centrally. To ensure that feedback and input are integrated into the group's transformation plans, across every level of the organisation, each school brand has its own Employment Equity Committee (EEC), while the tertiary division has a joint committee. The seven divisional and brand EECs are consolidated into the National Employment Equity Committee (NEEC), which determines and guides the Committee charters. The NEEC is well positioned to support the acceleration of ADvTECH's transformation journey.

Succession planning

At ADvTECH, we use succession planning as a strategic business driver to identify and develop future leaders in critical roles across all levels and not just limited to top management. By prioritising career development, we are able to offer a meaningful employee value proposition and attract top talent in the education industry, while supporting business continuity.

The group's succession planning focus for 2022 was on solidifying a strong and diverse succession plan, aligned to our transformation objectives. This included assessing and evaluating employees against a set of criteria and identifying developmental areas linked to competencies required for future goals.

ADvTECH remains on a committed transformation journey. Aligning our learning and development programmes to the talent management process helps us identify high potential equity talent and support the development of a leadership pipeline. Robust individual development plans for these employees enable us to fast track the closure of skills gaps to support their growth within the organisation, while placing middle management leaders on focused leadership programmes (such as the ADvTECH management development programme) to support a solid transformative leadership pipeline.

Current transformation demographics are as follows:

Black management
48%
(2021: 44%)

Black employees
62%
(2021: 59%)

Female employees
70%
(2021: 68%)

Employees by economically active population group:

	Male				Female			
	Black	Indian	Coloured	White	Black	Indian	Coloured	White
Permanent employees	54%	8%	9%	29%	36%	11%	9%	44%
Fixed-term employees	73%	2%	6%	19%	59%	5%	5%	31%
Independent contractors	53%	10%	8%	29%	40%	12%	8%	40%
Casual employees	62%	25%	13%	0%	51%	17%	30%	2%

TALENT MANAGEMENT

Career pathways

A career development framework has been designed to drive employee engagement, boost retention and enhance productivity, which are all critical factors for building a sustainable competitive advantage. A key output of this career development framework has been the design of functional career pathways into the academics, HR and finance portfolios. Career pathing is the process of aligning opportunities for employee career growth with organisational talent priorities, by mapping career direction based on vertical, lateral and cross-functional roles and driven by the individual's skills, interests and career objectives. It also serves as a catalyst for employee participation in learning and development programmes that fulfil ADvTECH's current and future needs.

PERFORMANCE SUCCESS AND REMUNERATION

Our performance success process reinforces empowerment, growth and accountability principles. A refreshed, standardised process was rolled out, linking high reward and recognition to high performance.

Read more in the RemCom report page 93.

Pay scales

Remuneration packages, including benefits, are a vital part of attracting and retaining quality people to the group. Our redesigned remuneration practices, which were created based on detailed market analysis and correlate productivity and reward, are an industry-first and are essential in a market where quality teachers are an increasingly competitive and critical skill.

Tertiary academic job evaluation project

Job evaluation is a critical element in organisational design as it enables optimal organisational structures, informs reward and recognition and assists with career pathing linked to group objectives. As our tertiary division moves towards obtaining university status, an assessment of current academic, operations and student support roles is under way.

Gender pay gap analysis

According to the International Labour Organisation, the average global gender pay gap is 20%. In South Africa, the average gender pay gap ranges between 23% and 35%. ADvTECH's average gap of 13.61% is well below market average, illustrating ADvTECH's progressive remuneration practices. This assessment will be conducted annually to identify trends within job bands, divisions and roles and to ensure we improved our practices of fair remuneration and good governance.

MOBILITY POLICY

As ADvTECH expands geographically, employee movement across borders becomes a critical strategic driver, necessitating the development of a mobility policy. This is intended to build governance and talent agility in our people practices in the rest of Africa, specifically in remuneration, legislative and tax practices and talent management principles.

HEALTH AND WELLNESS

Employee wellbeing remains a priority. Our ongoing partnership with SADAG continues to provide a confidential mental health support system. In addition, FaceUp, an online reporting platform for issues experienced in the workplace, remains integral to our wellness offering, enabling employees to anonymously report any issues that impact their physical or mental safety and wellbeing.

HIV/AIDS

We are well positioned to use our learning environment to educate tertiary students about HIV/AIDS and promote responsible behaviour. We continue to encourage and support voluntary testing and education to minimise the stigma and prevalence of HIV/AIDS.

HUMAN RIGHTS

Our employees are committed to the principles espoused in our RDI programme. These include the rights of children to receive education in an environment that is free from any form of discrimination, particularly regarding religion, gender, race and sexual orientation and encompasses any kind of bullying and other forms of discrimination. The group also offers diversity and human rights training programmes to raise awareness among our employees and students.

EMPLOYEE ENGAGEMENT

Employees completed an organisational culture survey to obtain an understanding of the degree of sustainable engagement experienced in the business. The survey completion rate was statistically significant, which enabled robust analysis, resulting in meaningful and actionable insights.

The survey highlighted that our employees have a very clear idea of their job responsibilities and understand how their role contributes to the group's overall goals and objectives. This reinforces that good practice around recruitment, performance management and rewards are embedded in the business. In addition, the survey enabled comparison against South African companies, global education companies and global high-performing companies.

CASE STUDY

An industry first: Teacher performance success tool and remuneration model

In 2022, a teachers' performance success tool was implemented aimed at driving teaching and learning capability to provide a more robust element to our attraction and retention efforts, while focusing on an optimal customer value proposition. The model challenges and rewards teachers who invest in their own development (which positively impacts student outcomes). In the first full year of implementation, 63% of teachers had fully embraced the performance and development philosophy. This involved setting stretch development goals focused on developing mastery in the teaching and learning competence. Teachers were paired with coaches who worked with each teacher individually, observing lessons and providing relevant guidance aimed at growth. Underpinned by the growth mindset culture, this intense development focus was then linked to reward and recognition. Demonstrable value has been shown at school level, particularly in enhancement in productivity, commitment and loyalty, in addition to improved student outcomes. Further benefits of improved engagement, attraction and retention represents supplementary value add to ADvTECH, teachers and other stakeholders. This new model forms the basis of teachers' salary increases, bonuses and short-term incentives. Teachers are no longer passive recipients of market salaries, but are actively accountable for improving their reward levels through delivering sustainable student outcomes.

Read more in the RemCom report page 93.

MANUFACTURED AND INFRASTRUCTURE CAPITAL

What

What is our manufactured and infrastructure capital?

This capital consists of campuses, buildings, infrastructure, technology, business processes and facilities. We invest significant financial capital in these assets to support and expand our brands to deliver on our brand-specific value propositions. We also deploy these capital resources to create environments, systems and processes conducive to learning, enabling our students to meet their full potential academically and become well-rounded individuals.

Why

Why this capital is important?

Our manufactured and infrastructure capital enables us to build a high-quality organisation for education, training and placements. ADvTECH's goal is to enable our students to reach their full potential academically and in the job market. We continue to invest in our assets for student growth and optimise how we use these assets to provide an appropriate return on investment and create stakeholder value.

How

How this capital creates and preserves value?

When we deploy this capital, we take account of trade-offs between the other capitals, primarily financial capital, as our investments need to provide an acceptable return on investment. We also consider our natural capital (land and resources) to ensure we do not have a material negative environmental impact. Relevant stakeholders are engaged when these decisions are made. This process culminates in value creation and preservation as depicted on the right.

MANUFACTURED AND INFRASTRUCTURE CAPITAL INPUTS AND KPIs

VALUE OUTCOMES

Greenfield development of Pinnacle College Raslouw

Additional capacity created for 13 100 students
The most prominent projects are Rosebank College Braamfontein and Varsity College Pretoria

Refer to the capacity expansion table page 75.

Enhancing GSS efficiencies through technology automation

Ongoing strengthening of the group's systems and security

Read more about ICT Governance in the Corporate Governance Report on page 92.

To keep the sites operational 84 generators were installed

Invested R126.6 million (2021: R99.7 million) in property and facilities maintenance and repairs

Implementation of data classification policies to support POPIA

Challenges faced in rolling out our SIS in tertiary division

Read more about stakeholder engagement page 57.

Supply chain issues negatively affected the availability of IT equipment – although this was largely mitigated by working closely with vendors and the supply chain

Value created | Value preserved | Value eroded

Click to see icon descriptions

MATERIAL MATTERS CONSIDERED

MM 1 MM 2 MM 3

OTHER CAPITALS IMPACTED

FC SC IC NC

SDGs SUPPORTED

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

STAKEHOLDERS IMPACTED

STRATEGIC OBJECTIVES SUPPORTED

SO1 SO2 SO3 SO4 SO6 SO7

Outlook

- Continuing to invest in our assets to ensure optimal use of space and sustainability across our asset portfolio and ensure an appropriate return on investment.
- Continuing to explore technical and digital innovations to further enhance our customer experience, reduce costs, improve operations and add value to our academic offerings.
- Continuing to roll out Microsoft Dynamics 365 groupwide to enhance customer service, standardise processes and streamline our supplier database.
- Continuing to enhance our GSS model to extract further efficiencies.

HOW WE MANAGE MANUFACTURED AND INFRASTRUCTURE CAPITAL TO SUSTAIN OUR BUSINESS

ADvTECH is committed to designing, developing, and maintaining world-class education facilities in locations that enable us to achieve a sustainable return on investment.

Our campuses are also inherently designed to enrich the learning experience. All investments are preceded by feasibility studies and due diligence to ensure we maximise our return on investment.

Our technology investment journey to streamline our processes has made us more effective and competitive, while enabling continued service delivery and academic excellence. Our established infrastructure and systems, particularly in the digital environment, also allows us to integrate and enhance functionality as well as provide data insights.

CASE STUDY

Leveraging the business value of technology

IT VISION: Leverage technology and data to provide business value, enhance student academic performance and drive a competitive advantage.

Our IT strategy aligns with, and supports, the group's strategic focus and our journey towards building sustainable competitive advantage. Key to this, is our drive to embed technology to support education and leverage scale to deliver value. We use our systems, data and products to support the drive towards academic excellence, enhance customer service, create stakeholder value and build competitive advantage.

Furthermore, our IT strategy incorporates system capabilities, standardisation and integrating technology to underpin teaching and learning through the use of data driven insights and adaptive personalised learning.

This graphic below depicts how ADvTECH's systems and technology operate in an integrated, interdependent way, enabling us to manage technology risk, ensure infrastructure standardisation and drive good customer experience.

Read more about the adaptive, personalised learning in Intellectual capital section page 52.

IT in numbers

65 Systems in place

We invested:

R496 million
in IT over 5 years

R9 million
in data dashboards and data architecture

R2.4 million
in quality assurance for our systems

R30 million
in WIFI for the year, which provided an improved student experience, enabled EdTech in our classrooms and campuses and increased productivity

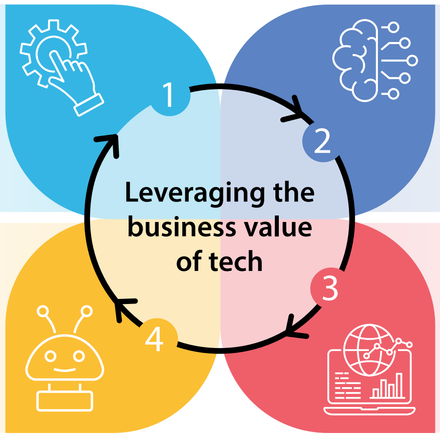
R2.7 million
realised in voice savings by leveraging our unified communication platform

Systems capability and standardisation

- Standardise systems and processes with automation
- Rationalising systems (65 systems with 12 decommissioned and 13 planned for decommissioning)
- Process optimisation

Integrating technology in teaching and learning

- Leveraging technology in curriculum assessment and learning environment to deliver best possible student experience
- Embedded into ADvTECH EdTech framework to ensure academic excellence



Technology development

- Leveraging artificial intelligence (AI)
- Adaptive and personalised learning
- Learning environments
- Predictive analytics and big data

Data driven insights

- Intervention planning
- Real time student reporting and feedback
- Improving student outcomes
- Teacher assessments
- Continuous teacher improvement

Infrastructure performance

IT governance and security

CASE STUDY LEVERAGING THE BUSINESS VALUE OF TECHNOLOGY *continued*

Unpacking the key points of our IT strategy

1 Systems capability and standardisation

We have successfully embedded our SIS into the schools division and continue to work on the process of stabilising the system implementation for the tertiary division, following some implementation challenges (page 58). Other projects under way, in conjunction with GSS, include the implementation of billing and debt collection systems, both cloud-based systems that have improved our student billing process significantly.

Process optimisation for our students and customers

A good example of process optimisation is the use of our SIS mobile app to drive re-enrolment of students in our schools division. The online re-enrolment process took minutes and ensured that 32 027 students had re-enrolled by November 2022, which represents a 93% increase over the previous year, a significant efficiency improvement.

Further benefits of using the SIS mobile app includes GSS being able to collect fees ahead of time (instead of waiting until the start of the school year) and brands had better insight into their enrolment positions.

2 Integrating technology in teaching and learning

A good example of this is our learning management system (LMS), that allows us to collect data from assessments and, with the addition of AI, improve teaching and learning.

Predictive reporting

We are prototyping a predictive analytical report for the schools division, which will assist in predicting student success rates. Instead of focusing on historical achievement, predictive reporting uses data analytics to identify student gaps and suggest areas for improvement, with the aim of motivating students to become more goal-orientated and forward-thinking.

3 Data driven insights

We use data driven insights to unlock the value of information and provide unique understanding of our students and customers.

We have invested significant financial capital in data driven analytics (including AI and machine learning), allowing us to use data to build dashboards to track student performance and throughput rates. Going forward, we aim to enhance this to predicting student outcomes, using predictive and prescriptive analytics through data insights.

During 2022, we modernised our data architecture to include a combination of on-premises data, cloud data and 'software as a service' data. Once our personalised learning path is rolled out, this data solution will allow us to collect data points to enhance data-driven decision making.

Read more on how we are supporting students and teachers through adaptive learning technology page 52.

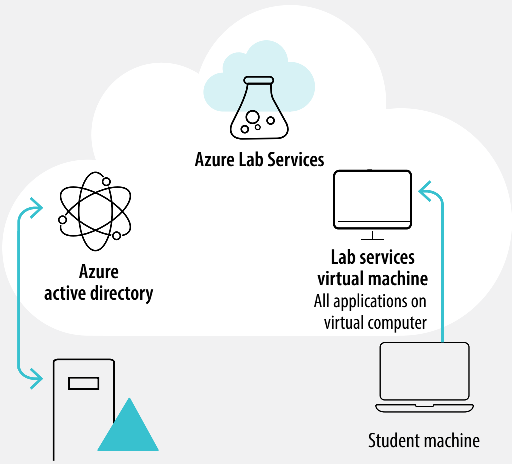
4 Technology development

We use AI to provide adaptive and personalised learning to better address student needs and goals. Our adaptive learning framework informs our thinking and supports students (through the learning pathway), teachers (tracking student progress) and our academics (providing course level support and managing teacher performance). Some examples of our adaptive learning methods are highlighted below and are discussed in our intellectual capital section.

Read more page 52.

Virtual computer venues – anywhere, anytime, anyplace learning

We have introduced virtual computer venues at our campuses. Students can access the resources anywhere and anytime from their own devices, improving the learning experience. From ADvTECH's perspective, virtual computer venues drive IT cost-savings and support scalability, driven by demand.



IT governance and security

In response to the ever-changing cyber-threat landscape, we have invested in advanced security resources to improve our response to these threats. These initiatives include adopting a Zero Trust Security Model, 24/7 Security Operations Centre, security automation for isolating threats and benchmarking against standards such as the Centre for Information Security Critical Controls.

Read more about ICT Governance in the Corporate Governance Report page 92

CASE STUDY

Group shared services (GSS)

ADvTECH's transactional finance and administration functions groupwide continue to be streamlined by GSS. This drive is crucial to establishing a service delivery model and an operational backbone to support ADvTECH's growth strategy. GSS, working together with the brands, continues to deliver operational efficiencies and effectiveness by driving standardisation and streamlining of our business processes, eliminating duplication, improving the controls framework and establishing a service culture.

An integrated finance system landscape, driven by the implementation of Microsoft Dynamics 365 will deliver optimised processes, increased levels of automation and a shift towards more value adding services.

Vision

Shared Services

A **trusted partner** providing **value adding services** that enable our education and resourcing communities to focus on their core functions **delivering the group strategic imperatives.**

Strategy

Operational effectiveness
Continually improving functional performance.

Customer centricity
Building relationships to maximise service experience.

Cost efficiency
Doing more with the same or less.

Principles

Simplification • Standardisation • Technology Enablement • Adoption

Working to establish a competitive advantage by leveraging scale across schools division

GSS's ability to deliver operational efficiencies across the source to pay process will be a key contributor to a sustainable competitive advantage.

Focus areas to deliver improved efficiencies include:

- Consolidating procurement activities into a shared services purchasing hub.
- Renegotiating existing contracts.
- Reducing the number of active suppliers.
- Standardising procured items.
- Introducing robotic process automation.

Key benefits delivered

- 51% of schools in South Africa have migrated their procurement activities to shared services, with the remaining schools planned to transition by the close of Q2 2023.
- The number of active vendors has reduced by 24% to 3 378 during 2022. A single creditors ledger in our integrated finance solution will drive further reduction.
- 5% negotiated discounts on specific purchases.
- Through continuous supplier engagement, an average of 64% active vendors are on 30-day payment terms, which improves our monthly cash flow.
- Through rigorous vendor onboarding processes, the central procurement team is actively mitigating business risk.
- Providing key insights to divisions to improve operational expenditure management.

The foundation established in schools division will create the opportunity for additional operational efficiencies as schools in the rest of Africa align to standard processes, and business units in the tertiary division begin to leverage the central finance capabilities and services.

Key achievements

Proactive management of the schools division's debtor's book has resulted in gross trade receivables reducing by 11% compared to 31 December 2021

By further embedding the unique student identifier as a payment reference number, 98% of receipts are allocated automatically with no manual intervention required

The Gaborone International School accounts payable function has been migrated to GSS

By centralising ADvTECH's fleet management and implementing a real-time dashboard, we are able to save on various vehicle costs such as maintenance and fuel as well as monitor driver behaviour

Improving productivity in various finance functions

GSS Outlook 2023 to 2024

- Migrating the remaining schools to centralised procurement
- Implementing a standalone debt management solution
- Implementing an integrated finance solution across schools division and support office
- Embedding and optimising the integrated finance solution
- Commence planning for tertiary migration into GSS and migrating tertiary division

CAMPUSES AND BUILDINGS (PROPERTIES)

Facilities management is responsible for the upkeep of our properties, particularly through preventative maintenance.

Essential expansion projects were done to accommodate growth, optimise asset use of space and to improve the student experience. During 2022, there were 13 (2021: 13) active projects to add capacity for the schools division (10 projects) and tertiary division (3 projects). We abide by, and comply with, all relevant environmental laws and standards and conduct environmental impact assessments prior to any new builds. The needs and concerns are also addressed in our proactive stakeholder engagement.

Schools building utilisation

	Feb - 19	Feb - 20	Feb - 21	Feb - 22	Feb - 23
Students enrolled ('000)	30.8	32.4	33.9	36.8	39.3
Existing building capacity ('000)	38.2	41.2	41.5	44.5	46.7
% Existing building capacity utilised	81%	79%	82%	83%	84%
Ultimate capacity	54.8	56.8	56.8	56.8	59.8
% of ultimate capacity utilised	57%	57%	60%	65%	66%

Efficient facilities management

Key strategic imperatives, including the implementation of innovative systems, realising operational efficiencies and optimising consumption, are ongoing across multiple sites. Some initiatives assist us to track and manage our water and electricity consumption and costs more efficiently. Managing and optimising water and energy consumption in 2022 yielded further positive results with great progress being made in terms of savings in water consumption. The pilot solar installation at Pinnacle College Kyalami will be augmented with an additional installation at a tertiary campus, IIE MSA in 2023. This should provide direction on the design and implementation of alternative power solutions across the group.

HEALTH AND SAFETY

The health, safety and hygiene of our students and employees in their working and learning environments, is a priority. ADvTECH ensures that all sites comply with the Occupational Health and Safety Acts and Regulations.

Overview

A dedicated health and safety team trains, audits and proactively ensures adherence to the group's Environmental, Health and Safety (EHS) policies. As part of the group's overall commitment to student and employee wellbeing, the group conducts external audits to ensure independent evaluations.

ADvTECH's EHS programme is a risk-based programme incorporating best practice standards such as, ISO 45000 and ISO 14001. This programme includes group policies, procedures and guidelines. National EHS legislation and local by-laws are included in the policies and procedures. International Labour Organisation Standards or group best practices are used as a benchmark where there is no national legislation. EHS performance, compliance to group requirements, as well as legal compliance is monitored through EHS audits.

We conduct proactive risk assessments to identify hazards to ensure the safety of employees and students. Safe work standards and procedures are implemented for high-risk tasks. All building projects are subject to health and safety plans and risk assessments. These are monitored by external safety consultants and weekly audits of the safety plans are conducted.

Occupational health medical surveillance is compulsory for certain employees. All ADvTECH-employed drivers undergo medical examinations as part of their public driver permit renewal every second year, to ensure they are fit and healthy for their jobs. Employees and contractors working at heights must undergo medical tests. In Kenya, some of the EHS regulations require that maintenance and canteen employees also undergo medical examinations.

Nominated health and safety representatives are trained at their respective sites. First aid and fire marshal training ensure that our employees are well equipped to deal with emergencies.

EHS governance

ADvTECH's TSEC governs all EHS matters. Awareness campaigns on EHS matters are implemented to encourage a proactive approach to manage risks and reduce injuries. ADvTECH also has various health and safety committees that provide a platform for employees to engage with management regarding EHS matters. Work-related injuries and ill health are tracked, and incidents are recorded in our quarterly EHS reporting.

Internal and external audits

The group target for EHS audits is 90% and above. Our externally audited EHS score for 2022 is 93% (2021: 94%).

Specific areas requiring attention were identified and will be addressed accordingly at each site. There was a general decrease in the overall audit scores per brand, mainly due to attention being more COVID-19 driven during 2020 and 2021.

E S G Environmental, Social and Governance

EHS management

Emergency incidents, preparedness and response

All ADvTECH sites have developed comprehensive emergency preparedness and response procedures incorporating events identified in the risk assessments. Employees and students are aware of the emergency protocols and emergency drills are conducted.

All EHS incidents are recorded, investigated and stratified. Identified shortcomings are incorporated into the risk register and profile, and EHS policies and procedures updated, as required.

A total of 130 (2021: 104) incidents were reported during 2022 of which 59 (2021: 33) were medical treatments, 37 (2021: 42) damage to property and 23 (2021: 22) crime-related incidents. The rise in incidents reported can be attributed to more employees working on sites than during the COVID-19 pandemic.

Medical treatments

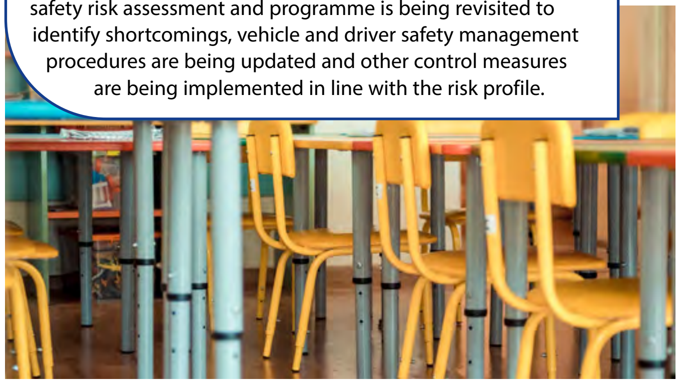
Most medical treatment incidents related to slip, trip or fall injuries and an ongoing awareness campaign has been initiated to reduce these incidents. Unfortunately, there was a fatality of a maintenance supervisor at one of our schools. All recommendations made in our internal incident enquiries have been implemented and risk assessments and safe work procedures have been rolled out for all maintenance-related tasks.

Crime-related incidents

The increase in crime-related incidents is in line with national crime statistics and loss control procedures have been implemented to mitigate criminal incidents.

Damage to property

We experienced a high incidence of storm-related damage and an increase in vehicle accidents in 2022. The current vehicle safety risk assessment and programme is being revisited to identify shortcomings, vehicle and driver safety management procedures are being updated and other control measures are being implemented in line with the risk profile.



EHS training and awareness

We train first aiders and fire marshals at all our sites annually, exceeding minimum requirements to ensure emergency preparedness. EHS accountability training is mandatory for all legal appointees. In addition, health and safety representatives are nominated and trained at their respective sites.

We promote worker health through various communication campaigns and support mental health by providing employees access to a psychologist. Employees are also made aware of sick leave eligibility. We promote employee and student hygiene to avoid preventable diseases. Some of our sites also have HIV/Aids awareness and information campaigns such as World Aids Day.

Read more in the Manufactured and infrastructure capital section page 75 and stakeholder engagement page 57

Hygiene management

ADvTECH's food services are mainly outsourced. It is imperative that student and employee meals meet minimum hygiene standards. All canteens and food suppliers must be in possession of the relevant permits that govern food hygiene regulations.

COVID-19

Group properties and the IIE department have been proactively working together to continue supporting all brands in ensuring that proper processes and procedures are in place to protect our employees, parents and students, and that the risk of being infected is minimised on all of our premises. Good measures have been undertaken and no employee fatalities due to COVID-19 have been reported since July 2021.

Click to see icon descriptions

NATURAL CAPITAL

What

What is our natural capital?

We rely on natural resources such as land, energy and water for our operations and we are mindful that we need to preserve them by mitigating potentially negative environmental impacts through responsible usage. Our education offering includes awareness of our natural heritage to instil a deep respect for the environment in our students.

Why

Why this capital is important?

Central to our sustainability approach is consideration of how our activities may impact on future generations. We are also aware of the growing concern around global climate change. The group continues to educate our students about these environmental issues and we lead by example through responsible corporate behaviour.

How

How this capital creates and preserves value?

Deploying natural capital resources inherently erodes value as land, energy and water are used. At ADvTECH, we strive to minimise this erosion by reducing our energy and water consumption. Importantly, we also educate our students about the importance of using natural resources responsibly.

NATURAL CAPITAL INPUTS AND KPIs

VALUE OUTCOMES

- **Target set for 6% reduction in electricity by the end of 2023**
- **36% reduction in water consumption during 2022**
- **All South African operations have implemented water efficiency measures including real-time water consumption measurement, waste-reduction and efficiency-improvement installations and rapid-response capacity for water leak detection and repair**
- **Environmental awareness is integrated into our education curriculum**
- **Planted 1 156 new trees in 2022, bringing the total number of trees on our sites to an impressive 253 943**
- **Environmental projects supported through our CSI:**
  72
  (2021: 26)

- **All new developments undergo environmental impact assessments if required by relevant environmental legislation and are designed and built to minimise our environmental impact**

Value created
Value preserved

MATERIAL MATTERS CONSIDERED

MM 1 | MM 3 | MM 6

OTHER CAPITALS IMPACTED

MC | SC | FC

SDGs SUPPORTED

4 QUALITY EDUCATION | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

STAKEHOLDERS IMPACTED

STRATEGIC OBJECTIVES SUPPORTED

SO1 | SO5 | SO6

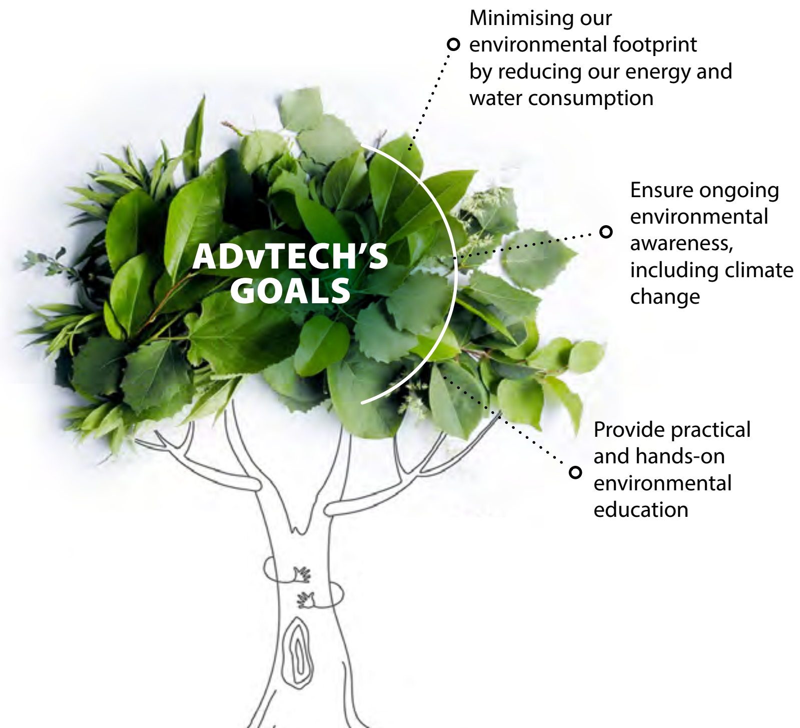
Outlook

- Continue to explore feasible solutions to reduce our carbon footprint.
- Continue to educate students about the importance of protecting the natural environment.

HOW WE MANAGE NATURAL CAPITAL

Given the nature of our product offering, ADvTECH's environmental footprint impact is not significant. Despite this, the group still follows a sound environmental policy. We practise and teach environmental stewardship to our employees, students and communities to help preserve our country's natural assets for future generations.

Sustainability and environmental education are priorities at ADvTECH in order to generate environmental awareness and hands-on experience for students. As part of ADvTECH's commitment towards the UN SDGs, our curricula encourage students to explore environmental initiatives aimed at protecting the environment as detailed in the following pages and case studies.



Alignment with UNESCO greening schools and Wildlife and Environmental Society South Africa (WESSA)

UNESCO and WESSA organisations are committed to environmental protection and climate action. A broad range of UNESCO programmes specifically support member states to implement the Paris Agreement and reach the UN SDGs through education, the sciences, culture, and communication and information. As part of ADvTECH's commitment to education for sustainable development, the group has aligned with UNESCO and WESSA to include various environmental elements in ADvTECH's curricula. This is in addition to the UN SDGs that are already included in the group's curricula.

Read more on ESG commitment page 33.

Read more on academic and curricular development page 48.

PROGRESS IN 2022

CARBON FOOTPRINT

ADvTECH is committed to continually reducing its environmental impact. While we do not currently measure our carbon emissions, the initiatives discussed below have assisted in offsetting our footprint. This aligns with the dual purpose of our teaching method, through education and leading by example.

Transforming infrastructure

Preserving the natural environment is integral to any maintenance or development work done at our existing or new schools. This applies to all our projects including new buildings, the conversion/renovation of existing buildings and, where possible, we repurpose acquired buildings. During the design process of greenfields buildings, classrooms and campuses, we ensure that buildings are environmentally friendly and designed to maximise natural light and air flow to reduce energy consumption to heat or cool the facilities.

Energy

ADvTECH's goal is to reduce energy consumption across its schools and campuses by 6% by the end of 2023. The installation of smart metering devices allows ADvTECH to monitor electricity usage, which helps save on costs and detects excessive consumption. In addition, electricity meters on all owned sites measure actual usage to cross-check the accuracy of local council billings.

Energy efficient initiatives implemented or planned groupwide include:

- Awareness and behavioural change initiatives.
- Installation of smart electricity metering devices at various campuses to monitor actual consumption.
- Installation of LED lights and light/movement sensors.
- Timers on air-conditioning units and geysers.
- Solar energy has been installed at Pinnacle College Kyalami, with IIEMSA identified as our next site for installation.

CASE STUDIES

Crawford International North Coast

ADvTECH installed energy management devices on 10 air conditioning units, with the aim of rolling this initiative out to the remaining 110 air conditioners, 36 geysers and nine pool and heat pumps at the school. These management devices reduce overall energy usage by switching equipment off on a routine basis to prevent them from being left on. The devices enable peak shifting where equipment can be scheduled to switch off during peak tariff times and be switched on in less costly standard or off-peak times. This will also reduce maximum energy demand.

Crawford International Ruimsig

The school replaced 1 761 old conventional lights with LED lights, which resulted in a 45% savings in consumption (107 123 kWh). At a rate of R2/kWH, savings amounted to approximately R214 000 across the period.

Solar energy pilot projects

Pinnacle College Kyalami is ADvTECH's first solar energy pilot project. The group invested in the installation of a 38 kWh solar photovoltaic (PV) system. We will be extending this proof-of-concept solar PV system to IIE MSA.

Growing our green footprint

In 2022, ADvTECH planted 1 156 new trees, bringing the total number of trees on our sites to an impressive 253 943. That is equivalent to offsetting the carbon emissions of almost 400 people, based on the absorption rate of a single mature tree. We are proud to play our part in creating a greener future for our planet.

Recycling

Various recycling programmes are in place at most ADvTECH sites. These waste recycling projects also include training initiatives for the cleaners on site. All green waste generated from garden maintenance is recycled, with 800 cubic metres of green waste (South African sites) recycled in 2021 and 2 135 cubic metres recycled in 2022.

CASE STUDY

Garden refuse recycling

In 2022, 2 135 cubic metres of garden refuse were removed from various ADvTECH schools. The contractor processed this waste at their waste facility and returned one cubic metre of compost for every three cubic metres removed, which would cover seven rugby fields with a 10 mm topping.

Biodiversity

Providing school infrastructure requires large areas of land where development may impact the biodiversity of the area. Where required by legislation, all potential new sites undergo an environmental impact assessment to determine if the development is suitable for the natural environment. Mitigation strategies are applied to the designs and plans, where necessary, to ensure that all new sites adhere to environmental standards. ADvTECH strives to minimise these negative impacts at development sites. We are not aware of any significant or potentially negative environmental impacts at our sites.

Water

ADvTECH's students and employees depend on municipal water for daily operations, with the water quality dependent on the supply source. We have some filtration devices to ensure improved water quality. The use of fresh water is limited to drinking or cleaning. Where possible, schools have boreholes for irrigating sports fields and landscaped areas. Where schools cannot use boreholes, rainwater tanks have been installed for gardens and sports fields. Reduction of water consumption is ongoing or planned for each site and consumption awareness training has been introduced. The installation of water meters is ongoing and will assist in accurately reporting usage and setting reduction targets.

Water reduction measures implemented, or planned, groupwide include:

- Installation of electronic water meters that provide real-time data.
- Installation of ablution block isolation valves, linked to motion sensors situated inside the ablution block, for new or renovated bathrooms to limit water loss.
- 74 sites where our water-saving initiative is currently active, where real-time water consumption monitoring takes place. This real time monitoring has enabled us to react immediately to leaks and extraordinary consumption patterns, resulting in a saving of 227 673kl in 2022, or a 36% reduction in consumption.

CASE STUDY

IIE Master of Philosophy in Integrated Water Management: Building the capacity of future leaders in water resource management

The future of water leadership

In 2022, the Research and Postgraduate Studies Unit at IIE MSA hosted a Climate Change and Water Security Conference, allowing researchers and practitioners to participate in a dialogue on climate change and water security in South Africa. Participants drawn from different sectors and disciplines examined how South Africa can best meet the interlinked challenges of climate change and water security.

IIE MSA offers the Master of Philosophy in Integrated Water Management. The Master's degree aims to build the capacity of future leaders in water resource management.

The Master of Philosophy in Integrated Water Management takes a multidisciplinary `whole-of-water-cycle' approach that equips students with practical tools and skills for adopting innovative solutions to local, regional, national and international water resource issues.

Developing students' strategic, managerial and technical skills within the water sector

During their studies, the students become:

Familiar with fundamentals of integrated water resource management.

Capable of providing water management expertise to help reduce poverty through equitable use of water.

Skilled to provide technical and managerial input into planning, design and operation of water projects and facilities.

Knowledgeable regarding the principles of managing water supply, wastewater treatment and urban infrastructure projects.

Cognisant of the socio-economic factors impacting on effective water solutions.

Knowledgeable regarding the governance and institutional frameworks underpinning water resource management.

"The Master of Philosophy in Integrated Water Management equips graduates to take on leadership positions in international agencies, government departments, non-governmental organisations and private sector entities engaged in water management. The graduates will bring critical analytical skills and an interdisciplinary framework to best tackle the water issues that South Africa grapples with."

Shevon Lurie Director: The IIE

Material to our business is making a meaningful and sustainable impact through education by raising environmental awareness through innovative and practical learning methods for all our students to become responsible citizens.

Children also join fight against climate change

Natalie Jingo (right) a student at Crawford International School moderated discussions on adverse effects of the climate on our lives and mitigation strategies as the school observed the International Day of Climate Action on October 24, 2022.

BY THOMAS RAJULA

Ethan Ishuti's speech on climate change could not have hit home better than when he explained to his school mates at Crawford International, Tatu City what the rise in global temperatures was doing to animals.

"Can you imagine your home melting away, as all you are left to stand on is your bedside table?" he posed to the others as the school observed the International Day of Climate Action on Monday with a forum.

Climate change refers to the long-term change and shift in temperature and weather patterns. It is caused by human activity and the use of fossil fuel, making the earth slowly, but steadily, to fall apart. Fossil fuel is generated by even the simplest of human activities.

"The day you could have walked to the dentist but decided to take the car, is the reason why the usage of oil, coal and gas is 75% responsible for global greenhouse emissions and 95% of carbon dioxide emissions. Greenhouse gases cover the earth and trap the heat, therefore literally making our planet hotter. Climate change is singlehandedly the cause of more severe and intense droughts, storms, rising sea levels and heat waves. It can disrupt food availability, reduce access and affects quality of it too," added Ethan.

He outlined how the drought in northern parts of Kenya and Africa in general show how people who generate the least carbon emissions suffer the most. The extreme dries up the land ruins the soil and people die of starvation.

"You and I can reduce the effects through very simple steps. Remember to switch off the lights. Using less electricity means we're producing less carbon emissions. Eat more vegetables. Plant-based products require less energy and usage of land and water (compared to rearing animals). Riding a bike or walking and driving less will improve your health and fitness, and benefit the environment. Consider taking a bus or train for lengthy trips," he summed.

The forum included a panel discussion with young environmental activists Joseph Nguthiru, Winnie Nyaga and Calvins Odhiambo Nyarwanda. Calvins outlined that how you eat and dispose the waste afterwards is one role learners can also play in reducing waste and hence carbon emissions.

Joseph is an Egerton University student pursuing a degree in Civil and Environmetal Engineering. Joseph is an innovator who is currently involved with HyaPak, a biodegradable alternative to plastic products like cups, plates and straws using water hyacinth. The idea was sparked when he and his team got stuck in Lake Naivasha during a school trip as the plant stopped their movement. Started as a school project, Hyapak Has so far been awarded the East Africa Youth for Climate by Intergovernmental Authority on Development, World Engineering Day Hackathon by United Nations Educational, Scientific and Cultural Organisation, TotalEnergies Startupper of The Year and Falling Walls Nairobi.

The exchange sparked something in the students to see that they too can in their own way help save the planet from the course it is on.

Ethan Ishuti from Year 11 at Crawford International School gives a poem on Climate Change. PHOTOS | THOMAS RAJULA

trajula@ke.nationmedia.com

Source: News clip from Nation Media

Crawford International Kenya, joins the fight against climate change

At the International Day of Climate Action Conference in October 2022, a student from Crawford International inspired his peers to be conscious of various ways to reduce climate change and help save the planet from the current destructive course it is on. He also noted that people who generate the least carbon emissions, due to their circumstances, often feel the effects of climate change most due to severe droughts, storms and rising sea levels and heat waves, leading to food availability disruptions. The conference also included a panel discussion with young environmental activists that tackled challenging environmental topics.

Student-led conference group project: energy-efficient home

Pinnacle College Copperleaf included a diverse range of sustainable projects for all ages and various grades where students were tasked with creating imaginative ideas around vehicles that are powered by alternative energy sources.

The school also includes various environmental topics in its Natural Science workbook including sources of energy: potential and kinetic energy, heat transfer, insulation, energy saving and energy transfers as well as the national electricity supply system.

Students are encouraged to explore innovative ideas, from the conventional to out the box ideas based on the six thinking hats.

Grade 5 students were tasked with exploring recycled materials as a form of art material as well as understanding why some artists choose these recycled materials as opposed to conventional materials. Learning outcomes included the realisation that recycled materials can be cheaper and that they help to protect the environment, while simultaneously creating something beautiful.

CASE STUDY

Pecanwood College marks its 12th year as an Eco-school as it continues to champion environmental education

Pecanwood College has been successful in incorporating and weaving environmental education into the school's curriculum for 12 years as an Eco-school. The school partnered with WESSA in an effort to focus on environmental learning, enabling students to achieve their full potential towards a sustainable future by taking environmental action into their own communities.

In 2022, Pecanwood hosted a number of events and fundraisers with projects that were focused on climate change:

WATER

Pecanwood College started monitoring the school's water usage in 2020 and has carried on with the project in 2021 and 2022 with the main goal being to conserve water and reduce wastage.

The college partnered with a supplier, which now provides weekly water flow reports. During 2021 and 2022, the school built additional buildings and classrooms. All the faucets have been installed with mechanisms that reduce the amount of water passing through the taps. The toilets also have mechanisms installed to reduce the amount of water that is flushed. All these measures undertaken to preserve water enable Pecanwood College to reduce usage where possible.

WASTE

Throughout 2021 and 2022, Pecanwood College bought recycle bins and contracted a local recycler to collect waste from the school. The students and teachers volunteered at clean-ups within the community organised by Pecanwood College and a local club.

World Bee Day

The students experienced an informative presentation from teachers and beekeepers. The students crafted recycled art and left with more knowledge about the positive impact of bees on our environment.

TREES

The college created a spekboom garden on each campus to offset our carbon footprint as a school. Spekboom is great for the environment in that it helps fight air pollution and acts as a carbon sponge, absorbing carbon from the atmosphere and turning it into plant matter. The tree fights climate change and eliminates air pollution.

Arbor week

Celebrated Arbor Week by planting trees that are indigenous to South Africa

Board of directors

CHRISTOPHER BOULLE (51)

Chairman, Independent non-executive director

BCom, LLB, LLM (WITS)

APPOINTED 2011

COMMITTEE MEMBERSHIP

N T

STRATEGIC VALUE CONTRIBUTION:
- Corporate governance
- Corporate and trust law
- Commercial, finance and tax law
- Mergers and acquisitions
- Transformation and leadership development

MONDE NKOSI (32)

Non-executive director

B.Bus.Sci. (UCT), MBA (Stanford), MA Education (Stanford)

Appointed 2021

COMMITTEE MEMBERSHIP

I N R

STRATEGIC VALUE CONTRIBUTION:
- Corporate finance and capital allocation
- Mergers and acquisitions
- Corporate strategy
- Education policy and research

KEITH WARBURTON (64)

Lead independent non-executive director,

BCom, CTA (UCT), CA(SA)

Appointed 2015

COMMITTEE MEMBERSHIP

A R I

STRATEGIC VALUE CONTRIBUTION:
- Commerce and corporate management
- JSE Listed entities and corporate governance
- Investment management
- Mergers and acquisitions
- Strategy and business development

ROY DOUGLAS (65)

Executive director, Group Chief Executive Officer

BSocSci (Economics) UKZN, MBA (UCT)

Appointed 2015

COMMITTEE MEMBERSHIP

I T

STRATEGIC VALUE CONTRIBUTION:
- International commerce and management
- Strategy, marketing, business development and general management
- Mergers and acquisitions

DIDIER OESCH (57)

Executive director, Group Commercial Director and Chief Financial Officer

BCompt (Hons) UNISA, CA(SA)

Appointed 2005

COMMITTEE MEMBERSHIP

I

STRATEGIC VALUE CONTRIBUTION:
- Financial management and commerce
- Mergers and acquisitions
- Corporate finance
- Corporate governance

ALEXANDRA WATSON (66)

Independent non-executive director

BCom (Hons), CA(SA)

Appointed 2022

COMMITTEE MEMBERSHIP

A R

STRATEGIC VALUE CONTRIBUTION:
- Accounting
- Governance
- Corporate and financial reporting
- Education

E S G

JACQUELINE CHIMHANZI (DR) (49)

Independent non-executive director

BSc (Hons), MBA, PhD (Cardiff)

Appointed 2017

COMMITTEE MEMBERSHIP

A T

STRATEGIC VALUE CONTRIBUTION:
- Strategy development and execution
- Marketing
- Business development
- African enterprises

E S G

STEWART VAN GRAAN (67)

Independent non-executive director

BCom (Hons) Information Systems

Appointed 2022

COMMITTEE MEMBERSHIP

T N

STRATEGIC VALUE CONTRIBUTION:
- Information communication and technology
- Strategy and business management
- Risk management and governance

DANIEL SMITH (51)

Alternate director to Monde Nkosi

B.Acc (Hons) (Wits), H.Dip. Tax (Wits), CA(SA)

Appointed 2022

STRATEGIC VALUE CONTRIBUTION:
- Investment banking
- Corporate finance, capital allocation and treasury
- Mergers and acquisitions
- JSE listed entities and corporate governance
- Strategy and business development

SYBILE LAZAR (64)

Independent non-executive director

Certified Public Accountant (Chartered Accountant) Maîtrise de Sciences Financières et Comptables (MBA equivalent, major in Finance and Accounting) from the University of Paris-Dauphine, France

Appointed 2021

COMMITTEE MEMBERSHIP

I N

STRATEGIC VALUE CONTRIBUTION:
- Investment banking
- International finance
- Finance risk management
- Private equity
- Governance
- Strategy and leadership
- Merger and acquisitions

CLIVE THOMSON (56)

Independent non-executive director

BCom (Hons) (UCT), MPhil (Cantab) CA(SA)

Appointed 2021

COMMITTEE MEMBERSHIP

I A R

STRATEGIC VALUE CONTRIBUTION:
- Business leadership and strategy
- Corporate restructuring, acquisitions and disposals
- Corporate finance and treasury
- Governance and risk management

COMMITTEES

- A Audit and Risk Committee
- R Remuneration Committee
- I Investment Committee
- T Transformation, Social and Ethics Committee
- N Nominations Committee
- Chair
- E S G Environmental, Social and Governance

Corporate Governance Report

Effective and ethical corporate governance continues to be the cornerstone upon which the board and management of the ADvTECH group is based. The group's commitment to the highest standards of corporate governance has contributed to its sustainable value creation. The board acknowledges that it is responsible for ensuring that principles of good corporate governance are observed and incorporated into the group's operational management.

The directors, collectively and individually, acknowledge their fiduciary duties in terms of the Companies Act, King IV™ and the JSE Listings Requirements. ADvTECH's King IV™ register, which sets out how the group has applied these principles is available on our website.

www.advtech.co.za

ADvTECH believes that the principles of good corporate governance creates and preserves value for its key stakeholders by ensuring adherence to the values of ethical leadership, corporate citizenship, stakeholder inclusivity, diversity and sustainable development.

ACHIEVING GOVERNANCE OUTCOMES

The board remains committed to the principles of King IV™ that ultimately lead to the governance outcomes as depicted below. This is achieved by effective and ethical leadership through continuously reassessing the group's strategy, internal controls, policies, terms of reference, procedures and processes, taking into consideration the recommendations contained in King IV™.

Governance value proposition

INPUTS

THE BOARD

diverse/skilled/experienced/defined mandates and roles and responsibilities

- **GOVERNS** ADvTECH's ethics and sets the ethical tone from the top
- **APPROVES** ADvTECH's strategic direction, financial and integrated reporting
- **OVERSEES** internal controls, policies and procedures
- **INSTILS** a culture of trust, legitimacy and accountability
- **MONITORS** ADvTECH's strategic performance and value creation

OUTPUTS

Good governance to ensure quick access to reliable information and good communication to stakeholders
Assisting executives in building a positive reputation and a healthy culture within the business

TO ACHIEVE OUTCOMES

- Ethical culture
- Strategic objectives
- Adequate and effective control
- Performance and value creation
- Trust, good reputation and legitimacy

VALUE PROPOSITION AND PURPOSE

Quality education, training and placement/customer focus/innovation

Support delivery of strategic objectives

SO1 SO2 SO3 SO4 SO5 SO6 SO7

To make a difference to our stakeholders

Click to see icon descriptions

GOVERNANCE STRUCTURE

ADvTECH has a unitary board structure that oversees the management and governance control structure, which directs the organisation in its entirety. The board retains full and effective control over the group and monitors executive management's implementation of plans and strategies.

The board has, through an approved delegation of authority, delegated the implementation and execution of the approved strategy to executive leadership through the group CEO. Executive leadership is responsible for the effective control of all group operational activities, acting as a decision-making body and a medium of communication and co-ordination between the various divisions, group companies and the board.

The group CEO has delegated to and has executive oversight of the implementation and execution of the approved strategy to its leadership operating committee, as tabled on page 30. Such committee members may attend board meetings, as and when appropriate, to respond to areas within their expertise.

Each of the group's three business divisions (schools, tertiary and resourcing) have formal management structures that meet on a regular basis to ensure the implementation and effectiveness of corporate governance and internal controls. These meeting are attended by the group CEO and GCD.

Governance framework

Stakeholders

ADvTECH Limited Board

Board committees

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Management

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Business divisions operating committees	30
- Schools	30
- Tertiary	30
- Resourcing	30

Internal and external operating environment

BOARD FOCUS AREAS 2022	GOVERNANCE OUTCOME
Oversight and monitoring of the strategic objectives of business	Adequate and effective control
Review of the group's expansion opportunities into rest of Africa	Growth
Review and approval of financial reporting, including the annual financial statements, shareholder dividends and annual integrated reports	Adequate and effective control/performance and value creation
Review of the group's corporate governance structures including the composition and size of the board, evaluation of the skills, expertise and experience of its board members, assessment of their independence and director rotation requirements	Board diversity and independence
Ensure compliance with the legal and regulatory environment in which the business operates	Adequate and effective control

Having regard for the board focus areas during the year under review, the board addressed the strategic objectives of growth and capital productivity

Board committees

The board has delegated certain of its responsibilities to its committees to assist in the effective execution of its duties and responsibilities. However, the delegation of these responsibilities does not absolve the board from its accountability. The board and its committees are furnished with full information from management ahead of each meeting, ensuring that all relevant issues are brought to the attention of directors for deliberation.

Board members are appointed to committees based on their areas of expertise and experience. To satisfy the requirement for the committee composition in terms of King IV™, each committee consists of a minimum of three members, the majority of which are independent non-executive directors. A committee chairperson is appointed from the members of each committee.

Delegation to committees is given by means of a formal charter that is reviewed annually and any material changes are recommended to the board for approval. The board and its committees are satisfied that the board and committees have fulfilled their responsibilities in accordance with their respective charters during the year under review.

The table below sets out the board attendance during the year under review:

Name of director	King IV™ classification	Board meeting attendance
CH Boulle (Chair)	INED	4/4
JS Chimhanzi	INED	4/4
KM Gugushe*	INED	2/2
SW van Graan**	INED	1/1
SS Lazar	INED	4/4
MM Nkosi	NED	4/4
CB Thomson	INED	4/4
KDM Warburton	INED	4/4
DL Smith***	Alternate NED to MM Nkosi	1/1
A Watson****	INED	1/1
RJ Douglas	ED	4/4
JDR Oesch	ED	4/4

* *KM Gugushe retired by rotation at the Annual General Meeting (AGM) on 26 May 2022.*
** *SW van Graan was appointed on 1 October 2022.*
*** *DL Smith was appointed on 1 October 2022.*
**** *A Watson was appointed on 1 November 2022.*

BOARD CHANGES

The following directorship changes have occurred since the publishing of the 2021 annual integrated report:

Directors	King IV™ classification	Change	Effective date
KM Gugushe	INED	Retired by rotation	26 May 2022
DL Smith	Alternate NED to MM Nkosi	New appointment	1 October 2022
SW van Graan	INED	New appointment	1 October 2022
A Watson	INED	New appointment	1 November 2022

The board would like to thank KM Gugushe for her contribution and wishes her well in her future endeavours.

The board is pleased to welcome DL Smith, SW van Graan and A Watson and look forward to their contribution to the board.

Director rotation

In terms of the company's memorandum of incorporation (MoI), one-third of all non-executive directors must retire by rotation annually. The appointment of a new director is subject to approval by shareholders at the first AGM held following his/her appointment.

Directors who have served the longest since their last re-election are selected for rotation at the end of each year. To ensure independence on ADvTECH's board, the board has also adopted the policy that all non-executive directors who have served on the board for a period of nine years or longer and/or have reached the age of 70 or older must stand for re-election on an annual basis.

A non-executive director may not serve on the board for a tenure of longer than 12 years. In compliance with the MoI , King IV™ and Company policy, MM Nkosi, CB Thomson and CB Boulle will retire by rotation and stand for re-election at the AGM.

CB Boulle will reach his 12 year tenure in September 2023 and in terms of Company policy needs to retire from the board in September this year. Shareholders will be requested to vote on the extension of CB Boulle's appointment, beyond the 12-year tenure, from September 2023 until the conclusion of the next AGM, at which he will not stand for re-election.

BOARD COMPOSITION

ADvTECH's board comprises of a mix of independent non-executive directors, non-executive directors, alternate directors and executive directors. Currently there are seven independent non-executive directors, one non-executive director, one alternate director and two executive directors who serve on the ADvTECH board. The board, with the guidance of the Nominations Committee, has conducted a review of the size and composition of the board and is satisfied that it is sufficient for the board to effectively carry out its mandate.

There is a balance of power on the board and no single individual or group of individuals has unfettered powers to dominate the board decision-making. The roles of the chairman and group CEO are separate, each with clearly defined responsibilities as set out in the board charter.

Board skills/experience

ADvTECH's directors, individually and collectively, possess a wealth of knowledge, experience, skill and expertise both within the ADvTECH group and across various industry sectors to effectively carry out their duties. Directors receive regular briefings on legal and corporate governance matters as well as risks and changes in the external environment that impact on the group and have access to external experts, where necessary. Directors are also encouraged to undergo continuous development training on a regular basis.

Skills matrix

Corporate governance	7
Education and academia	2
Finance, commerce and investment management	10
International business and education exposure	7
Law	1
Marketing	2
Mergers and acquisitions	8
Strategy and business development	9
Transformation and diversity	1
Risk management	4
Information Communication and Technology	2
ESG	2

Board gender and diversity

ADvTECH's board has adopted a diversity policy which focuses on broader diversity attributes at board level and which policy sets voluntary targets of 50% black and 50% female representation.

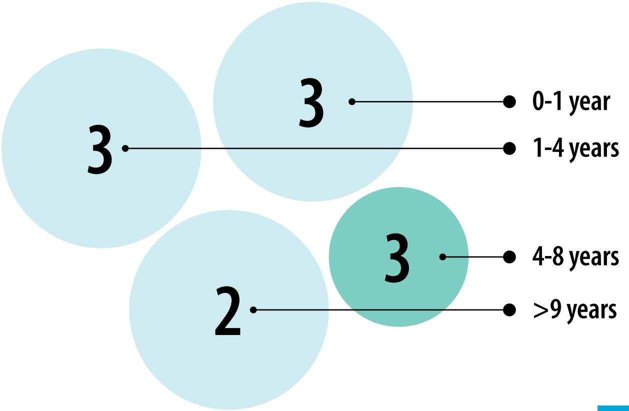
Currently 30% of the directors are black and 30% of the directors are female.

Independence

An evaluation of the independence of the board is conducted on an annual basis. MM Nkosi and DL Smith, his alternate director, are not classified as independent due to their employment as executives at a shareholder of the company. The board is satisfied that the majority of non-executive directors are independent and exercise objective, unfettered judgement and independence of mind.

Find the Board of Directors on page 83.

Board tenure*



* *The figures include the alternate director DL Smith.*

Age diversity*

The Nominations committee considers the age diversity of the board when appointing new directors to ensure new insights and innovation on the ADvTECH board.

30-39	40-49	50-59	60-69
1	1	4	5

* *The figures include the alternate director DL Smith.*

Lead independent director (LID)

The duties and responsibilities of the LID are set out in ADvTECH's board charter. KDM Warburton has been appointed to act as LID and will continue to serve in this capacity going forward. The board is satisfied that KDM Warburton met the objectivity and independence criteria during the year under review.

ETHICS AND EFFECTIVE LEADERSHIP

The board sets the ethical tone and governs the group's ethics in a manner that supports an effective corporate culture within the group. TSEC oversees the group's adherence to these ethical standards and keeps the board apprised of any material ethical matters that may arise. Integrity is fundamental to how the group conducts its business and is expressed in its values as well as interaction with key stakeholders. The group has various processes, policies, codes and controls in place to embed an ethical culture. Employees are required to act with the utmost integrity and objectivity and in compliance with both the letter and the spirit of the law and group policies.

VALUES

The group's values encapsulate our work ethic and are communicated to all employees during induction and are emphasised regularly.

UNITED NATIONS GLOBAL COMPACT (UNGC)

ADvTECH embraces the 10 UNGC principles which cover human rights, the labour environment and anti-corruption.

Read more on page 104.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

The group adheres to the guidelines for multinational enterprises regarding anti-corruption.

CONFLICT OF INTEREST DECLARATIONS

Directors are required to disclose any conflict of interest they may have at the commencement of each board meeting and, as a matter of practice, are required to sign a disclosure of any potential conflicts of interest on an annual basis.

MM Nkosi, and his alternate director DL Smith, have disclosed their potential conflicts and have during the year under review recused themselves from discussions due to their association with Adcorp Limited.

RELATED PARTY TRANSACTIONS

The following related party transactions were disclosed by directors and executive management during the year under review:

Directors

The following directors have been awarded bursaries for their child/children in terms of the group's bursary policy:

- JS Chimhanzi has been awarded a Crawford International bursary for her child;
- JDR Oesch has been awarded Crawford International and Vega bursaries for his children; and
- RJ Douglas has been awarded a Vega bursary for his child.

Prescribed officers

The board has identified MD Aitken, DL Honey and LA Wiseman as prescribed officers in terms of the Companies Act.

DL Honey has been awarded Crawford International and Vega bursaries for his children in terms of the group's bursary policy.

His brother, E Honey, is a director of Adams & Adams Attorneys, which firm provides legal services in respect of intellectual property to the group.

Operating leadership committee

The following leadership committee members have been awarded bursaries in terms of the group's bursary policy:

- V Crawford has been awarded Crawford International bursaries for her children;
- S van Zyl has been awarded a Crawford International bursary for his child;
- S Majola has been awarded a Trinityhouse Little Falls bursary and four Crawford International bursaries; and
- N Boardman has been awarded Crawford International bursaries for his two children.

STAKEHOLDER RELATIONSHIPS

The board follows a stakeholder inclusive approach that balances the needs, interests and expectations of key stakeholders (see page 57) in the group's best interests.

Stakeholder engagement takes place at various levels within the group. All material concerns, including the quality of stakeholder relationships, are regularly monitored and reported to the TSEC. The chairperson of TSEC provides regular feedback to the board on any material concerns. This stakeholder-inclusive approach is a demonstration of ADvTECH's integrated thinking.

BOARD EVALUATION

An independent external evaluation of the board's effectiveness is conducted every two years and an internal evaluation every alternate year. An external evaluation by the Institute of Directors South Africa (IoDSA) was conducted during 2022. These evaluations did not reveal any significant areas of concern and concluded that the board and its committees effectively discharged their respective responsibilities. Areas which have been identified for improvement will be addressed during the current financial year.

BOARD APPOINTMENT AND REMOVAL

The board, assisted by the Nominations Committee, is responsible for recommending new director appointments or filling a vacancy. Suitable candidates are evaluated by the Nominations Committee and recommendations submitted to the board for approval in line with the board diversity policy.

Director appointments are subject to approval by shareholders at the AGM held following their appointment. An induction programme is established for new directors to facilitate their understanding and introduction into the group.

Directors are required to disclose their directorships to ensure they are not over-committed in terms of their representation on other listed or unlisted boards and have sufficient time available to fulfil the responsibilities as a director on the ADvTECH board and committees. These disclosures are reviewed on an annual basis.

Notwithstanding the provisions of any contract, the company may, by ordinary resolution, remove any director from office and appoint another person in his/her stead as contemplated in section 71 of the Companies Act.

During the year under review, DL Smith was appointed as an alternate director to MM Nkosi, SW van Graan and A Watson were appointed as non-executive directors to the board. These directors will stand for election and approval by the shareholders at the AGM to be held on 18 May 2023.

BOARD SUB-COMMITTEES

Audit and Risk Committee (ARCom)

ARCom is constituted as a statutory committee in terms of section 94(7) of the Companies Act. As required by the Companies Act, shareholders elect the members of the ARCom at the AGM. All members of the committee are independent as defined by the Companies Act. The board has recommended the following non-executive directors be appointed to the ARCom at the AGM in May 2023, to hold office until the following AGM:

- KDM Warburton (Chair)
- CB Thomson
- JS Chimhanzi
- A Watson

The committee meetings are attended by the internal and external auditors, the group CEO and GCD, as well as other board members and invitees as considered appropriate by the chairperson of the committee. The committee also ensures that, as a minimum, it meets with the external auditors at least once a year without management being present.

The board, on recommendation of the ARCom, recommends the appointment of the external audit firm to the shareholders at the AGM. The board will be recommending the appointment of Ernst & Young Inc. as auditors for the ensuing year at the AGM to be held on 18 May 2023.

Committee members	King IV™ classification	Meeting attendance
KDM Warburton (Chair)	INED	4/4
JS Chimhanzi	INED	4/4
KM Gugushe*	INED	2/2
CB Thomson	INED	4/4
A Watson**	INED	1/1
Invitees		
CH Boulle	INED	3/4
RJ Douglas	ED	4/4
JDR Oesch	ED	4/4

* *KM Gugushe retired by rotation at the AGM held 26 May 2022.*
** *A Watson appointed 1 November 2022 .*

FOCUS AREAS 2022

Audit

- Monitored the integrity of the financial statements of the company, including its annual and half-yearly reports, preliminary results announcements and any other formal announcement relating to its financial performance;
- Reviewed key judgements and significant matters raised by management and internal and external audit to ensure the accuracy and integrity of financial data disclosed;
- Reviewed the dividend proposals to ensure the group has sufficient resources to make distributions and made dividend payment recommendations to the board;
- Evaluated the adequacy and effectiveness of the internal control environment;
- Evaluated the independence, effectiveness and performance of the internal audit function;
- Reviewed and approved the annual internal audit plan as well as the annual internal audit budget, ensuring the inclusion of material risk areas, acceptable coverage of business processes and that all reporting requirements were met;
- Recommended to shareholders the appointment of the external auditors for the ensuing financial year;
- Reviewed and approved the external auditors' 2022 annual plan, scope of work, audit fees and considered the key audit matters in the external audit report;
- Reviewed the 2021 annual financial statements and annual integrated report;
- Oversaw the preparation of the Audit Committee report for inclusion in the annual financial statements;
- Assessed compliance with all other statutory requirements in terms of section 94(7) of the Companies Act of 2008, King IV™, JSE Listings Requirements and any other applicable regulatory requirements, and confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005;
- Made recommendations and additions to contribute towards the strengthening of the greater risk management environment;
- Considered the effectiveness of the group CFO, JDR Oesch;
- Reviewed the group CEO and GCD sign-off on the internal controls declaration;
- Recommended the appointment of the auditors for shareholder approval; and
- Reviewed the IT strategy and IT architecture reports.

Outlook

Continue to ensure that financial reporting meets the requirements of IFRS, the Companies Act and King IV™ and monitor and oversee compliance of key pieces of legislation relevant to the business, the effectiveness of control measures and the independency of external auditors. Monitor and oversee ESG reporting. These assist in achieving the governance outcomes of adequate and effective control and trust, good reputation and value creation.

Risk

- Refined the risk policy for the group, IT and rest of Africa risk registers as well as the identification of an appropriate risk appetite and risk tolerance threshold;
- Monitored and oversaw the group, IT and rest of Africa risk registers, which include data privacy and cyber risk;
- Monitored and assessed the material risks and ensured risk mitigation strategies were timeously actioned;
- Monitored the regulatory environment and compliance therewith;
- Monitored the macroeconomic environment;
- Recommended further strengthening of the risk management process; and
- Reviewed the insurance renewal for South Africa and rest of Africa for FY2023.

Outlook

Continue to ensure all major risks relevant to the business are identified and contained in the risk register, remedial plans remain efficient and effective to mitigate and manage risks to ensure the governance outcomes of adequate and effective control and trust, good reputation and value creation.

Find the ARCom report on page 112.

Read more on risk management on page 17.

Remuneration Committee (RemCom)

The board has delegated oversight of remuneration to the RemCom, in accordance with King IV™ to ensure fair, transparent and responsible remuneration. All but one member of RemCom are independent non-executive directors.

The committee determines and approves the remuneration policy for all employees. The chairman of the board, group CEO and group HR executive attend the meetings by invitation, but do not participate in any deliberations regarding their own remuneration. The GCD is occasionally invited to attend the meetings to report on areas within his expertise.

Committee members	King IV™ classification	Meeting attendance
KDM Warburton (Chair)	INED	4/4
A Watson*	INED	0/0
MM Nkosi	NED	4/4
DL Smith (Alternate to MM Nkosi)**	NED	1/1
CB Thomson	INED	4/4
Invitees		
CH Boulle	INED	3/4
RJ Douglas	ED	4/4
JDR Oesch	ED	1/1
V Crawford (Group HR Executive)	LOC	4/4

* *A Watson was appointed 30 November 2022.*
** *DL Smith was appointed as alternate director to MM Nkosi 1 October 2022.*

FOCUS AREAS 2022

- Ensured the remuneration policy is aligned to and promotes the achievement of the group's strategic objectives and encourages individual performance;
- Ensured that annual guaranteed pay, benefits and incentives are appropriately benchmarked to ensure the group is competitive in the employment market;
- Reviewed and approved the performance evaluation of the group CEO, GCD and other executives against agreed deliverables;
- Reviewed incentive schemes to ensure alignment to shareholder value creation and that the schemes are administered in terms of the rules;
- Reviewed the remuneration of non-executive directors and recommended the fees for approval by the shareholders at the next AGM;
- Ensured that the remuneration policy and implementation report is put to a non-binding advisory vote at the AGM of shareholders once every year and oversaw the preparation of the remuneration report to be included in the annual integrated report;
- Approved outcomes for the 2019 long-term incentive (LTI) and the 2022 awards;
- Approved the short-term incentive (STI) bonus scheme outcomes for the 2021 financial year and set targets for 2022;
- Reviewed the workforce planning, i.e. talent landscaping and leadership profiles; and
- Reviewed and considered the group's succession planning.

Find the RemCom report on page 93.

Outlook

Continue to ensure the implementation of an appropriate reward policy to attract and motivate employees. Recommend remuneration packages for directors and executives to the board. Reviewing of the remuneration framework and the terms and conditions of employment.

Transformation, Social and Ethics Committee (TSEC)

TSEC is a statutory committee of the board appointed in terms of section 72(4) of the Companies Act. TSEC, in terms of this broader mandate, is responsible for the oversight of and reporting on the group's ethics, responsible corporate citizenship, sustainable development, stakeholder relations and transformation. TSEC takes into consideration the needs, interests and expectations of all material stakeholders, in the best interest of the group.

Committee members	King IV™ classification	Meeting attendance
KM Gugushe (Previous Chair)*	INED	1/1
JS Chimhanzi (Chair)	INED	4/4
RJ Douglas	ED	4/4
CH Boulle	INED	4/4
SW van Graan**	INED	0/0
Invitees		
V Crawford (Group HR Executive)	LOC	4/4
DL Honey (CEO Resourcing)	PO	4/4
JDR Oesch	ED	1/1

* *KM Gugushe retired by rotation at the AGM held 26 May 2022.*
** *SW van Graan was appointed 30 November 2022.*

FOCUS AREAS 2022

- Managed stakeholder relations in terms of sustainability, ethics and transformation;
- Reinforced a culture suitable for offering quality education and learning;
- Drove strategies to improve the group's B-BBEE accreditation;
- Ensured continued focus on employment equity; and
- Reviewed the group's gender salary gaps analysis against the South African and global average.

Find the TSEC report on page 104.

Outlook

Continue to monitor and report to the board on the performance of the group against its social, ethical and transformational targets and ensure a culture of non-discrimination within the organisation to ensure good corporate citizenship. Monitoring of equal gender pay against global standards. Monitor and oversee ESG reporting.

Nominations Committee (NomCom)

NomCom consists of four non-executive directors and is chaired by the chairman of the board. The role of the committee is to assist the board in ensuring that:

- the board and its committees have the appropriate composition to effectively execute its duties;
- directors are appointed through a formal process; and
- induction and ongoing training and development of directors take place, as and when required.

Committee members	King IV™ classification	Meeting attendance
CH Boulle (Chair)	INED	3/3
SW van Graan*	INED	0/0
MM Nkosi	NED	3/3
SS Lazar	INED	3/3
D Smith	INED	1/1
Invitees		
RJ Douglas	ED	3/3
V Crawford (Group HR Executive)	LOC	1/1

** SW van Graan was appointed 30 November 2022.*

FOCUS AREAS 2022

- Considered the composition of the board and its committees and made recommendations to the board in this regard;
- Considered the board performance assessment and action plans;
- Considered board and executive succession plans;
- Ensured effective induction of new directors; and
- Considered new directors as identified in succession plans and appointed new directors.

Outlook

Continue to review the board composition having regard for the skills and experience of each board member. Where the necessary skills are lacking, identifying the best way to rectify and making recommendations to the board in this regard. Ensure an effective succession plan for key stakeholders to ensure business continuity.

Investment Committee

Members of the Investment Committee comprise non-executive directors, all but one are independent, the group CEO and the GCD.

Committee members	King IV™ classification	Meeting attendance
CB Thomson (Chair)	INED	2/2
KDM Warburton	INED	2/2
SS Lazar	INED	2/2
MM Nkosi	NED	1/2
RJ Douglas	ED	2/2
JDR Oesch	ED	2/2
D Smith	INED	1/1
Invitees		
CB Boulle	INED	1/2

FOCUS AREAS 2022

- Reviewed and considered the financial and other aspects of material investment or disinvestment activity;
- Determined the most appropriate and advantageous method of funding material investments and the most effective capital structure of the company and group in pursuing its investment strategy;
- Approved acquisitions, disposals, and capital expenditure in line with the limits of authority delegated to it and in line with the strategy determined by the board;
- Conducted post implementation reviews of acquisitions and major investments; and
- Assisted in the acquisition strategy of the group.

Outlook

Continue to ensure responsible capital allocation. Monitor capital investments by way of post-implementation capex reviews and ensuring lessons learned are considered with new investments.

COMPANY SECRETARY

Chantell Crouse is the Company Secretary and Head of Legal.

The Company Secretary provides the directors, both collectively and individually, with guidance as to their duties, responsibilities and powers and the impact of legislative and regulatory developments impacting the group. The Company Secretary is independent and has unrestricted access to the board. An arm's length relationship exists between the Company Secretary and the board. The Company Secretary is not a member of the board but attends board meetings as part of the discharge of the Company Secretary's functions and maintains records of meetings.

The board is satisfied that the Company Secretary has the necessary qualifications, skills and level of competence necessary to effectively discharge her responsibilities and is a fit and proper person.

CORPORATE RESPONSIBILITY

ADvTECH continues to strive for excellence and sustainability in meeting the needs of today, without compromising those values for future generations. In doing so, we are proud to make a meaningful difference to the people we serve through our core business activities and ongoing engagement with key stakeholders.

Our main sustainability contribution is to educate students from preschool to tertiary level about the importance of long-term ESG awareness and to lead by example in our everyday decisions. ADvTECH's sustainability approach incorporates various policies, standards and procedures relating to our economic, environmental and social performance.

In 2022, ADvTECH established an ESG working team to drive the integration of ESG within the group. Members of this working group include employees who are responsible for environmental and health elements, social elements and governance.

Read more about our ESG strategy on page 33.

COMPLIANCE GOVERNANCE

The board oversees compliance with its approved compliance framework and in accordance with good governance. ARCom is responsible for continual monitoring of the regulatory environment and appropriate responses to changes and developments that may impact the group and reporting on any significant changes to the board. For the purposes of POPIA and to ensure compliance on an operational level, the group has appointed a Group Information Officer (GIO), together with Deputy Information Officers, who attends a privacy forum meeting on a quarterly basis. The group has further implemented a privacy help desk where all privacy related incidents are logged for tracking and resolution purposes. The legislation and regulations listed below, constitute relevant obligations on the group, amongst others.

Legislation and regulations

- Companies Act 71 of 2008
- JSE Listings Requirement
- King IV Report of Corporate Governance™ in South Africa
- Employment Equity Act
- Broad-Based Black Economic Empowerment Act and related Codes of Good Practice
- South African Schools Act
- National Credit Act
- Consumer Protection Act
- Competition Act
- Protection of Personal Information Act (POPIA)
- Value-Added Tax Act
- Income Tax Act
- Higher Education Act
- National Qualifications Framework Act
- General and Further Education and Training Quality Assurance Act
- Umalusi Policy and Criteria, upon publication of the final version, under the General and Further Education and Training Quality Assurance Act
- Cybercrimes Act of 2020
- Other applicable local and foreign legislation and regulations

The board is satisfied that the company has complied with the provisions of the Conpaines Act and its MoI.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of statutory obligations in the 2022 financial year.

GROUP ICT STEERING COMMITTEE

The group ICT steering committee reports to the board through the ARCom and is responsible for the governance of technology and information and sets the direction for how technology should be approached and addressed.

The committee is chaired by the CIO and the GIO, Steven van Zyl, with the assistance of the group CEO. The committee meets on a quarterly basis to report on its duties in accordance with its terms of reference. The strategic intent of group IT is documented and communicated in the group IT strategy and is aligned with the enterprise strategy.

The board oversees risk management, and it is satisfied that IT governance is properly managed and aligned with business needs and strategy.

It is also satisfied that the disaster recovery programme will support the continuity of critical business processes.

Remuneration Committee Report

The group remains committed to creating a culture of high performance as well as attracting and retaining high calibre employees to assist us in achieving our strategy and providing acceptable shareholder returns.

Dear shareholder

On behalf of the board, I have pleasure in enclosing herewith the remuneration report for the group. This report consists of the background statement, remuneration policy and the implementation report for the financial year ended 31 December 2022. It also sets out payments made to non-executive directors, executive directors and prescribed officers during the year under review.

The committee acknowledges its responsibility for ensuring the integrity of this remuneration report and has spent a considerable amount of time to continue to ensure a balance between company needs and expectations of executives, as well as the expectations of shareholders and all stakeholders.

An additional committee member, A Watson, was appointed to the committee on 29 November 2022. The members of the committee are independent non-executive directors as defined by King IV™.

The focus areas of the committee for the year under review is set out under the background statement together with the future focus areas. Please refer to page 94 in this regard.

The committee continues to monitor and review the remuneration policy to ensure fair, responsible and transparent remuneration while balancing positive outcomes in the short-, medium- and long-term.

The remuneration policy and implementation report will again be tabled at the AGM on 18 May 2023 where shareholders would be requested to cast a non-binding advisory vote on the policy and report.

RemCom is satisfied that it has fulfilled its roles and responsibilities in terms of its mandate and that the group's remuneration policy has achieved its objectives for the year under review.

Appropriate governance structures exist at and below board level, to recognise and retain top talent and fairly reward employees.

The composition, number of meetings held and attendance at such meetings are shown on page 90.

On behalf of the Remuneration Committee

KDM Warburton
Remuneration Committee Chair

20 March 2023

SECTION 1 BACKGROUND STATEMENT

ADvTECH continues to seek, attract, retain, reward and develop high-performing employees within the group to promote the achievement of its strategic objectives and to ensure the group's long-term sustainability.

The group is committed to ensuring it remunerates fairly, responsibly and transparently to promote and advance diversity and transformation within the group.

Results of the non-binding advisory vote

	Remuneration policy		Implementation report	
	2022	2021	**2022**	2021
Votes in favour	**81.30%**	98.36%	**81.31%**	98.46%
Votes against	**18.70%**	1.64%	**18.69%**	1.54%
Abstentions	**0.07%**	1.34%	**0.07%**	1.34%

The remuneration policy and implementation report will be presented to shareholders for a non-binding advisory vote at the AGM. Notwithstanding that the JSE Listings Requirements only call for engagement with shareholders in the event that 25% or more of the shareholders vote against either or both, ADvTECH remains committed, as in previous years, to continue engaging with shareholders, in accordance with the format and requirements of the JSE Listings Requirements, to ensure a balance between company needs and expectations of executives, as well as the expectations of shareholders.

Engagement with shareholders

During the year under review, ADvTECH engaged several shareholders, including Coronation, PIC, Alan Gray, Visio, Sanlam and Old Mutual with specific focus on their recommendations for improvements to ADvTECH's remuneration policy and implementation report. Overall, shareholders were appreciative of the level of disclosure in the remuneration policy and implementation report.

The following recommendations were made:

Recommendations from shareholders

Shareholders' recommendations	ADvTECH's amendments
Long-Term Incentive (LTI) performance conditions.	The board has reviewed and approved equal weighting of growth in normalised earnings per share and return on funds for the performance conditions of the LTI awards.
Enhancement of the Minimum Shareholder Requirement (MSR) policy.	The MSR policy has been enhanced to include the following changes: • the participants have been extended to include all executive members; • higher allocation targets have been set for the group CEO, GCD and executive members; and • the accumulation period for the MSR target to be reached was changed to 7 years.

Committee focus areas

During the year under review, RemCom focused on the following areas:

- Ensured the remuneration policy is aligned to and promotes the achievement of the group's strategic objectives and encourages individual performance;
- Ensured that annual guaranteed pay, benefits and incentives are appropriately benchmarked to ensure the group is competitive in the employment market;
- Reviewed and approved the performance evaluation of the group CEO, GCD and other executives against agreed deliverables;
- Reviewed incentive schemes to ensure alignment to shareholder value creation and that the schemes are administered in terms of the rules;
- Reviewed the remuneration of non-executive directors and recommended the fees for approval by the shareholders at the next AGM;
- Approved outcomes for the 2019 LTI and the 2022 awards;
- Approved the STI outcomes for the 2021 financial year and set targets for 2022; and
- Reviewed the workforce planning, i.e. talent landscaping and leadership profiles.

Going forward, RemCom will focus on:

- Continue with reviewing the remuneration policy and practices to ensure continued alignment with King IV™ and best practices;
- As in prior years, obtain feedback, addressing possible concerns and implementing recommendations from shareholders regarding the group's remuneration policy and implementation report;
- Reviewing and approving STI scheme targets;
- Ensuring that the search for skilled employees and rewarding of existing skills remains a priority; and
- Reviewing and approving the LTI awards and targets; and
- Review and approve ESG metrics and targets for LTI and STI schemes.

Fair and responsible pay

In determining what constitutes fair, responsible and transparent remuneration while balancing positive outcomes in the short-, medium- and long-term, the RemCom considered various internal and external factors that influence remuneration. Some of the external factors include the prevailing economic climate, inflation and market benchmarks, while internal factors include the group's performance and affordability, responsibilities and internal benchmarks. Equal pay for work of equal value continues to be a focus and is achieved by the assigning of grades to similar jobs through making use of the Paterson grading model and aligning the salary ranges to those grades.

For 2023, and taking into account the strong performance of the group, the committee approved the proposal for salary increases in line with Consumer Price Inflation (CPI), subject to affordability and enrolment growth.

During the year, RemCom reviewed and approved the balanced scorecards for all executive directors, prescribed officers and key senior executives to ensure alignment with our strategic imperatives. A core component of the executive incentive scheme is to reward individual employee and team performances in meeting agreed key performance objectives and indicators.

This performance-based remuneration philosophy is underpinned by a detailed and documented methodology approved by RemCom and sound governance and management principles.

The teacher remuneration structure, which seeks to reward and position behaviour that aligns with the group's strategic objectives, continues to be well received by employees and had a positive impact on the group's strategic objective of academic excellence.

The committee further considered and approved the non-executive directors' fees and has made recommendations to the board for approval. This will be put forward for shareholder approval at the next AGM to be held on 18 May 2023.

SECTION 2 REMUNERATION POLICY

The remuneration policy aims to support the achievement of the group's strategy and shareholder requirements by attracting, rewarding and retaining the best possible talent for the business. The group's remuneration philosophy entrenches a culture of high performance by aligning the elements of remuneration directly to the business objectives, employee performance, values, purpose and strategy.

Guiding principles includes fair and equitable remuneration, job-evaluation-based structure, wage gap analysis, competitive positioning and graded salary scales.

The committee has considered the impact of King IV™ on the remuneration policy as well as the amended JSE Listings Requirements.

The goals of our remuneration strategy are to:

- Attract and retain high-quality talent and scarce skills that provide world-class education and recruitment expertise
- Motivate and reward high performance to drive a culture of superior performance
- Provide fair pay and incentives in line with our high standards of corporate governance
- Minimise barriers to career development and mobility
- Ensure compliance with all the applicable regulatory requirements

Key remuneration principles of our philosophy that shape and guide our remuneration policy and support value creation:

- ADvTECH is a knowledge-based business and its intellectual property is vested in people. As employment costs are our largest expense, the remuneration policy is critical to the success of the business;
- Recognition of equal pay for work of equal value across the organisation;
- Employees in sales may qualify for commission; and
- Performance management provides the governance framework within which the remuneration policy is implemented.

RemCom ensures that remuneration practices are based on principles of sound governance and is of the view that the remuneration policy has achieved its stated objectives for the year under review.

Key to this process is RemCom's independence in determining the remuneration and bonus policies for all employees, and the review and approval of remuneration and bonuses payable to key senior executives.

Conditions of employment are reviewed against best practice and, where necessary, improvements to conditions of employment are implemented with due regard to the cost implications and the impact on staff. In an education environment, non-material aspects (such as study leave bursaries and study assistance) are welcomed by employees.

Remuneration structure

Remuneration is structured to attract and retain employees and provide incentives for exceptional performance. This is achieved through a combination of guaranteed remuneration, incentive rewards of a short- and long-term nature and conditions of service. Guidance is provided in the group's integrated remuneration policy, which seeks to combine and calibrate all forms of remuneration. Executive management is offered a remuneration structure similar to senior management employees, with the same three elements as set out below:

ADvTECH's remuneration core elements

Guaranteed remuneration | Short-term incentive | Long-term incentive

Executive remuneration structure

Our remuneration policy seeks to achieve a suitable balance between guaranteed and variable remuneration. Variable STI and LTI awards are each limited to a maximum of 100% of guaranteed remuneration in the case of the group CEO and 80% for the GCD. The RemCom considers this to be an appropriate structure to reward achievement of both short- and long-term objectives.

Remuneration component	ADvTECH's policy	Type of pay
Guaranteed remuneration Includes salary and employee benefits on a cost to company basis.	• Reflects individual contribution and market value relative to the role and to recognise skill and experience. • Determined by the complexity of the role, market value and the ongoing review of the employee's personal performance and contribution to the group's overall performance and values. • Reviewed annually with increases taking effect in April of each year.	**Fixed pay** Monthly payment after deducting contributions to retirement funding and medical scheme where applicable.
Short-term incentive bonus scheme	Rewards management on achieving group performance and their respective Key Performance Areas (KPAs). The participant's potential eligibility percentages will depend on the participant's job grade with the threshold for executive directors as follows: • Group CEO (maximum of 100% of guaranteed remuneration); and • GCD (maximum of 80% of guaranteed remuneration).	**Variable pay** Paid annually.
Long-term incentive bonus scheme	Intended to attract and retain senior management and reward sustainable value creation that aligns with stakeholders' interests over the long-term. The awarding of shares under this scheme is based on meeting agreed performance targets. The maximum award in terms of the management share incentive (MSI) scheme is as follows: • Group CEO (maximum of 100% of guaranteed remuneration); and • GCD (maximum of 80% of guaranteed remuneration).	**Variable pay** Awarded annually and vests after three years.

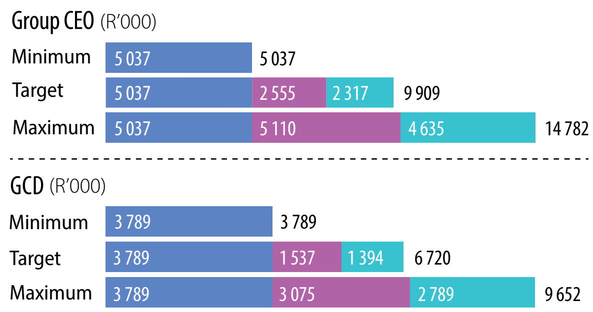
Benchmarking of guaranteed remuneration

The guaranteed remuneration and other benefits of executive directors, prescribed officers and other key senior executives are benchmarked annually against the market and are aligned with group performance to ensure that remuneration packages remain competitive and appropriate.

Group CEO and GCD pay for performance

The senario below shows the earnings potential for the Group CEO and GCD based on STI and LTI targets. RemCom considers this to be an appropriate mix to reward achievement of both short- and long-term objectives.

Group CEO and GCD pay mix



Guaranteed

*STI

* *The maximum STI amount is based on the annual guaranteed remuneration following salary increases that are effective from 1 April each year.*

**LTI

** *The maximum LTI amount is based on the fair value of the shares at grant date.*

Short-term incentives

Objective	Eligibility
To reward the achievement of short-term individual employee and group objectives.	Executive directors, prescribed officers, senior executives and managers participate in an annual STI plan.

STI formula

Bonus paid if targets are met

Annual guaranteed package × Potential eligibility (%) × Weighted average score of achievement

Balanced scorecard

Financial KPAs — 40% **Earnings before interest and taxation (EBIT)**; 30% **Return on funds employed**

Thresholds
The threshold is set at 97% of budget and a stretch target of 103%. Bonuses are earned on a straight-line basis starting from 0% at threshold and 100% at the stretch target level. Achieving budget would result in a 50% pay-out ratio.

Non-financial KPAs — 30% These KPAs are aligned to the group's strategic objectives (page 32) and mitigation of key risks to ensure the group's long-term standing. Each executive's personal KPAs are aligned to the above, based on their portfolio and the areas under their influence.

SHORT-TERM INCENTIVES – continued

Committee discretion

The RemCom approves the targets, the measurement of their achievement against these targets and the resultant bonuses to be paid. RemCom has discretion to award an *ex gratia* bonus in exceptional circumstances. This includes where an individual has delivered exceptional results despite the group or divisional performance not being met, or where extraneous factors outside the control of executives are considered to have impacted on the overall performance, resulting in the targets not having been met. No *ex gratia* bonuses or discretionary amounts were paid in the current period under review.

Long-term incentives: Management Share Incentive (MSI) scheme

The MSI scheme provides annual awards of forfeitable shares in the form of performance and retention shares to eligible participants. The shares automatically vest in full after three years, on the achievement of the set targets and provided the individual is employed on the vesting date and that a minimum individual performance rating has been achieved over the three-year period.

	Shares	Vests/vested
18 September 2019	3 064 911	2022
16 September 2020	4 705 127	2023
21 May 2021	2 817 016	2024
10 June 2022	2 249 319	2025

Unvested shares carry dividend rights as well as voting rights. To be eligible to receive an award of forfeitable shares under the MSI, participants were required to relinquish their rights under the old scheme (share incentive scheme 2010) and all rights to vesting of the old scheme from 2021 onwards were forfeited.

The RemCom considers the following regarding retention awards:

Business critical skills	Succession planning
Scarce skills	Top performers

The split in shares under the award favours performance-based targets over retention-based awards, with weightings being 75% performance and 25% retention for the executives, and 60% performance and 40% retention for other participants.

Future awards to executive directors will be 100% performance-based.

The MSI scheme promotes

- Good performance in relation to predetermined performance objectives.
- Retention of valuable skills and experience.
- Enhanced alignment of executives' awards with shareholder interests.

Objective

- Drive the longer-term strategic and sustainable performance of the group.
- Motivate participants to achieve the strategic objectives, thereby aligning shareholder and management interests.
- Reward management for their contribution to the delivery of the long-term strategic objectives.
- Attract future key talent in a competitive market with market-related variable earnings.
- Retain key talent to ensure sustainable performance of the group.
- Facilitate succession planning.
- Alignment with current market practice and King IV™.

Eligibility

- Executive directors
- Prescribed officers
- Senior executives
- Managers

MSI formula

Number of shares awarded × Weighted average score of achievement

Balanced scorecard

RemCom has approved the following performance conditions and targets:

Gateways

- Achievement of the minimum average growth in normalised earnings per share (NEPS) target.
- Achievement of the minimum return on funds employed target.
- Achievement of a minimum individual performance rating.

Committee discretion

RemCom has absolute discretion in the interpretation and application of the MSI rules to determine the following:

- Individual participants based upon retention need;
- Level of awards based on market benchmarks;
- Allocation of awards between performance and retention shares;
- Classification of termination (good or bad leaver) on a case-by-case basis;
- Performance measures, weightings and targets; and
- Vesting period and basis of vesting.

2019

2019 awards 75% NEPS and 25% ROFE

Target 1 **75%** NEPS

Compound annual growth rate of a minimum of the average CPI for the performance period with the maximum shares awarded at an average of CPI +7%.

Target 2 **25%** ROFE*

Minimum target of weighted average cost of capital (WACC)** +2% with the maximum shares awarded at WACC +6%.

2020, 2021 and 2022 awards 60% NEPS and 40% ROFE

2020

Target 1 **60%** NEPS

Compound annual growth rate of a minimum of the average CPI for the performance period with the maximum shares awarded at an average of CPI +7%.

Target 2 **40%** ROFE*

Minimum target of WACC** +2% with the maximum shares awarded at WACC +6%.

2021

Target 1 **60%** NEPS

Compound annual growth rate of a minimum of the average CPI for the performance period with the maximum shares awarded at an average of CPI +7%.

Target 2 **40%** ROFE*

Minimum target of WACC +2% with the maximum shares awarded at WACC +6%.

2022

Target 1 **60%** NEPS

Compound annual growth rate of a minimum of the average CPI for the performance period with the maximum shares awarded at an average of CPI +7%.

Target 2 **40%** ROFE*

Minimum target of WACC +3% with the maximum shares awarded at WACC +7%.

Shares are awarded proportionately between the minimum and maximum targets.

Future awards (2023 onwards) 50% NEPS and 50% ROFE

Termination of employment or office

Non-executive directors are appointed in terms of a formal letter of appointment and are not required to serve notice periods. In terms of the group's policy, all non-executive directors who have served on the board for nine years or longer or who are 70 years of age or over are required to stand for re-election on an annual basis. A non-executive director may not serve on the board for longer than 12 years.

Executive directors, prescribed officers and other key senior management are employed on standard employment agreements.

Employment contracts for executive management do not provide for termination payments arising from incapacity, dismissal, voluntary resignation, retirement, retrenchment or redundancy. In addition, no contracted balloon payments are due to executives upon termination.

Notice period

The following notice periods are in place:

Non-executive directors	Group CEO	GCD	Prescribed officers
0 months	**6** months	**3** months	**3** months

Malus and clawback policy

ADvTECH has a malus and clawback policy to align shareholder interests and the remuneration outcomes of employees. It allows the group to reduce or recoup the incentive remuneration in defined circumstances and is applicable to all ADvTECH employees who participate in the variable incentive remuneration programme.

This policy ensures that excessive or inappropriate risk-taking is not rewarded and ensures a fair outcome when variable remuneration is awarded. The policy further contains trigger events which would result in the implementation of the policy to reduce or claw back incentive awards in line with the policy.

Some of the trigger events include:

- Where a material misstatement resulted in an adjustment in the audited consolidated accounts of the company or the audited accounts of any member of the group; and/or
- Where any information used to determine the quantum of an incentive remuneration amount was based on an error, or inaccurate or misleading information; and/or
- Where any action or conduct of a participant which, in the reasonable opinion of the board, amounts to serious misconduct; and/or
- Where any events or behaviour of a participant or the existence of events attributable to a participant, which led to the censure of the company or a member of the group by a regulatory authority, or have had a significant detrimental impact on the reputation of the company; and/or
- The board or RemCom, in their discretion, deems it necessary to apply malus or clawback.

Minimum shareholder requirements policy

ADvTECH's MSR policy seeks to align shareholder interests with executive objectives and to drive an increased level of executive accountability for the longer-term sustainability of the organisation.

The policy is based on the following principles:

- Each executive's MSR target is determined using the individual guaranteed annual remuneration;
- The target must be achieved within seven years (5 years: 2021) from approval of this policy (March 2021) or from the start date in the case of new appointees, unless otherwise determined by the RemCom considering market conditions and related factors;
- The scheme is not intended to compel executives to incur debt to acquire ADvTECH shares, but rather that executives should retain an agreed percentage of shares acquired through the operation of share incentive schemes;
- At least 50% of the executives' vested retention share awards and at least 30% of vested performance share awards must be retained until the MSR target has been achieved;
- Compliance to the MSR target will be measured annually and executives will have to declare the extent of their personal shareholdings in the company at each year-end; and
- RemCom will assess compliance with the MSR before making future discretionary LTI awards.

The MSR targets are set as follows:

Group CEO	2 ×	Guaranteed annual remuneration at year-end
GCD	1.6 ×	
Prescribed officers	1 ×	

Compliance with the achievement of the MSR targets is measured annually and appropriate remedies for non-compliance are considered before future awards are made. Refer to page 101 for disclosure on MSR.

Non-binding advisory vote on the remuneration policy

The shareholders of ADvTECH will be requested to cast a non-binding advisory vote on the remuneration policy at the AGM on Thursday, 18 May 2023. Our remuneration policy sets out the principles used to ensure competitive remuneration while complying with all applicable laws and codes. This policy applies to the payments, accruals and awards made to executive directors, non-executive directors, senior executives and prescribed officers for the year ended 31 December 2023.

* *The return on funds employed (ROFE) is calculated by dividing the normalised EBIT by the average funds employed for the year. The funds employed for each year are calculated by taking total assets for the year less cash balances and all non-interest-bearing liabilities.*

** *The average WACC that is applicable during the relevant performance period.*

SECTION 3

IMPLEMENTATION REPORT

The implementation report sets out the information and amounts pertaining to the applications of the remuneration policy in relation to executive and non-executive directors.

Guaranteed remuneration: Executive directors, prescribed officers and senior executives

Executive directors' increase FY2022

- The group CEO and GCD received an increase in 2022 in line with CPI.

Prescribed officers' increases FY2022

- All prescribed officers received increases in 2022 in line with CPI.

Short-term incentives

During the year under review, the operating profit and ROFE stretch targets were achieved.

Financial KPAs

	Operating profit	ROFE
Actual 2021	R1 108.3 million	16.6%
Budget	R1 223.4 million	17.4%
Threshold	R1 186.7 million	16.9%
Stretch target	R1 260.1 million	17.9%
Actual achievement	**R1 332.5 million**	**18.9%**

Based on the group's balanced scorecard, additional non-financial performance goals or KPAs were formulated in line with our strategic objectives. These individual KPAs are aligned to the executive's area of influence.

Non-financial KPAs

Strategic objectives	Target measures	Weightings Group CEO	Weightings GCD	Target achieved
SO1 Academic excellence	Delivery of superior teaching and learning methodologies, competitive global performance benchmarking and learning analytics and expert insights.	15%	–	Significant progress
SO2 Growth	Organic and acquisitive growth, growth in product, channel, market segmentation and geographic footprint.	65%	20%	Achieved
SO3 Customer focus	Delivery of an end-to-end service to customers driven by an understanding of, and responsiveness to customer needs.	–	–	Significant progress
SO4 Educational productivity	Optimise organisational processes and structures.	–	15%	Achieved
SO5 Human capital productivity	Delivery of a high performance, high engagement culture through positioning the right people in the right roles to drive levels of excellent productivity.	5%	10%	Achieved
SO6 Capital productivity	Delivery of an efficient portfolio of brands to drive an effective return on assets and optimisation of cost structures.	–	40%	Achieved
SO7 Excellence through specialisation	Achieved by targeting high demand niche markets with special skills and continuously refreshed candidate database.	10%	–	Achieved
Risk mitigation	All non-financial KPAs are underpinned by delivering robust employment equity initiatives, rigorous governance structures and financial controls.	5%	15%	Achieved
Total		**100%**	**100%**	
KPA outcomes of executives		**79%**	**84%**	

Read more about our strategy and strategic objectives on page 31

Target
Achieved
Significant progress

Directors and prescribed officers

Emoluments paid to executive directors and prescribed officers of the group for the years ended 31 December 2022 and 2021, are set out below:

Emoluments paid to executive directors and prescribed officers of the group for the year ended 31 December 2022

Name	Salary R	Long-service award R	Expense allowance R	Provident fund contributions R	Total guaranteed remuneration R	STI awards R	LTI awards R	Total variable remuneration R	Total guaranteed and variable remuneration R
Executive directors									
RJ Douglas	4 287 641	–	180 000	569 624	**5 037 265**	4 787 668	4 156 901	8 944 569	13 981 834
JDR Oesch	3 210 405	–	150 000	428 452	**3 788 857**	2 927 014	2 537 516	5 464 530	9 253 387
Total executive directors	**7 498 046**	**–**	**330 000**	**998 076**	**8 826 122**	**7 714 682**	**6 694 417**	**14 409 099**	**23 235 221**
Prescribed officers									
MD Aitken	2 663 049	–	363 349	389 026	**3 415 424**	2 420 746	2 146 136	4 566 882	7 982 306
FJ Coughlan*	639 300	–	39 582	58 699	**737 580**	2 468 978	–	2 468 978	3 206 559
DL Honey	3 217 885	44 000	199 176	422 544	**3 883 606**	2 900 930	2 590 865	5 491 795	9 375 401
LA Wiseman**	2 297 583	–	37 040	156 236	**2 490 859**	1 521 282	929 142	2 450 424	4 941 283
Total prescribed officers	**8 817 817**	**44 000**	**639 147**	**1 026 505**	**10 527 469**	**9 311 936**	**5 666 143**	**14 978 079**	**25 505 549**

* *FJ Coughlan resigned 14 February 2022 .*
** *LA Wiseman was identified as a prescribed officer from 1 March 2022, however, her full annual remuneration is included above.*

Emoluments paid to executive directors and prescribed officers of the group for the year ended 31 December 2021

Name	Salary R	Long-service award R	Expense allowance R	Provident fund contributions R	Total guaranteed remuneration R	STI awards R	LTI awards R	Total variable remuneration R	Total guaranteed and variable remuneration R
Executive directors									
RJ Douglas	4 095 255	–	180 000	545 095	4 820 350	4 588 973	3 007 883	7 596 856	12 417 206
JDR Oesch	3 065 699	–	150 000	410 002	3 625 701	2 787 438	1 749 881	4 537 319	8 163 020
Total executive directors	**7 160 954**	**–**	**330 000**	**955 097**	**8 446 050**	**7 376 411**	**4 757 764**	**12 134 175**	**20 580 225**
Prescribed officers									
MD Aitken	2 599 655	6 000	292 524	203 974	3 102 153	2 328 307	1 460 506	3 788 813	6 890 967
FJ Coughlan	2 669 261	–	232 524	347 981	3 249 766	–	1 452 423	1 452 423	4 702 189
DL Honey	2 987 819	–	189 444	393 187	3 570 450	2 780 819	2 061 554	4 842 373	8 412 823
Total prescribed officers	**8 256 735**	**6 000**	**714 492**	**945 142**	**9 922 370**	**5 109 126**	**4 974 483**	**10 083 609**	**20 005 979**

Outcome of executive bonuses

KPAs	Weighting	Achievement GCEO	Achievement GCD
Operating profit	40%	40%	40%
ROFE	30%	30%	30%
KPAs	30%	24%	25%
Total	**100%**	**94%**	**95%**

Long-term incentives

The directors and prescribed officers were awarded the following shares at 31 December 2022:

Name	Share awards as at 31 December 2021	Shares awarded during the year	Fair value of awards at grant date (rands)	Share awards vested during the year		Share awards forfeited during the year	Share awards as at 31 December 2022	Fair value of outstanding awards as at 31 December 2022 (R18.18)
	Number	Number		Number	Benefit arising at fair value at grant date (R)	Number	Number	Number
Executive directors								
RJ Douglas	397 162		4 634 881	356 204	4 156 901	40 958	–	–
	607 097		5 488 157				**607 097**	11 037 023
	354 177		4 675 136				**354 177**	6 438 938
		285 610	5 229 519				**285 610**	5 192 390
JDR Oesch	238 985		2 788 955	214 340	2 501 348	24 645	–	–
	365 310		3 302 402				**365 310**	6 641 336
	213 120		2 813 184				**213 120**	3 874 522
		171 861	3 146 775				**171 861**	3 124 433
Prescribed officers								
MD Aitken	205 048		2 392 910	183 902	2 146 136	21 146	–	–
	311 955		2 820 073				**311 955**	5 671 342
	181 993		2 402 308				**181 993**	3 308 633
		146 760	2 687 176				**146 760**	2 668 097
FJ Coughlan	155 747		-			155 747	–	–
	239 196		-			239 196	–	–
	145 127		-			145 127	–	–
DL Honey	242 198		2 826 451	217 221	2 534 969	24 977	–	–
	349 265		3 157 356				**349 265**	6 349 638
	203 759		2 689 619				**203 759**	3 704 339
		174 172	3 189 089				**174 172**	3 166 447
LA Wiseman	86 777		1 012 688	79 618	929 142	7 159	–	–
	135 150		1 221 756				**135 150**	2 457 027
	82 394		1 087 601				**82 394**	1 497 923
		99 664	1 824 848				**99 664**	1 811 892
Total	**4 514 460**	**878 067**	**59 390 882**	**1 051 285**	**12 268 496**	**658 955**	**3 682 287**	**66 943 978**

MSI scheme

Outcomes of the 2019 awards that vested in 2022:

	Weighting	Target: Threshold	Target: Stretch	Achieved total	Percentage of shares vested
NEPS (cents)	75%	88.9	108.0	121.5	100%
ROFE (3 year average)	25%	13.1%	17.1%	14.9%	45%

Vesting outcomes of all participants

The 2019 awards vested in 2022:

	Shares awarded 2019	Shares vested 2022
Performance shares	2 096 454	1 558 250
Retention shares	968 457	843 921
Total number of shares awarded	3 064 991	2 402 171

Note: The 2020, 2021 and 2022 awards vest in 2023, 2024 and 2025 respectively.

* *The performance shares include 1 355 000 and 203 250 in relation to the NEPS and ROFE targets respectively.*

LTI

Outcomes of 2019 awards – executives and prescribed officers

Name	Shares awarded	Shares vested: Retention	NEPS	ROFE	Total	Shares forfeited
Executive directors						
RJ Douglas	397 162	99 290	223 403	33 511	356 204	40 958
JDR Oesch	238 985	59 746	134 429	20 164	214 340	24 645
Total	**636 147**	**158 766**	**357 832**	**53 675**	**570 544**	**65 603**
Prescribed officers						
MD Aitken	205 048	51 262	115 339	17 301	183 902	21 146
DL Honey	242 198	60 549	136 236	20 435	217 221	24 977
LA Wiseman	86 777	34 711	39 050	5 857	79 618	7 159
Total	**534 023**	**146 522**	**290 625**	**43 593**	**480 741**	**53 282**

Share incentive scheme

The directors and prescribed officers held the following share options at 31 December 2022:

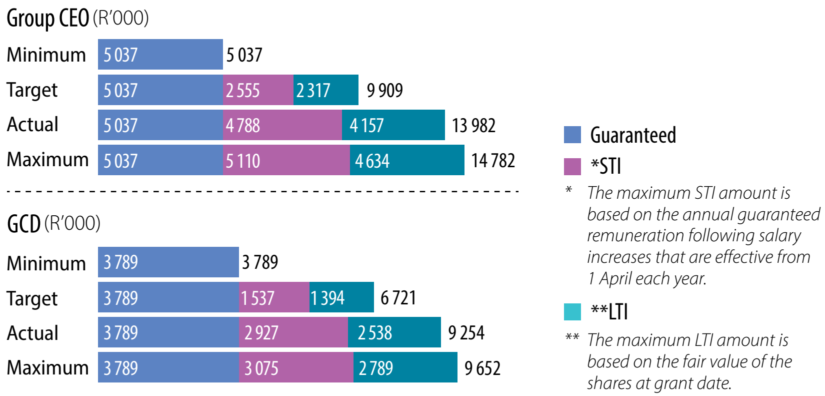
Name	Share options as at 31 December 2021*: Number	Share options as at 31 December 2021*: Exercise price (cents)	Share options lapsed during the year Number	Share options exercised during the year: Number	Share options exercised during the year: Market price at exercise date (cents)	Share options exercised during the year: Benefit arising on exercise of options (R)	Share options as at 31 December 2022 Number
Executive directors							
RJ Douglas	55 533	1 696	55 533				–
JDR Oesch	41 100	1 696		41 100	1 784	36 168	–
Prescribed officers							
MD Aitken	11 667	1 696	11 667				–
FJ Coughlan**	30 133	1 696	30 133				–
DL Honey	41 100	1 696		41 100	1 832	55 896	–
LA Wiseman***	20 000	1 696	20 000				–
	199 533		**117 333**	**82 200**		**92 064**	–

Share options not exercised during the year have lapsed due to the termination of the scheme at the end of 2022.

* *The share awards as at 31 December 2021 has been restated to show the awards held in the prior year.*
** *FJ Coughlan resigned on 14 February 2022.*
*** *LA Wiseman was identified as a prescribed officer on 1 March 2022.*

Single figure remuneration

Actual single figure remuneration for the 2022 financial year compared to the minimum, on-target and maximum scenarios.



Minimum shareholder requirements

Name	Guaranteed annual remuneration	Direct shareholding 31 Dec 2022	Value of shareholding at the share price as at 31 Dec 2022 (R18.18)	MSR target	Actual ratio of shareholding as at 31 Dec 2022	Prior ratio of shareholding as at 31 Dec 2021
Executive directors						
RJ Douglas	5 037 265	1 091 612	19 845 506	2.0	3.9	2.7
JDR Oesch	3 788 857	2 411 217	43 835 925	1.6	11.6	11.1
Prescribed officers						
MD Aitken	3 415 424	239 153	4 347 802	1.0	1.3	0.8
DL Honey	3 807 248	7 568 259	137 590 949	1.0	36.1	35.4
LA Wiseman*	2 989 030	360 823	6 559 762	1.0	2.2	–

* *LA Wiseman was identified as a prescribed officer on 1 March 2022.*

Non-executive directors' remuneration

ADvTECH seeks to appoint and retain high calibre non-executive directors to ensure meaningful deliberations of the board. RemCom recommends to the board the fees to be paid to non-executive directors during the year. Non-executive directors' remuneration is based on a combination of an annual retainer and attendance fees.

The fees payable to non-executive directors were approved by special resolution of the shareholders at the AGM held on 26 May 2022, as required by the Companies Act.

The voting outcomes on the non-executive directors' fees were as follows:

Non-executive directors' fees	Votes in favour	Votes against	Abstention
2022	98.84%	1.16%	0.07%
2021	99.99%	0.01%	1.34%

Non-executive directors' fees for 2022

Non-executive directors' fees are based on attendance of board, committee and ad hoc committee meetings. An additional fee is payable to the chairman of the board and committees.

ADvTECH subscribes to two non-executive director reports: the PwC Non-Executive Directors Practices and Fees Trends Report, and the Deloitte Non-Executive Directors Report, both of which are considered in determining the annual increase proposal.

Non-executive directors' emoluments

Emoluments paid to non-executive directors of the group for the ended 31 December 2022, are set out below:

	Board R	Audit and risk committee R	Remuneration committee R	TSEC R	Investment committee R	Nominations committee R	Total 2022 R	2021 R
Directors								
CH Boulle	575 074	–	–	88 838	9 158	35 500	**708 570**	693 417
JS Chimhanzi	318 198	106 909	–	106 436	–	–	**531 543**	473 080
KM Gugushe*	135 092	34 402	–	45 869	–	–	**215 363**	531 706
JM Hofmeyr**	–	–	–	–	–	–	**–**	196 314
SS Lazar	381 838	–	–	–	64 132	25 800	**471 770**	128 857
MM Nkosi	318 198	–	65 315	–	53 444	21 500	**458 457**	304 799
CB Thomson	318 198	106 909	65 315	–	100 473	–	**590 895**	428 712
SW van Graan*****	81 867	–	–	3 682	–	2 274	**87 823**	–
KDM Warburton	318 198	195 429	91 815	–	53 444	–	**658 886**	632 092
A Watson******	63 876	22 600	3 501	–	–	–	**89 977**	–
JS Zimmermann***	–	–	–	–	–	–	**–**	199 431
SA Zinn****	–	–	–	–	–	–	**–**	492 340
Total non-executive	**2 510 539**	**466 249**	**225 946**	**244 825**	**280 651**	**85 074**	**3 813 284**	**4 080 748**

An amount of R389 191 relating to value-added tax was paid on directors' fees.

* *KM Gugushe retired by rotation at the AGM held on 26 May 2022.*
** *M Hofmeyr retired by rotation at the AGM held on 27 May 2021.*
*** *JS Zimmermann retired by rotation at the AGM held on 27 May 2021.*
**** *SA Zinn retired from the board on 31 December 2021.*
***** *SW van Graan was appointed 1 October 2022.*
****** *A Watson was appointed 1 November 2022.*

Annual fees payable to non-executive directors

The board, on recommendation by the committee, resolved to propose a 4% increase in non-executive directors' fees for 2023/2024 which will be tabled at the next AGM, to be held on Thursday, 18 May 2023 for shareholder approval.

Proposed annual fee: July 2023 to June 2024 (all fees are exclusive of VAT)

	2023		2022	
	Proposed retainer fee	**Proposed fee per meeting attended**	Retainer fee	Fee per meeting attended
Board/committee				
Directors	**222 108**	**29 614**	213 566	28 475
Audit and Risk Committee	**60 575**	**13 461**	58 245	12 945
Remuneration Committee	**43 225**	**6 984**	41 562	6 716
Transformation, Social and Ethics Committee	**45 458**	**10 102**	43 710	9 713
Investment Committee	**38 859**	**8 636**	37 365	8 304
Nominations Committee	**28 080**	**4 160**	27 000	4 000

Additional fee payable to chairman of board/committee:

	2023		2022	
	Proposed retainer fee	**Proposed fee per meeting attended**	Retainer fee	Fee per meeting attended
Board/committee				
Directors	**179 302**	**23 908**	172 406	22 988
Audit and Risk Committee	**50 156**	**11 146**	48 227	10 718
Remuneration Committee	**17 910**	**2 893**	17 221	2 782
Transformation, Social and Ethics Committee	**32 260**	**7 170**	31 019	6 894
Investment Committee	**34 196**	**7 600**	32 881	7 307
Nominations Committee	**18 720**	**2 600**	18 000	2 500

A premium of 20% payable to non-resident non-executive directors which was approved by shareholders and will be proposed again for 2023.

Transformation, Social and Ethics Committee Report (TSEC)

ADvTECH's TSEC is constituted as a statutory committee of ADvTECH Limited in terms of section 72(4) of the Companies Act, No. 71 of 2008 (the Companies Act), as read with regulation 43 of the Companies Act Regulations, and a committee of the board in respect of all the other duties assigned to it by the board.

The board is the custodian of corporate governance and its members take collective responsibility for governing and ensuring accountability for the group. The board aims to govern with integrity and in a way that supports an ethical organisational culture, from the tone at the top through all levels of the business, and instils a deep respect for the social, ethical, transformation and environmental matters facing the group.

TSEC's role is to assist the board with oversight of transformation, social and ethical matters through both performance of its statutory responsibilities and its governance responsibilities as set out in its committee charter. The charter, together with the annual committee workplan, are reviewed on an annual basis and any material changes referred to the board for approval.

The committee has an independent role with accountability to the board and shareholders. This report has been prepared in accordance with the requirements of the Companies Act, the Company's MOI, the JSE Listings Requirements and King IV™ report on corporate governance as well as other applicable laws. The report describes how TSEC has discharged its statutory duties, as well as additional duties assigned to it by the board during the year under review.

COMMITTEE MEMBERS

TSEC consists of four members, three of whom are independent non-executive directors and the group CEO.

All committee members are suitably skilled and collectively have sufficient knowledge and skill to fulfil their duties. The committee consists of the following members:

- **JS Chimhanzi (chair)**
- **CH Boulle**
- **RJ Douglas**
- **SW van Graan**

The resourcing divisional CEO, group Finance Manager, head of Internal Audit and the group HR executive are also invited to attend the TSEC meetings on a standing invitation and provides pertinent information on areas within their expertise and responsibility.

The TSEC's charter requires that the committee meet as many times per annum as may be required to sufficiently discharge its duties, subject to a minimum of two meetings per annum. During the year under review, the committee met four times. Full details of the attendance are included in the corporate governance report.

Corporate governance report page 84.

The chair of TSEC, JS Chimhanzi, will be available to respond to any shareholder questions on matters within its mandate at the group's AGM to be held on 18 May 2023. Any specific questions for the committee must be sent to the Company Secretary prior to the AGM.

ROLE AND RESPONSIBILITIES

TSEC operates in terms of a formal charter that sets out its terms of reference, composition, roles, responsibilities and statutory duties. King IV™ expands on the role of the social and ethics committee as provided for in the Companies Act.

TSEC plays an important role in assisting the group to redress the imbalances of the past, whether they are social, economic or environmental. Its other responsibilities include oversight of the implementation and reporting on good corporate governance obligations, stakeholder relationships, communication and reporting.

In accordance with its statutory duties, TSEC monitors and reports on the following:

The group's compliance with applicable legislation, including the Companies Act, King IV™, the 10 principles set out in the UNGC and the recommendations of the OECD regarding corruption, the Employment Equity Act, the Skills Development Act and the Broad-Based Black Economic Empowerment Act (B-BBEE)

The group's progress against annually approved targets for transformation in terms of the Employment Equity Act and B-BBEE Act

CSI undertaken by the group within the operating divisions and at a corporate level, including the promotion of equality, the prevention of unfair discrimination, the avoidance of corruption, the contribution to development of communities in which its activities are predominantly conducted and a record of sponsorship, donations and charitable giving

The group's compliance with health and safety regulations and the environmental aspects of the business, including compliance with public relations and consumer protection laws

The group's engagement with its stakeholders in accordance with its stakeholder policy, dispute resolution mechanisms and grievance policy

KEY AREAS OF FOCUS

During 2022, TSEC reviewed and considered the matters listed below:

- The group's public and consumer relations to improve and strengthen relationships with its stakeholders;
- Reports on the media coverage for the group;
- Reports on CSI projects undertaken by the group;
- The group's efforts to encourage diversity and advance the objectives of equality groupwide;
- The group's defined transformation objectives and targets;
- Reports on labour and empowerment related matters;
- The revised B-BBEE Codes of Good Practice, as well as its implications for the group;
- The group's B-BBEE rating to monitor progress against transformation targets;
- Strategies to improve the group's B-BBEE accreditation;
- Participation and collaboration with the industry on the newly proposed Education Industry Sector Charter;
- Continued monitoring of the group's talent succession plans and training programmes;
- Gender salary gap analysis against the South African and global average;
- The group's ethics hotline register, including results of internal investigations and actions taken;
- The group's conflict of interest policy, minimum shareholder requirements policy and family bursary policy;
- Maintaining high standards of organisational ethics;
- Reviewed and approved the committee's charter;
- The committee's annual work plan for the ensuing year;
- Reviewed and approved the TSEC report included in the annual report 2021; and
- Conducted an independent assessment of the performance and effectiveness of the committee for the year under review.

OVERVIEW OF CERTAIN FOCUS AREAS

Transformation

Transformation remains an ongoing focus for the group. A talent review process is used to identify candidates from previously disadvantaged groups with potential to enable development and promotion.

All employees are encouraged to develop their full potential, both for their own benefit and for that of the group.

The group continues to conduct awareness campaigns with the purpose of educating employees on the varies types of disabilities and to encourage confidential reporting.

Anti-racism and discrimination – RDI campaign

ADvTECH's RDI campaign continues to facilitate a culture based on the principles of RDI, where everyone knows they belong and feels comfortable to participate and contribute.

Read more on page 49.

Our FaceUp smartphone application, an anonymous reporting app designed to empower individuals to report any discriminatory behaviour, continues to facilitate a safer and more trusting workplace.

Transformation – B-BBEE compliance and the promotion of B-BBEE in South Africa

During the year under review, the committee continued to consult with external providers, industry providers and regulators to ensure that the committee is kept up to date with the B-BBEE landscape and how best the group can contribute to the overarching goal of B-BBEE.

The committee is pleased to report that ADvTECH Resourcing (Pty) Ltd has been rated a Level 3 B-BBEE contributor (2021: Level 4), which resulted in a total procurement recognition level of 110% for the calculation of the weighted B-BBEE procurement spend.

Gender pay gap

An extensive amount of work had been undertaken on the average gender pay gaps within the schools and tertiary division. Overall, the committee is pleased to inform you that the group has performed well in comparison to the average market gender pay gap.

Read more on page 70.

Social

Bursaries and CSI projects

In keeping with the organisation's core business of education, the group has implemented a bursary programme for students. Approximately 15 583 students benefited from the bursary programme. The total value of the bursaries awarded during the year under review amounted to R211 million (2021: R207 million).

In addition to investing in bursaries, the group supports various CSI projects consisting of 814 social projects and 72 environmental projects.

Read more on page 63 and page 77.

Stakeholder relations

ADvTECH continues to engage and strengthen its relationships with stakeholders to ensure their interests are adequately addressed, as and when required. Stakeholder engagement and media coverage reports are reviewed at each meeting and regular engagement is embedded into the corporate communication culture. Investors and shareholders, students and parents, alumni, candidates and clients, employees, regulatory and professional bodies, the community and the media are all key stakeholders.

Ethics

Ethics are embedded in ADvTECH's code of conduct and a supplier code of conduct which applies to all employees, directors and stakeholders.

The directors, individually and collectively, continue to cultivate the highest levels of integrity, competence, responsibility, fairness, transparency and accountability in executing their functions.

Ethical standards and behaviour are of primary importance to the group and is expressed in the group's values which values are reviewed regularly to ensure that they remain relevant.

Employees and stakeholders are encouraged to disclose any improper conduct or unethical behaviour through the fraud and ethics hotline which are available on the group's website and intranet, and which also allows for anonymous reporting. ADvTECH has a zero-tolerance policy towards fraud and corruption and necessary steps are taken against those who have been found guilty of unethical behaviour.

Fraud and ethics process

Fraud and ethics hotline incident reporting
↓
Investigation
↓
Taking of appropriate action following outcome of the investigation
↓
Report to TSEC who provides feedback to the board

Policy review

All policies are reviewed by the committee to ensure they are non-discriminatory, of a high ethical standard and reinforce appropriate behaviour within the organisation.

Reporting

TSEC is satisfied that, in all material respects, it has achieved its objectives for the year under review and that no items have been reported which would indicate non-compliance with the mandate of TSEC or its statutory requirements in terms of the Companies Act.

On behalf of the Transformation, Social and Ethics Committee

Dr Jacqueline Chimhanzi

TSEC chair

23 March 2023

Annual Financial Statements

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Contents

Directors' responsibility for financial reporting

The Companies Act, No. 71 of 2008 of South Africa, as amended ("the Companies Act"), requires that a company must keep and maintain adequate accounting records. The directors are responsible for the content and integrity of the annual financial statements of ADvTECH Limited and its subsidiaries and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the year then ended in conformity with International Financial Reporting Standards ("IFRS"), the Companies Act and the JSE Listings Requirements. The external auditors are engaged to express an independent opinion on the annual financial statements.

In preparing the annual financial statements, the group used appropriate accounting policies, supported by reasonable and prudent judgement and estimates, and prepared the annual financial statements in accordance with IFRS. The directors are of the opinion that the annual financial statements fairly present the financial position of the company and the group as at 31 December 2022, and the results of its operations and cash flows for the year then ended. The directors have considered the company's and the group's past results, expected future performance and reasonable changes thereto, and access to its funding, material and other resources, and in light of this review and the company's and the group's current financial position, are satisfied that the company and the group have access to adequate resources to continue in operational existence for the foreseeable future as a going concern.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss.

Based on the results of a formal documented review of the group's system of internal control and risk management by the internal audit function during the year and the information and explanations given by management nothing has come to the attention of the directors which indicates that, in all material aspects, the group's system of internal control and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements. The opinion of the directors is supported by the group's audit committee.

The consolidated and separate financial statements have been audited by the independent auditing firm, Ernst & Young Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. Their unmodified report appears on pages 109 to 111.

The preparation of the group's consolidated financial statements for the year ended 31 December 2022 was supervised by JDR Oesch CA(SA), the group's Chief Financial Officer.

The annual financial statements of the company and the group set out on pages 117 to 172, which have been prepared on the going concern basis, were approved by the board of directors on 23 March 2023 and were signed on its behalf by:

CH Boulle
Chairman

RJ Douglas
Chief Executive Officer

JDR Oesch
Group Commercial Director and Chief Financial Officer

Certificate by Group Company Secretary

In accordance with the provisions of the Companies Act, I certify that, in respect of the year ended 31 December 2022, ADvTECH Limited has lodged with the Commissioner of the Companies and Intellectual Property Commission all returns and notices prescribed by the Companies Act and that all such returns and notices are true, correct and up to date.

CB Crouse
Group Company Secretary

23 March 2023

Chief Executive Officer's and Chief Financial Officer's responsibility statement

The directors, whose names are stated below, after due, careful and proper consideration, hereby confirm that:

a) the annual financial statements set out on pages 117 to 172, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and

f) We are not aware of any fraud involving directors.

RJ Douglas
Chief Executive Officer

JDR Oesch
Group Commercial Director and Chief Financial Officer

Independent Auditor's report

To the Shareholders of ADvTECH Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of ADvTECH Limited and its subsidiaries ('the group') and company set out on pages 117 to 172, which comprise of the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies only to the audit of the consolidated financial statements.

Key audit matter	How the matter was addressed in the audit
Assessment of the expected credit loss (ECL) allowance	
The Trade receivables balance as at 31 December 2022 is R802 million (2021: R 565 million), an expected credit loss allowance of R 438 million (2021: R 321 million) has been recognised against this balance as disclosed in note 20 of the consolidated financial statements. The calculation of the expected credit loss allowance per brand is based on an ECL model, in line with IFRS 9, where the inputs are subjective due to the high degree of judgment and estimation applied by management which is based on projecting future cash inflows from which the potential future write-offs are estimated. The projection of future cash inflows is highly subjective as it involves reviewing the ageing of the debtors per brand at year end and placing debtors into certain portfolio buckets per brand based upon certain parameters management applies to determine a potential credit rating. Historical information, including the ageing of the debtor, their payment history and whether the debtor is still with the brand are certain of the major parameters considered in determining risk factors. The projection also involves analysing subsequent receipts and reviewing historic write-offs to determine an appropriate loss allowance percentage to apply to the outstanding portfolio buckets. In addition, there has been complexity in forecasting due to the current economic environment which has experienced rapid changes. With the high estimation uncertainty in determining the allowance and effort involved in auditing it, we considered the expected credit loss allowance to be a key audit matter.	We performed the following procedures: • We held discussions with management to understand their ECL model and the specific inputs they have used. • Considered the appropriateness of the debtors impairment methodology applied by brand in the current year to the requirements of *IFRS 9: Financial Instruments*. • Assessed the reasonability of the level of provisioning at a brand level by comparing the prior year provision to the actual current year write-offs. • Compared projected cash inflows to historic actual cash inflows, including to cash inflows subsequent to year end per brand to assess the reasonableness of management's projected cash inflows. • Assessed the accuracy of the age analysis per brand by inspecting a sample of invoices issued and recalculating the ageing category. • Determined the reasonability of the assumptions made by management in determining the provision by performing a recalculation of the allowance based on historic actual cash inflows and write offs including reviewing student statements to confirm if they are still in the educational system. • Assessed the appropriateness and completeness of the related disclosures in the group financial statements against the requirements of IFRS 7.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 69-page document titled Annual Financial Statements, which includes the Directors' responsibility for financial reporting, Certificate by Group Company Secretary, Chief Executive Officer's and Chief Financial Officer's responsibility statement, Audit and Risk Committee report and the Directors' report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Incorporated has been the auditor of ADvTECH Limited for two years.

Ernst & Young Inc.

Ernst &Young Inc.
Director: Charles Edgar Trollope
Registered Auditor
Chartered Accountant (SA)

24 March 2023

Audit and Risk Committee report

ADvTECH's Audit and Risk Committee (ARCom) is pleased to present this report, which was approved by the board and prepared in accordance with section 94(7) of the Companies Act, the Listings Requirements and King IV™ Code of Governance ("King Code").

ARCom is satisfied that it has performed both the statutory requirements for an Audit and Risk Committee as set out in the King Code, the Companies Act, the Listings Requirements, as well as the functions set out in the charter, and that it has therefore complied with its legal, regulatory and other responsibilities.

MEMBERSHIP AND MEETINGS

ARCom consists of four members, all of whom are independent non-executive directors and, as a whole, have the necessary financial literacy skills and experience to effectively execute their duties.

The Chairman of the board is not a member of this committee but attends by invitation.

The board recommends that the following non-executive directors, who are current members of the committee, who are eligible and have made themselves available for re-election and election to be re-elected and elected by the shareholders at the Annual General Meeting (AGM) on 18 May 2023 to hold office until the following AGM:

- KDM Warburton (Chairman);
- JS Chimhanzi;
- CB Thomson ; and
- A Watson.

ARCom meets four times per year as required by its charter. Meetings are attended by the internal and external auditors, the Group Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as well as other board members and invitees as considered appropriate by the committee's chairman.

ARCom's charter provides for confidential meetings between committee members and the internal and external auditors without executive management being present. The internal and external auditors have unrestricted access to the committee.

ROLE AND RESPONSIBILITIES

ARCom's duties and responsibilities are a combination of statutory and oversight duties to ensure the effectiveness of the internal and external assurance providers, risk management process, information technology (IT), compliance and finance functions.

It also assists the board in discharging its responsibilities to ensure that proper accounting records are maintained, oversees the financial reporting process and ensures compliance with accounting policies, group policies, legal requirements and internal controls.

EXTERNAL AUDIT

ARCom performed the following functions in relation to the external audit of the group:

- nominated and recommended to shareholders that Ernst & Young Inc. be appointed as independent external auditors for the company and its subsidiaries and the appointment of C Trollope as the independent designated auditor for the company for the financial year ended 31 December 2022 in compliance with the Companies Act and the Listings Requirements;
- received confirmation from the external auditors that they are independent of the group and is satisfied that the external auditors are independent of the group;
- determined the fees to be paid to the auditors and set out the auditors' terms of engagement;
- determined the nature and extent of any non-audit services that the auditors may provide to the group, or that the auditor must not provide to the group; and
- pre-approved any proposed agreement with the auditors for the provision of non-audit services to the group.

INTERNAL CONTROL

The board and leadership committees are ultimately responsible for overseeing the establishment of effective internal control systems to provide reasonable assurance that the group's financial and non-financial objectives are achieved.

Internal controls are implemented through the proper delegation of responsibility within a clearly defined approval framework, accounting procedures and adequate segregation of duties. The group's internal accounting controls and systems are designed to provide reasonable assurance as to the integrity of the group's financial statements and to safeguard, verify and maintain accountability for all its assets.

The internal audit department monitors the operation of the internal controls and systems and reports their findings and recommendations to management and the committee.

Corrective action is taken by management to address control deficiencies and improve systems where opportunities are identified.

The internal control and risk management process is ongoing and was considered effective at the date of approval of the annual financial statements.

INTERNAL FINANCIAL CONTROL ATTESTATION

ADvTECH continues to maintain a strong risk management culture and has implemented adequate and effective internal financial controls to ensure the integrity and reliability of the financial statements. These internal financial controls safeguard, verify and maintain accountability of ADvTECH's assets, are based on established policies and procedures and are implemented by trained and skilled personnel whose duties are duly segregated. Adherence with the implemented internal controls is monitored continuously by the ARCom.

The CEO and CFO have reviewed the controls over financial reporting, and presented their findings to the ARCom.

During the current financial year management identified no significant deficiencies in internal control over financial reporting of the controls evaluated throughout the year which address significant and high-risk areas.

The CEO and CFOs evaluation of controls included:

- The identification and classification of risks including the determination of materiality.
- Testing the design and determining the implementation of controls addressing significant and high-risk areas.
- Utilising internal audit to test the operating effectiveness of controls addressing high-risk areas.
- Obtaining control declarations from divisional managers on the operating effectiveness of all controls on an annual basis.

Continuous improvements in controls is an ongoing process and improvements and enhancements will be implemented in stages throughout the coming year.

The ARCom noted the CEO and CFO final attestation and concluded that ADvTECH's internal financial controls can be relied upon as a reasonable basis for the preparation of the annual financial statements.

ANNUAL INTEGRATED REPORT 2022

ARCom will evaluate the annual integrated report for the year ended 31 December 2022 and will ensure it is satisfied that it complies in all material respects with the requirements of the Companies Act, the IIRC's International (IR) Framework, King Code, IFRS and the Listings Requirements.

INTERNAL AUDIT

The group's internal audit department has a specific mandate from the committee to independently appraise the adequacy and effectiveness of the group's internal controls, governance and risk management processes. The department, headed by the group internal audit manager, reports functionally to the chair of the committee and on an administrative basis to the CFO with direct access to the group CEO.

The internal audit coverage plan, which is subject to approval by the committee and updated annually, covers all major risk areas as identified and assessed by internal audit and the group's risk management process. This ensures that the audit coverage is focused on and identifies areas of high risk.

Internal audit provides an annual written assessment of the system of internal financial controls to the board and the committee. Nothing has come to the attention of the committee to indicate that any material breach of these controls has occurred during the year under review.

ACCOUNTING AND AUDITING

The directors are responsible for ensuring that the group maintains adequate records and reports on the financial position of the group and the results of activities with accuracy and reliability. Financial reporting procedures are applied at all levels in the group to meet this responsibility. The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with the requirements of the Companies Act and IFRS.

The external auditors, Ernst & Young Inc., were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors, executive leadership committees and committees of the board.

The external and internal auditors have unrestricted access to the committee to ensure that their independence is in no way impaired. At least once annually (but generally prior to every meeting), the committee chairman meets independently with representatives of the internal and external auditors. Time is also set aside at least once a year, but generally at the end of every meeting, for the committee to meet independently of executive management with representatives of the internal and external auditors.

FINANCE FUNCTION

The committee has considered and is satisfied with the continued appropriateness of the expertise and experience of CFO, JDR Oesch CA(SA), and the finance function.

REPORTING

The committee has discharged all its responsibilities and carried out all its functions as contained in its terms of reference and as required by the Companies Act. In particular, the committee:

- reviewed the interim and year-end financial statements (and press announcements) and recommended them for adoption by the board;
- approved the internal audit charter and audit plans;
- received and reviewed reports from internal auditors, which included commentary on the effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the board;
- received and reviewed S22 letter as required in terms of S22 of the JSE listings requirements from Ernst & Young Inc. and were satisfied with appointing them for the year ended 31 December 2022;
- reviewed and considered the key audit matters as identified by the external auditors and was satisfied with the treatment of those matters in the financial statements;

REPORTING CONTINUED

- reviewed the independence of the external auditors, Ernst & Young Inc., and will recommend them for reappointment as auditors for the 2023 financial year at the AGM, with C Trollope as the designated auditor;
- reviewed the external auditor's report;
- determined the terms of engagement of the external auditors and the fees to be paid;
- concluded that, with the rotation of the audit firm, mandated partner rotation and policies and procedures in force, the risk of familiarity between the external auditor and management is mitigated;
- determined the nature and extent of non-audit services that may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors;
- reviewed the effectiveness of the group's assurance processes with particular focus on combined assurance arrangements including the external assurance audit, internal audit and the finance function;
- received and dealt appropriately with complaints, from within or outside the group, relating to the accounting practices and internal controls of the group, to the content or auditing of its financial statements, the internal financial controls or any related matter, potential violations of the law and questionable accounting or auditing matters;
- recommended the payment of dividends to the board; and
- reviewed the IT strategy and IT architecture reports.

RISK FUNCTIONS

ARCom oversees the following risk functions:

- monitor and oversee the group's risk register, including the IT risk register and Rest of Africa risk register;
- monitor and assess the material risks as well as ensure the risk mitigation strategies are timeously actioned;
- oversee the development and annual review of policy and work plan for risk management for recommendation for approval by the board;
- make recommendations to the board concerning the levels of tolerance and risk appetite, and monitoring of risks to ensure these are managed within the levels of tolerance and appetite as approved by the board;
- monitor the regulatory environment as well as the macroeconomic environment; and
- evaluation of the effectiveness of the risk management process.

On behalf of the Audit and Risk Committee

KDM Warburton
Chairman: Audit and Risk Committee

20 March 2023

Directors' report

for the year ended 31 December 2022

Your directors have pleasure in presenting their report on the activities of the group and company for the year ended 31 December 2022.

NATURE OF BUSINESS

The ADvTECH group is one of the largest diversified education, training and placement groups in South Africa. ADvTECH Limited (registration number 1990/001119/06) is listed in the Consumer Services sector subsector Education Services of the JSE Limited (JSE) (JSE code: ADH and ISIN number: ZAE 0000 31035).

The schools' division offers quality pre-primary, primary and secondary education via face to face and online learning and the tertiary division offers quality education on diploma, degree and postgraduate levels via face to face, online and distance learning. The resourcing division is a significant force in the placement industry, particularly in the niche areas of IT, finance and engineering.

FINANCIAL RESULTS

The results for the year ended 31 December 2022 are set out herein.

STATED CAPITAL

The number of shares in issue during the year under review:

Number of shares in issue at 31 December 2021: 554 459 991
Number of shares in issue at 31 December 2022: 554 459 991

There were no repurchases of shares in the company by the group during the year. All shares are fully paid up and none are encumbered.

DECLARATION OF FINAL DIVIDEND NO. 25

Following a period of significant investment, the group continues to benefit from these investment returns. With a sound balance sheet and significantly reduced net borrowings, the trend of strong growth and cash generation is expected to continue which has given the board confidence to continue the declaring of dividend payments.

Therefore, the board is pleased to announce a final gross dividend declaration of 37.0 cents (2021: 31.0 cents) per ordinary share in respect of the year ended 31 December 2022.

This brings the full year dividend to 60.0 cents (2021: 50.0 cents) per share. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend taxation (DT) rate is 20%. The net amount per share payable to shareholders, who are not exempt from DT, is 29.6 cents per share, while net amount per share is 37.0 cents for those shareholders who are exempt from DT.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance between the date of the statement of financial position and the date on which these financial statements were authorised for issue that materially affects the results of the group and company for the year ended 31 December 2022 or the financial position at that date.

COMPLIANCE WITH THE KING CODE

ADvTECH Limited is listed on the Johannesburg Stock Exchange. The King IV Report on Corporate Governance™ for South Africa, 2016 ("the King code") is the primary corporate governance code in South Africa and is applicable to all types of entities.

The King code consists of a set of voluntary principles and leading practices with an 'apply and explain' disclosure regime. The Listings Requirements of the JSE requires listed companies to apply King IV paragraph 8.63(a)(i) which stipulates that issuers are required to disclose the implementation of the King code through the application of the King code disclosure and application regime.

The document that outlines how we have applied the principles and recommendations of the King code in this report, can be found on the website at www.advtech.co.za.

SPECIAL RESOLUTIONS ADOPTED BY THE COMPANY

The company passed the following special resolutions at the AGM of shareholders held on 26 May 2022:

- non-executive directors' fees for the period 1 July 2022 to 30 June 2023;
- authority to make loans or give financial assistance to subsidiaries and related or inter-related companies; and
- general authority to acquire the company's own shares.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions in terms of section 45 of the Companies Act, 71 of 2008, were passed by certain subsidiaries of the company with general authority to provide financial assistance to related and inter-related companies. No other special resolutions were passed by subsidiaries.

DIRECTORATE

The following changes to the board occurred:

- We welcome Daniel Smith, who was appointed as an alternate director to Monde Nkosi, to the board effective 1 October 2022; Stewart van Graan, who was appointed to the board effective 1 October 2022, and Alexandra Watson, who was appointed to the board effective 1 November 2022.
- Konehali Gugushe retired by rotation as non-executive director at the AGM held on 26 May 2022. She also stepped down from the TSEC committee as chair and member and as member of the Audit and Risk committee.

In accordance with the provisions of the company's Memorandum of Incorporation (MoI), one third of all non-executive directors will retire by rotation at the forthcoming AGM. SS Lazar, CB Thomson and MM Nkosi being eligible, have offered themselves for re-election. CB Boulle will also stand for re-election at the upcoming AGM, being eligible and having offered himself, due to him having reached his nine year tenure on the board.

INTERESTS OF DIRECTORS AND PRESCRIBED OFFICERS

As at 31 December 2022, the directors' and prescribed officers' beneficial direct and indirect interests in the issued share capital of the company were 2% (2021: 2%) in aggregate.

The interests of directors and prescribed officers are as follows:

	Beneficial				**Non-beneficial**			
	Direct		Indirect		Direct		Indirect	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Directors								
CH Boulle	**3 549**	3 549	**–**	–	**–**	–	**–**	–
JS Chimhanzi	**–**		**–**	–	**–**	–	**–**	–
RJ Douglas	**1 091 612**	735 408	**–**	–	**–**	–	**–**	–
SS Lazar	**–**	–	**–**	–	**–**	–	**–**	–
MM Nkosi	**–**	–					**27 921 348**	20 726 246
JDR Oesch	**2 411 217**	2 296 877	**–**	–	**–**	–	**56 312**	56 312
DL Smith (alternate director to M Nkosi)	**–**	–	**–**	–	**–**	–	**–**	–
CB Thomson	**–**	–	**19 340**	19 340	**–**	–	**–**	–
SW van Graan	**–**	–	**–**	–	**–**	–	**–**	–
A Watson	**–**	–	**–**	–	**–**	–	**–**	–
KDM Warburton	**–**	–	**–**	–	**–**	–	**–**	–
Prescribed Officers								
MD Aitken	**239 153**	135 251	**–**	–	**–**	–	**–**	–
FJ Coughlan*	**–**	162 560	**–**	–	**–**	–	**–**	4 000
DL Honey	**7 568 259**	7 401 038	**–**	–	**–**	–	**542 347**	342 347
LA Wiseman**	**360 823**	–	**–**	–	**–**	–	**–**	–
Totals	**11 674 613**	10 734 683	**19 340**	19 340	**–**	–	**28 520 007**	21 128 905

* *FJ Coughlan resigned on the 14 February 2022.*
** *LA Wiseman was appointed as a prescribed officer from 1 March 2022.*

At the date of this financial report, none of the current directors or prescribed officers have acquired or disposed of any of the shares held by them as at 31 December 2022.

DISPOSALS

During the year under review, the group disposed of its 51% interest in subsidiaries making up the Contract Accountants Group.

Further details on this disposal are detailed in note 37 of the annual financial statements.

AUDITORS

Ernst & Young Inc., under the management of the lead independent external auditor C Trollope, have been appointed as auditors of the company and its subsidiaries during the year under review.

The Audit and Risk Committee has nominated Ernst & Young Inc. for re-appointment as auditors of the group and, at the AGM, shareholders will be requested to re-appoint them as the independent external auditors of the company and its subsidiaries for the 2023 financial year, and to confirm C Trollope as the lead independent external auditor.

COMPANY SECRETARY

The company secretary is CB Crouse and her address, as well as the address of the registered office of the company, is:

Business address: ADvTECH House, Inanda Greens Office Park,
54 Wierda Road West, Wierda Valley,
Sandton, 2196
Postal address: PO Box 2369, Randburg, 2125
Email address: groupsec@advtech.co.za

Consolidated statement of profit or loss

for the year ended 31 December 2022

	Notes	**Audited 2022 R'm**	Audited 2021 R'm
Revenue from contracts with customers	4	**6 960.6**	5 917.2
Placement costs		**(1 108.7)**	(777.3)
Staff costs	5	**(2 601.0)**	(2 417.8)
Rent and occupancy costs		**(303.5)**	(301.4)
Net credit losses	20	**(257.1)**	(117.3)
Share of profit from joint venture	18	**1.3**	0.8
Other operating expenses		**(1 013.4)**	(881.4)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**1 678.2**	1 422.8
Depreciation and amortisation	5	**(345.7)**	(314.5)
Operating profit before interest and non-trading items		**1 332.5**	1 108.3
Non-trading items		**14.3**	12.2
Profit on disposal of property, plant and equipment		**11.4**	11.3
Profit on right-of-use assets from early termination of leases		**–**	0.4
Corporate action (costs)/income		**(0.2)**	0.5
Profit on disposal of subsidiaries	37	**3.1**	–
Operating profit before interest	5	**1 346.8**	1 120.5
Net finance costs		**(172.6)**	(161.4)
Interest earned	6.1	**7.4**	7.7
Finance costs incurred	6.2	**(84.0)**	(102.1)
Finance costs on lease liabilities	6.3	**(96.0)**	(67.0)
Profit before taxation		**1 174.2**	959.1
Taxation	7	**(332.3)**	(279.7)
Profit for the year		**841.9**	679.4
Profit for the year attributable to:			
Owners of the parent		**805.4**	664.9
Non-controlling interests		**36.5**	14.5
		841.9	679.4
Earnings per share			
Basic (cents)	8	**148.6**	123.1
Diluted (cents)	8	**147.1**	121.8

Consolidated statement of other comprehensive income

for the year ended 31 December 2022

	Audited 2022 R'm	Audited 2021 R'm
Profit for the year	**841.9**	679.4
Other comprehensive income, net of income taxation		
Items that may be reclassified subsequently to profit or loss		
Exchange (loss)/gain on translating foreign operations	**(11.1)**	30.1
Total comprehensive income for the year	**830.8**	709.5
Total comprehensive income for the year attributable to:		
Owners of the parent	**792.4**	693.3
Non-controlling interests	**38.4**	16.2
	830.8	709.5

Consolidated statement of financial position

as at 31 December 2022

	Notes	**Audited 2022 R'm**	Audited 2021 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	12	**5 527.6**	5 035.0
Proprietary technology systems	13	**110.6**	111.2
Right-of-use assets	14	**769.4**	612.4
Goodwill	15	**1 454.4**	1 461.2
Other intangible assets	16	**145.3**	156.0
Deferred taxation assets	17	**45.3**	53.8
Investment in joint venture	18	**9.2**	7.9
		8 061.8	7 437.5
Current assets			
Inventories	19	**7.0**	10.4
Trade and other receivables	20	**421.4**	293.4
Taxation		**26.1**	36.3
Prepayments		**40.7**	35.8
Cash and cash equivalents	21	**355.1**	245.0
		850.3	620.9
Non-current assets held for sale	22	**15.5**	8.6
Total assets		**8 927.6**	8 067.0
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	23	**1 601.5**	1 601.5
Shares held by the group (treasury shares)		**(79.2)**	(135.3)
Net stated capital		**1 522.3**	1 466.2
Share incentive reserve		**70.5**	141.3
Foreign currency translation reserve		**37.2**	48.3
Retained earnings		**3 275.6**	2 721.5
Equity attributable to owners of the parent		**4 905.6**	4 377.3
Non-controlling interests		**45.6**	31.8
Total equity		**4 951.2**	4 409.1
Non-current liabilities			
Long-term bank loan	26	**600.0**	600.0
Deferred taxation liabilities	17	**127.4**	152.1
Lease liabilities	31	**766.3**	591.9
Acquisition liabilities	29	**49.2**	48.3
		1 542.9	1 392.3
Current liabilities			
Current portion of long-term bank loan	26	**0.1**	600.0
Short-term bank loans	27	**1 145.5**	591.4
Current portion of lease liabilities	31	**186.4**	165.8
Trade and other payables	28	**636.4**	538.6
Current portion of acquisition liabilities	29	**9.1**	7.3
Fees received in advance and deposits	30	**453.6**	360.1
Shareholders for capital distribution		**0.8**	0.8
Shareholders for dividend		**1.6**	1.6
		2 433.5	2 265.6
Total equity and liabilities		**8 927.6**	8 067.0

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Notes	Stated capital R'm	Share incentive reserve R'm	Foreign currency translation reserve R'm	Shares held by the group (treasury shares) R'm	Retained earnings R'm	**Equity attributable to owners of the parent R'm**	Non-controlling interests R'm	**Total equity R'm**
Balance at 1 January 2021		1 566.3	83.5	18.2	(104.2)	2 274.9	**3 838.7**	29.1	**3 867.8**
Total comprehensive income for the year				30.1		664.9	**695.0**	14.5	**709.5**
Profit for the year						664.9	**664.9**	14.5	**679.4**
Other comprehensive income for the year				30.1			**30.1**		**30.1**
Dividends declared to shareholders	11					(215.0)	**(215.0)**	(8.9)	**(223.9)**
Share-based payment expense	5 & 24		0.9				**0.9**		**0.9**
Share award expense under the management share incentive schemes	5 & 25		51.5				**51.5**		**51.5**
Taxation effect of shares awarded under the management share incentive schemes					(0.1)		**(0.1)**		**(0.1)**
Shares issued for the management share incentive schemes	23	35.3			(35.3)		**–**		**–**
Share issue costs	23	(0.1)					**(0.1)**		**(0.1)**
Share options exercised			5.4		4.3		**9.7**		**9.7**
Acquisition of additional shares in subsidiaries						(3.3)	**(3.3)**	(2.9)	**(6.2)**
Balance at 31 December 2021		**1 601.5**	**141.3**	**48.3**	**(135.3)**	**2 721.5**	**4 377.3**	**31.8**	**4 409.1**
Total comprehensive income for the year				(11.1)		805.4	**794.3**	36.5	**830.8**
Profit for the year						805.4	**805.4**	36.5	**841.9**
Other comprehensive income for the year				(11.1)			**(11.1)**		**(11.1)**
Dividends declared to shareholders	11					(298.4)	**(298.4)**	(22.3)	**(320.7)**
Share-based payment expense	5 & 24		0.4				**0.4**		**0.4**
Share award expense under the management share incentive scheme	5 & 25		36.5				**36.5**		**36.5**
Taxation effect of shares awarded under the management share incentive scheme					(0.8)		**(0.8)**		**(0.8)**
Vesting of shares under the management share incentive scheme			(55.6)		55.6		**–**		**–**
Vesting of subsidiary share award			(6.9)				**(6.9)**		**(6.9)**
Share options exercised			2.7		1.3		**4.0**		**4.0**
Termination of share option scheme			(47.9)			47.9	**–**	–	**–**
Acquisition of additional shares in subsidiaries						(1.7)	**(1.7)**	1.7	**–**
Disposal of subsidiaries	37					0.9	**0.9**	(2.1)	**(1.2)**
Balance at 31 December 2022		**1 601.5**	**70.5**	**37.2**	**(79.2)**	**3 275.6**	**4 905.6**	**45.6**	**4 951.2**

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	**Audited 2022 R'm**	Audited 2021 R'm
Cash flows from operating activities			
Cash generated from operations	34.1	**1 713.8**	1 471.9
Movement in working capital	34.2	**52.4**	117.5
Cash generated by operating activities		**1 766.2**	1 589.4
Net finance costs		**(168.2)**	(157.9)
– interest received	6.1	**7.4**	7.7
– finance costs paid		**(74.0)**	(94.5)
– finance costs on lease liabilities	6.3	**(96.0)**	(67.0)
– borrowing costs capitalised to assets		**(5.6)**	(4.1)
Taxation paid	34.3	**(337.9)**	(309.3)
Dividends paid	34.4	**(320.7)**	(223.8)
Net cash inflow from operating activities		**939.4**	898.4
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	34.5	**(195.5)**	(146.0)
– to expand operations	34.6	**(509.4)**	(184.0)
Additions to proprietary technology systems	13	**(15.4)**	(12.7)
Proceeds on disposal of property, plant and equipment		**27.5**	38.8
Proceeds on disposal of subsidiaries		**2.9**	–
Dividend received from joint venture		**–**	1.0
Net cash outflow from investing activities		**(689.9)**	(302.9)
Cash flows from financing activities			
Settlement of non-current bank loan	26	**(600.0)**	(600.0)
Settlement of current bank loans	27	**(590.0)**	(441.2)
Drawdowns of current bank loans	27	**1 140.0**	590.0
Repayment of lease liabilities		**(98.2)**	(94.0)
Cash received on exercise of share options		**4.0**	9.7
Acquisition of additional shares in subsidiaries		**–**	(8.4)
Shares issued to non-controlling interest		**–**	1.7
Net cash outflow from financing activities		**(144.2)**	(542.2)
Net increase in cash and cash equivalents		**105.3**	53.3
Cash and cash equivalents at beginning of the year		**245.0**	181.7
Net foreign exchange difference on cash and cash equivalents		**4.8**	10.0
Cash and cash equivalents at end of the year	21	**355.1**	245.0

Consolidated segmental report

for the year ended 31 December 2022

	Percentage increase/ (decrease)	**Audited 2022 R'm**	Audited 2021 R'm
Revenue from contracts with customers	18%	**6 960.6**	5 917.2
Schools	15%	**2 825.8**	2 457.6
– South Africa	14%	**2 491.5**	2 189.6
– Rest of Africa	25%	**334.3**	268.0
Tertiary	12%	**2 727.6**	2 441.6
Resourcing	38%	**1 407.2**	1 018.0
– South Africa	11%	**252.2**	226.3
– Rest of Africa	46%	**1 155.0**	791.7
Staff costs*	8%	**2 601.0**	2 417.8
Schools	7%	**1 334.0**	1 246.4
– South Africa	6%	**1 185.2**	1 116.4
– Rest of Africa	14%	**148.8**	130.0
Tertiary	8%	**1 071.1**	994.7
Resourcing	11%	**195.9**	176.7
– South Africa	12%	**151.8**	135.5
– Rest of Africa	7%	**44.1**	41.2
Rent and occupancy costs*	1%	**303.5**	301.4
Schools	(6%)	**188.1**	199.5
– South Africa	(8%)	**173.9**	189.6
– Rest of Africa	43%	**14.2**	9.9
Tertiary	14%	**110.9**	97.5
Resourcing	2%	**4.5**	4.4
– South Africa	(6%)	**3.4**	3.6
– Rest of Africa	38%	**1.1**	0.8
Net credit losses*	119%	**257.1**	117.3
Schools	1211%	**24.9**	1.9
– South Africa	707%	**24.2**	3.0
– Rest of Africa	(164%)	**0.7**	(1.1)
Tertiary	102%	**230.5**	114.1
Resourcing	31%	**1.7**	1.3
– South Africa	(50%)	**0.6**	1.2
– Rest of Africa	1000%	**1.1**	0.1
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	18%	**1 678.2**	1 422.8
Schools	20%	**732.0**	608.5
– South Africa	16%	**635.2**	545.9
– Rest of Africa	55%	**96.8**	62.6
Tertiary	11%	**845.7**	763.0
Resourcing	96%	**100.5**	51.3
– South Africa	2%	**16.7**	16.4
– Rest of Africa	140%	**83.8**	34.9
Depreciation and amortisation	10%	**345.7**	314.5
Schools	13%	**167.9**	148.3
– South Africa	14%	**151.1**	133.1
– Rest of Africa	11%	**16.8**	15.2
Tertiary	8%	**165.8**	153.6
Resourcing	(5%)	**12.0**	12.6
– South Africa	(1%)	**10.3**	10.4
– Rest of Africa	(23%)	**1.7**	2.2

	Percentage increase/ (decrease)	**Audited 2022 R'm**	Audited 2021 R'm
Operating profit before interest and non-trading items	20%	**1 332.5**	1 108.3
Schools	23%	**564.1**	460.2
– South Africa	17%	**484.1**	412.8
– Rest of Africa	69%	**80.0**	47.4
Tertiary	12%	**679.9**	609.4
Resourcing	129%	**88.5**	38.7
– South Africa	7%	**6.4**	6.0
– Rest of Africa	151%	**82.1**	32.7
Property, plant and equipment, proprietary technology systems, right-of-use assets and non-current assets held for sale	11%	**6 423.1**	5 767.2
Schools	9%	**4 238.4**	3 874.3
– South Africa	9%	**3 773.9**	3 446.7
– Rest of Africa	9%	**464.5**	427.6
Tertiary	16%	**2 156.9**	1 861.7
Resourcing	(11%)	**27.8**	31.2
– South Africa	(17%)	**24.5**	29.6
– Rest of Africa	106%	**3.3**	1.6
Current assets	37%	**850.3**	620.9
Schools	14%	**298.9**	262.0
– South Africa	5%	**171.6**	163.6
– Rest of Africa	29%	**127.3**	98.4
Tertiary	70%	**357.2**	209.8
Resourcing	30%	**194.2**	149.1
– South Africa	(16%)	**31.6**	37.7
– Rest of Africa	46%	**162.6**	111.4
Total liabilities	9%	**3 976.4**	3 657.9
Schools	10%	**2 716.0**	2 470.0
– South Africa	11%	**2 381.8**	2 152.4
– Rest of Africa	5%	**334.2**	317.6
Tertiary	7%	**1 148.1**	1 076.6
Resourcing	1%	**112.3**	111.3
– South Africa	(19%)	**52.3**	64.6
– Rest of Africa	28%	**60.0**	46.7
Capital expenditure	109%	**725.9**	346.8
Schools	80%	**401.3**	222.5
– South Africa	66%	**335.7**	201.8
– Rest of Africa	217%	**65.6**	20.7
Tertiary	161%	**318.7**	122.0
Resourcing	157%	**5.9**	2.3
– South Africa	200%	**4.8**	1.6
– Rest of Africa	57%	**1.1**	0.7

* *In order to improve disclosure, material expense items are shown on a segmental basis. The prior year has also been presented on this basis.*

Notes to the consolidated financial statements

for the year ended 31 December 2022

1. General information

ADvTECH Limited is a limited company incorporated in South Africa.

The principal business activities are the provision of education, training and staff placement in South Africa and other African countries.

2. Adoption of revised standards

During the current year, the group adopted the following amendments to standards which are effective for annual reporting periods beginning on or after 1 January 2022:

- *IFRS 3: Business Combinations: Reference to the Conceptual Framework:* The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date;
- *IFRS 9: Financial Instruments: Annual improvements to IFRS Standards 2018 – 2020:* The amendment clarifies which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognise a financial liability;
- *IAS 16: Property, Plant and Equipment: Proceeds before intended use:* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items in profit or loss; and
- *IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts:* The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

These amendments to standards, which became effective in the year ended 31 December 2022, were assessed for applicability to the group and management concluded that they were not applicable to the business of the group and consequently have had no material impact.

3. Significant accounting policies

The accounting policies below apply to the consolidated and separate financial statements (hereafter referred to as the financial statements).

3.1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements and with International Financial Reporting Standards (IFRSs) including interpretations of such standards issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council as well as the requirements of the Companies Act of South Africa.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for assets and liabilities indicated as measured subsequently at fair value.

The principal accounting policies adopted are set out below. Except as noted in note 2, these were consistently applied in the previous year.

3.3 Segmental reporting

The group's operating segments are determined by reference to the level of operating results regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated and for which discrete financial information is available. Operating segments which exhibit similar long-term financial performance and have similar economic characteristics are amalgamated.

The revenue earned by the schools and tertiary segments are derived from educational services and that of the resourcing segment from placement fees. The major sources of revenue are earned within South Africa. Revenue earned outside South Africa has been attributed to the Rest of Africa segments for both schools and resourcing.

Interest received, finance costs and taxation are assessed by the chief operating decision maker at a total group level and not considered separately at a segmental level.

Intra-group transactions are conducted at an arms-length basis.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Where an acquisition is achieved through a purchase of shares in a company, control is usually achieved when the shares are transferred into the name of the company. Where an acquisition is achieved through the purchase of assets, control is achieved either when all conditions precedent have been met or when the transfer of the land and buildings has been achieved.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and statement of other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

3.4 Basis of consolidation *(continued)*

Profit or loss and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

3.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except for deferred taxation assets or liabilities that are recognised and measured in accordance with IAS 12 *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary or a joint venture represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or joint venture recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is assessed at each statement of financial position date for impairment.

3.7 Joint arrangement

A joint arrangement is a company over which the group exercises joint control. Joint control involves the contractually agreed sharing of control. Joint arrangements are classified as joint ventures when the parties that have joint control have rights to the net assets of the arrangements.

The equity method of accounting is applied in the consolidated financial statements, in relation to joint ventures. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became jointly controlling parties and up to the effective dates of disposal. In the event of a joint venture making a loss, the group recognises the losses to the extent of the group's exposure.

3.8 Revenue recognition

The group recognises revenue from the following major sources:

- Revenue from tuition fees;
- Revenue from placement fees;
- Interest income; and
- Dividend income (as recognised in the company financial statements).

Revenue is measured based on the transaction price specified in a contract with a customer. The group recognises revenue when it transfers control of a product or service to a customer.

3.8 Revenue recognition *(continued)*

3.8.1 Revenue from tuition fees

The group provides education services to students at schools as well as tertiary institutions. Such services include tuition, aftercare and boarding. At times, a student qualifies for a bursary or discount. The consideration (the gross amount less any bursaries and discounts awarded) for these services are recognised on a straight-line basis over the period that the service is to be rendered. Payment for these services are received either upfront, quarterly or monthly. The upfront payments give rise to fees received in advance (contract liability) which is realised over the period in which the services are delivered.

The non-refundable enrolment fees are received to perform an administrative task. The promised service is the delivery of education. Therefore, the enrolment fees have been deferred to the period over which the education services are performed and are included with fees received in advance.

For the sale of books and educational material, revenue is recognised when control of the goods has transferred which happens when the goods are handed to the customer. Payment of the transaction price is due immediately when the student purchases the goods.

3.8.2 Revenue from placement fees

The group provides recruitment services to a range of businesses. Revenue from placement fees is recognised as and when the services are rendered and candidates are successfully placed.

In certain transactions, where the group acts as an agent, revenue is recorded net of related costs.

Some placement contracts have an attributable cost (being the contractor fees paid to contractors employed by the group but placed at clients) that is directly incurred in the performance of the contract. These costs are recognised as placement costs.

3.8.3 Interest income and dividend income

Interest income is accrued on a time basis, by reference to the principal amount outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments are recognised when the shareholders' rights to receive payment have been established.

3.9 Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments; and
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed as a result of an extension, termination or purchase option in the lease;
- The lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation is recorded from the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

3.10 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in currency units, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group and individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the period.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.11 Borrowing costs

Borrowing costs that are not capitalised to property, plant and equipment or proprietary technology systems are recognised in profit or loss in the period in which they are incurred.

3.12 Retirement benefit costs

The group operates pension and provident funds to which employees from certain defined divisions belong. Both funds are defined contribution plans.

These plans are governed by the Pension Fund Act of 1956.

Current contributions to the pension and provident funds are expensed when they become payable.

3.13 Share-based payments

The group issued equity-settled share-based payments to certain employees under the share option scheme. These equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period with a corresponding movement in the share reserve, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value is measured using the Bermudan Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The group also issues equity-settled share-based payments to certain employees under the Management Share Incentive (MSI) scheme. These equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period with a corresponding movement in the share reserve, based on the group's estimate of the shares that will eventually vest. The number of shares that will eventually vest fluctuates based on performance against pre-defined performance targets, which does not include market related vesting conditions.

3.14 Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation base used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.14 Taxation *(continued)*

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the statement of financial position date. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

3.15 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year, net of shares repurchased and the group's interest in its own ordinary shares.

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue, net of shares repurchased, is adjusted for the dilutive effect of potential ordinary shares. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease basic earnings per share.

Headline earnings per share, normalised earnings per share and non-trading items

The presentation of headline earnings per share is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 1/2021 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

Normalised earnings is a non-IFRS measure which is included to provide an additional basis on which to measure the group's normalised earnings performance. It excludes the impact of certain operational income and expense items that are not from the day-to-day operations of the business. In the current year this includes the profit arising on the disposal of subsidiaries, legal and other corporate action costs and the impact of the remeasurement of deferred tax as a result of the reduction of the South African company's taxation rate. In prior years this included a gain made on adjustment of the purchase price of a prior year acquisition.

Management considers the adjustments made for headline and normalised earnings as important items for shareholders to be aware of when comparing operating profit between years. The adjustments made for headline and normalised earnings (before any tax adjustments made in these measures) combined are identified as non-trading items. These before tax items form part of operating profit. However, for comparative purposes management also presents operating profit before these non-trading items so that shareholders are able to get a better understanding of the operating profit that is considered to be recurring in nature.

Free operating cash flow before capex

Free operating cash flow before capex is calculated by subtracting non-cash items, repayment of lease liabilities net of taxation, and movement in working capital from profit for the year. This is a non-IFRS measure.

Free operating cash flow before capex per share

Free operating cash flow before capex per share is calculated by dividing free operating cash flow before capex by the weighted average number of ordinary shares in issue during the year, net of shares repurchased and the group's interest in its own ordinary shares.

3.16 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Additions to land and buildings are recognised based on the stage of completion of the construction project. Land and work in progress assets are not depreciated. Depreciation is calculated on the straight-line basis at rates that will reduce the cost of the assets to their estimated residual values over their expected useful lives. The depreciation is recognised in profit or loss.

The annual rates for this purpose are:

Buildings	1% (The rate for astroturfs included in this category is 6.67%)
Computer equipment	25%
Computer software	33.3%
Furniture, fittings and equipment	10% – 20%
Motor vehicles	20%
Video equipment	33.3%
Leasehold improvements	Period of lease

The useful life, residual value and depreciation methods of property, plant and equipment are reviewed on an annual basis and no adjustments were required to be made to these estimates.

Items of property, plant and equipment are derecognised on disposal or when they have reached the end of their useful lives and no further economic benefits are expected to be obtained from them.

Borrowing costs incurred relating to the development of buildings and proprietary technology systems are capitalised and included in the cost of these assets until completion, less any identified impairment losses. The capitalisation rate used to determine the borrowing cost capitalised is the prevailing average borrowing rate. Depreciation of these assets, on the same basis as other buildings and proprietary technology systems, commences when the assets are ready for their intended use.

3.17 Intangible assets

Intangible assets consist of proprietary technology systems (which is internally developed) and customer bases and brand values (which are usually acquired). Proprietary technology systems are disclosed separately from other intangible assets.

Intangible assets are reported at cost or fair value (if acquired) less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over the estimated useful lives and is recognised in profit or loss. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis and there were no adjustments required to be made in the current year.

Due to their nature, certain brand values have been identified as having an indefinite useful life on the basis that there is no foreseeable end to the period over which the asset will generate economic benefits. The key factor in assessing the useful life as indefinite is the reputation of a school which increases over time as it becomes entrenched in its community.

3.18 Impairment of tangible and intangible assets, excluding goodwill

At each statement of financial position date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount (which is the higher of the value in use or the fair value less costs to sell) of the asset is estimated in order to determine the extent of the impairment loss if any. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

3.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventory balances at year-end consist primarily of books. These are carried as inventory and expensed when provided to students.

3.20 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost and comprise cash on hand net of outstanding bank overdrafts and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.21 Share purchases

The ADvTECH Limited Share Incentive Trust, The Independent Institute of Education Proprietary Limited and ADvTECH Resourcing Proprietary Limited hold shares in the company to be used for the settlement of their obligations under their share incentive schemes. Shares held by the group are disclosed separately as treasury shares.

3.22 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3.22.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

3.22.1.1 Classification of financial assets

Financial assets are classified as subsequently measured at amortised cost as:

- the financial asset is held by the group whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

3.22.1.2 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

3.22 Financial instruments *(continued)*

3.22.1 Financial assets *(continued)*

3.22.1.2 Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognised in profit or loss and is included in the 'interest earned' line item.

3.22.1.3 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in profit or loss and disclosed in note 5 in the line items 'foreign exchange gains' and 'foreign exchange losses'.

3.22.1.4 Impairment of financial assets

The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The group recognises lifetime ECL for trade receivables using the simplified approach. The ECL on these financial assets is estimated using a provision calculation based on the group's historical credit loss experience as well as relevant forward looking such as the operational environment affecting the education and recruitment industries as described in note 20.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Based on the above, the group has a credit risk grading framework against which financial assets are assessed for ECL. The current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Trade receivables: Education institutions		
Performing	The counterparty has a low risk of default as the student is still in attendance and regular payments are received.	Lifetime ECL – not credit-impaired
In default	• Amount is greater than 30 days past due and the student is no longer in attendance but payments are still being received; or • The student is still in attendance but regular payments are not received.	Lifetime ECL – credit-impaired
Write-off	The student is no longer in attendance and no payments are being received.	Amount is written off
Trade receivables: Resourcing		
Performing & overdue	The counterparty has a low risk of default. Amounts could be greater than 30 days but default is not expected.	Lifetime ECL – not credit-impaired
In default	Legal credit collection steps have been instituted and there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off
Other financial assets and company receivables		
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 months ECL
Overdue	Amount is greater than 30 days past due and/or there has not been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is greater than 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The group considers that a default event on a financial asset has occurred prior to the aging reaching 90 days and, hence, the 90 day presumption is not applicable.

3.22 Financial instruments *(continued)*

3.22.1 Financial assets *(continued)*

3.22.1.5 Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations, namely the education and recruitment industries.

3.22.1.6 Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full.

Irrespective of the above analysis, the group considers that default has occurred when the credit risk grading framework "In default" category is satisfied, unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3.22.1.7 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3.22.1.8 Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. For educational trade receivables factors that indicate that there is no realistic prospect of recovering the debt include payment patterns, e.g., irregular payments, as well as whether the student is still attending classes. For resourcing trade receivables factors that indicate that there is no realistic prospect of recovery include when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Another indicator is when the credit risk grading framework "write-off" category is satisfied. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.22.1.9 Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The group recognises an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.22.1.10 Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.22 Financial instruments *(continued)*

3.22.2 Financial liabilities and equity instruments

3.22.2.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.22.2.2 Equity instruments

An equity instrument in the group consists of stated capital and share based payment instruments. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

3.22.2.3 Financial liabilities

All financial liabilities currently held in the group and company are subsequently measured at amortised cost using the effective interest method.

3.22.2.3a Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3.22.2.3b Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss in note 5 in the line items 'foreign exchange gains' and 'foreign exchange losses'.

3.22.2.3c Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.23 Critical accounting judgements and key sources of estimation uncertainty

Impairment of assets

An assessment of impairment at a cash-generating unit level for tangible and intangible assets, as well as individual assessments of goodwill and financial assets (including related provisions), is performed at the end of each reporting period.

The critical estimates used in individual impairment assessments of assets are the factors relating to the technical, economic and business circumstances which affect the inputs applied in determining the recoverable amount of the respective assets. Refer to notes 15 and 16.

Expected credit loss allowance

An assessment of impairment of trade receivables is performed at the end of each reporting period based on various factors as disclosed in note 20. Management judgement is required on estimating such information.

Useful lives and residual values of property, plant and equipment and intangible assets

Management judgement and assumptions are necessary in estimating the methods of depreciation/amortisation, useful lives and residual values of property, plant and equipment and intangible assets. The group reassesses the estimated useful lives and residual values of components of property, plant and equipment and intangible assets on an ongoing basis and makes appropriate changes as and when necessary. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the group expects to consume the future economic benefits embodied in the intangible asset.

3.24 Standards not yet effective

At the date of the authorisation of these financial statements, the following standards were in issue but not yet effective:

IFRS 16	*Leases:* Lease Liability in a Sale and Leaseback: The narrow-scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.	Annual period beginning on or after 1 January 2024
IAS 1	*Presentation of Financial Statements:* Classification of liabilities as current or non-current: narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	Annual period beginning on or after 1 January 2024
IAS 1	*Presentation of Financial Statements:* Disclosure of accounting policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	Annual period beginning on or after 1 January 2023
IAS 1	*Presentation of Financial Statements:* Non-current liabilities with Covenants: The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	Annual period beginning on or after 1 January 2024
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of accounting estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	Annual period beginning on or after 1 January 2023
IAS 12	*Income Taxes:* Deferred tax related to assets and liabilities arising from a single transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.	Annual period beginning on or after 1 January 2023

The group intends to adopt the above standards at the start of the financial period following the effective date. None of the standards that have been published, but not yet effective, are expected to have a significant impact on the amounts recorded in the financial statements.

	Audited 2022 R'm	Audited 2021 R'm
4. Revenue from contracts with customers		
The group derives its revenue from the transfer of services in the following major income streams. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see consolidated segmental report):		
Education services	**5 553.4**	4 899.2
Tuition – Schools	**2 866.3**	2 528.1
Tuition – Tertiary	**2 747.2**	2 459.6
Bursaries and discounts	**(225.5)**	(223.4)
Net tuition fees	**5 388.0**	4 764.3
Boarding fees	**54.8**	35.9
Enrolment and application fees	**55.2**	54.8
Extramural activities and aftercare	**54.8**	43.4
Education material and uniforms	**0.6**	0.8
Placement fees	**1 407.2**	1 018.0
	6 960.6	5 917.2
Timing of revenue recognition		
Over time		
Net tuition fees, boarding fees, enrolment and application fees and extramural activities and aftercare	**5 552.8**	4 898.4
At a point in time		
Educational material and uniforms and placement fees	**1 407.8**	1 018.8
Total	**6 960.6**	5 917.2

5. Operating profit before interest

Operating profit before interest is stated after taking the following into account:

	Notes	Audited 2022 R'm	Audited 2021 R'm
Other operating expenses includes the following:			
Auditors' remuneration		**18.5**	13.5
– Current year audit fee		**18.3**	13.4
– Prior year under provision		**–**	0.1
– Other services		**0.2**	–
Foreign exchange gains		**(34.8)**	(15.9)
Foreign exchange losses		**2.0**	0.1
Professional fees		**46.2**	36.0
Net profit on disposal of property, plant and equipment		**(11.4)**	(11.7)
Profit on disposal of property, plant and equipment		**(11.4)**	(11.3)
Profit on right-of-use assets from early termination of leases		**–**	(0.4)
Profit on disposal of subsidiaries		**(3.1)**	–
Depreciation and amortisation includes the following:			
Amortisation		**23.6**	18.8
– Proprietary technology systems	13	**16.0**	10.6
– Intangible assets	16	**7.6**	8.2
Depreciation – property, plant and equipment	12	**184.4**	179.3
– Buildings		**26.1**	17.2
– Computer equipment		**55.4**	64.4
– Computer software		**1.4**	2.0
– Furniture, fittings and equipment		**54.8**	47.7
– Motor vehicles		**4.6**	6.3
– Video equipment		**5.9**	4.7
– Leasehold improvements		**36.2**	37.0
Depreciation – right-of-use assets	14	**137.7**	116.4
Total depreciation and amortisation		**345.7**	314.5
Rent and occupancy costs includes the following:			
Lease charges		**50.4**	69.7
– Expense related to short term leases		**28.5**	46.8
– Expense relating to variable lease payments not included in the measurement of lease liabilities		**20.0**	20.2
– Expense related to low value assets		**1.9**	2.7
Rental income		**(30.4)**	(27.1)
Directors' emoluments		**13.0**	20.3
– For services as directors	35	**3.8**	4.1
– VAT on non-executive director fees	35	**0.4**	0.4
– For managerial and other services	35	**8.8**	15.8
Pension and provident fund contributions		**145.6**	137.2
Share-based payment expense	24	**0.4**	0.9
Management share incentive scheme expense (MSI)	25	**36.5**	51.5
Staff costs		**2 405.5**	2 207.9
Total staff costs		**2 601.0**	2 417.8

		Notes	Audited 2022 R'm	Audited 2021 R'm
6.	**Net finance costs**			
6.1	**Interest earned**			
	Call accounts		**3.7**	7.0
	Current accounts		**3.2**	0.4
	South African Revenue Service and other revenue authorities		**0.4**	0.2
	Other		**0.1**	0.1
			7.4	7.7
6.2	**Finance costs incurred**			
	Bank loans		**(75.9)**	(94.9)
	Bank loans facility fees		**(0.7)**	(2.1)
	Bank overdrafts		**(0.9)**	(0.6)
	South African Revenue Service and other revenue authorities		**(1.3)**	–
	Acquisition liabilities		**(4.7)**	(4.0)
	Other		**(0.5)**	(0.5)
			(84.0)	(102.1)
6.3	**Finance costs on lease liabilities**			
	Finance costs on lease liabilities	31	**(96.0)**	(67.0)
	Net finance costs		**(172.6)**	(161.4)
7.	**Taxation**			
7.1	**Taxation expense comprises**			
	Current taxation – current year		**348.5**	280.1
	Deferred taxation – current year	17	**(11.3)**	(0.3)
	– prior year over provision	17	**(0.7)**	(0.1)
	– remeasurement of deferred taxation due to rate change	17	**(4.2)**	–
	Total taxation expense		**332.3**	279.7
	Estimated taxation losses for the group carried forward at year-end were R259.4 million (2021: R305.6 million). A rand equivalent amount of R222.1 million (2021: R239.8 million) relates to Crawford International School in Kenya which had accelerated allowances relating to the construction of buildings allowing a taxation write-off over 2 years during the early years of construction.			
	Deferred taxation assets relating to taxation losses to the value of R5.0 million (2021: R5.2 million) have not been raised in the group.			
7.2	**Reconciliation of taxation**			
	Profit before taxation		**1 174.2**	959.1
	Taxation at 28%		**328.8**	268.5
	Foreign taxation effect		**(11.8)**	(7.0)
	Taxation at effective normal tax rate of 27% (2021: 27%)		**317.0**	261.5
	Permanent differences		**20.2**	18.3
	Disallowable expenditure – depreciation on buildings and amortisation of leasehold improvements		**11.9**	10.4
	Disallowable expenditure – legal, consulting and other		**2.9**	2.3
	Disallowable expenditure – foreign entities		**7.8**	6.3
	Exempt income*		**(2.4)**	(0.7)
	Deferred taxation – prior year over provision		**(0.7)**	(0.1)
	– remeasurement of deferred taxation due to rate change		**(4.2)**	–
	Taxation expense recognised in profit		**332.3**	279.7
	Effective taxation rate		**28.3%**	29.2%

* *The majority of the exempt income relates to equity accounted earnings, profit on disposal of subsidiaries and profit on disposal of property, plant and equipment in Kenya. (2021: equity accounted earnings).*

	Audited 2022 R'm	Audited 2021 R'm
8. Earnings per share		
The calculation of the weighted average number of shares for basic and diluted earnings per share, headline earnings per share and normalised earnings per share attributable to equity holders is based on the following data:		
Number of shares		
Weighted average number of shares ('m)	**554.5**	552.5
Less: Weighted average number of shares held by the group ('m)	**(12.4)**	(12.4)
Weighted average number of shares for purposes of basic earnings per share ('m)	**542.1**	540.1
Dilutive effect of share awards ('m)	**5.5**	5.8
Weighted average number of shares for purposes of diluted earnings per share ('m)	**547.6**	545.9
There are no share options (2021: 211 142) that are potentially dilutive but did not have an effect in the current year as the exercise price exceeded the market price.		
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**805.4**	664.9
Earnings per share		
Basic (cents)	**148.6**	123.1
Diluted (cents)	**147.1**	121.8

	Audited 2022 R'm		Audited 2021 R'm	
	Gross	**Net**	Gross	Net
9. Headline earnings per share				
Earnings				
Earnings for the purpose of basic and diluted earnings per share		**805.4**		664.9
Items excluded from headline earnings per share	**(14.5)**	**(11.3)**	(11.7)	(8.4)
Profit on disposal of property, plant and equipment	**(11.4)**	**(8.2)**	(11.3)	(8.0)
Profit on right-of-use assets from early termination of leases	**–**	**–**	(0.4)	(0.4)
Profit on disposal of subsidiaries	**(3.1)**	**(3.1)**	–	–
Earnings for the purpose of basic and diluted headline earnings per share		**794.1**		656.5
Headline earnings per share				
Basic (cents)		**146.5**		121.6
Diluted (cents)		**145.0**		120.3
10. Normalised earnings per share				
Earnings				
Earnings for the purpose of basic and diluted headline earnings per share		**794.1**		656.5
Items excluded from normalised earnings per share	**0.2**	**(4.0)**	(0.5)	(0.5)
Corporate action costs/(income)	**0.2**	**0.2**	(0.5)	(0.5)
Remeasurement of deferred taxation due to rate change	**–**	**(4.2)**	–	–
Earnings for the purpose of basic and diluted normalised earnings per share		**790.1**		656.0
Normalised earnings per share				
Basic (cents)		**145.7**		121.5
Diluted (cents)		**144.3**		120.2

	Audited 2022 R'm	Audited 2021 R'm
11. Dividends		
Final dividend No 23 paid on 19 April 2022: 31.0 cents per share (2021: 20.0 cents per share)	**171.9**	110.4
Interim dividend No 24 paid on 19 September 2022: 23.0 cents per share (2021: 19.0 cents per share)	**127.5**	105.3
Dividend attributable to shares held by the group	**(1.0)**	(0.7)
Dividends declared by subsidiaries to non-controlling interests	**22.3**	8.9
Total dividends	**320.7**	223.9
On 23 March 2023 the directors declared a dividend No 25 of 37.0 cents per share payable on 24 April 2023 to shareholders registered on the record date, being 21 April 2023.		
Analysis of dividends per share declared:		
Interim	**23.0**	19.0
Final	**37.0**	31.0
	60.0	50.0

12. Property, plant and equipment

2022	Cost					
	1 Jan 2022 R'm	Additions R'm	Disposals R'm	Disposal of subsidiary R'm	Foreign currency effect R'm	**31 Dec 2022 R'm**
Land and buildings	4 544.6	353.5	(13.0)	–	(9.0)	**4 876.1**
Computer equipment	403.0	83.9	(62.2)	(0.2)	(0.4)	**424.1**
Computer software	16.2	1.0	(1.5)	–	0.2	**15.9**
Furniture, fittings and equipment	377.8	86.1	(36.2)	(0.1)	(0.7)	**426.9**
Motor vehicles	57.7	3.7	(2.3)	–	(0.1)	**59.0**
Video equipment	18.4	8.8	(1.5)	–	(0.2)	**25.5**
Leasehold improvements	584.7	173.5	(2.2)	–	(0.6)	**755.4**
	6 002.4	710.5	(118.9)	(0.3)	(10.8)	**6 582.9**

	Accumulated depreciation and impairment					
	1 Jan 2022 R'm	Depreciation R'm	Disposals R'm	Disposal of subsidiary R'm	Foreign currency effect R'm	**31 Dec 2022 R'm**
Land and buildings	174.9	26.1	(1.3)	–	(0.3)	**199.4**
Computer equipment	303.7	55.4	(60.6)	(0.1)	(0.3)	**298.1**
Computer software	12.9	1.4	(1.5)	–	0.1	**12.9**
Furniture, fittings and equipment	228.3	54.8	(33.5)	(0.1)	(0.3)	**249.2**
Motor vehicles	48.2	4.6	(2.2)	–	(0.1)	**50.5**
Video equipment	11.4	5.9	(1.5)	–	(0.1)	**15.7**
Leasehold improvements	179.4	36.2	(1.6)	–	–	**214.0**
	958.8	184.4	(102.2)	(0.2)	(1.0)	**1 039.8**

12. Property, plant and equipment *(continued)*

	Note	Net book value 31 Dec 2022 R'm	Net book value 31 Dec 2021 R'm
Land and buildings		**4 676.7**	4 369.7
Computer equipment		**126.0**	99.3
Computer software		**3.0**	3.3
Furniture, fittings and equipment		**177.7**	149.5
Motor vehicles		**8.5**	9.5
Video equipment		**9.8**	7.0
Leasehold improvements		**541.4**	405.3
		5 543.1	5 043.6
Reclassified as non-current assets held for sale	22	**(15.5)**	(8.6)
Cost		**(15.5)**	(10.0)
Accumulated depreciation		**–**	1.4
		5 527.6	5 035.0

Included in land and buildings is an amount of R41.2 million (2021: R6.8 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R22.2 million (2021: R1.8 million) which relates to improvements that are still in progress.

The amount of borrowing costs capitalised to current year additions amounted to R5.6 million (2021: R1.5 million) at an average capitalisation rate of 6.6% (2021: 5.5%).

Although property, plant and equipment are held under the cost model, the group obtained an independent valuation of its fixed property during 2022. The valuation was conducted by the Quadrant Property Group, a group of independent sworn valuators. Their valuation based on present land use amounted to R6 563.7 million, a premium of R1 901.7 million or 41% over book value as at December 2022. The previous valuation conducted during 2019 valued the group's fixed property at R5 407.1 million. The fair value is determined using the present value of future cash flows and is level 3 on the fair value hierarchy. There were no material changes to information and assumptions used by the valuators.

Valuations are done on a triennial basis with the next valuation due in 2025.

Land and buildings having a net book value of R2 836.3 million (2021: R2 715.6 million) have been mortgaged as security for the banking facilities (refer to notes 26, 27 and 36).

12. Property, plant and equipment

(continued)

2021	Cost 1 Jan 2021 R'm	Additions R'm	Disposals R'm	Foreign currency effect R'm	Reallocations R'm	31 Dec 2021 R'm
Land and buildings	4 395.0	155.5	(24.4)	13.9	4.6	4 544.6
Computer equipment	411.7	52.7	(51.8)	0.8	(10.4)	403.0
Computer software	17.7	0.3	(2.1)	0.3	–	16.2
Furniture, fittings and equipment	328.9	59.8	(24.1)	1.2	12.0	377.8
Motor vehicles	63.7	2.0	(8.2)	0.2	–	57.7
Video equipment	12.6	7.0	(1.4)	0.2	–	18.4
Leasehold improvements	540.0	54.2	(4.4)	1.1	(6.2)	584.7
	5 769.6	331.5	(116.4)	17.7	–	6 002.4

	Accumulated depreciation and impairment 1 Jan 2021 R'm	Depreciation R'm	Disposals R'm	Foreign currency effect R'm	Reallocations R'm	31 Dec 2021 R'm
Land and buildings	155.6	17.2	(3.4)	1.1	4.4	174.9
Computer equipment	291.9	64.4	(51.1)	0.4	(1.9)	303.7
Computer software	12.9	2.0	(2.1)	0.1	–	12.9
Furniture, fittings and equipment	199.8	47.7	(21.7)	0.6	1.9	228.3
Motor vehicles	49.6	6.3	(7.8)	0.1	–	48.2
Video equipment	8.0	4.7	(1.4)	0.1	–	11.4
Leasehold improvements	148.1	37.0	(1.4)	0.1	(4.4)	179.4
	865.9	179.3	(88.9)	2.5	–	958.8

	Note	Net book value 31 Dec 2021 R'm	Net book value 31 Dec 2020 R'm
Land and buildings		4 369.7	4 239.4
Computer equipment		99.3	119.8
Computer software		3.3	4.8
Furniture, fittings and equipment		149.5	129.1
Motor vehicles		9.5	14.1
Video equipment		7.0	4.6
Leasehold improvements		405.3	391.9
		5 043.6	4 903.7
Reclassified as non-current assets held for sale	22	(8.6)	(48.8)
Cost		(10.0)	(51.9)
Accumulated depreciation		1.4	3.1
		5 035.0	4 854.9

	Audited 2022 R'm	Audited 2021 R'm
13. Proprietary technology systems		
Cost		
Balance at beginning of the year	**218.3**	203.0
Additions	**15.4**	15.3
Balance at end of the year	**233.7**	218.3
Accumulated amortisation		
Balance at beginning of the year	**107.1**	96.5
Amortisation expense	**16.0**	10.6
Balance at end of the year	**123.1**	107.1
Carrying amount		
At beginning of the year	**111.2**	106.5
At end of the year	**110.6**	111.2

The student academic management system for schools and tertiary forms the bulk of the amount above. Useful lives of between six and ten years are used in the calculation of amortisation on a straight-line basis.

Included in proprietary technology systems is an amount of R24.0 million (2021: R67.5 million) which relates to systems that are still under development.

The amount of borrowing costs capitalised to current year additions amounted to Rnil million (2021: R2.6 million at an average capitalisation rate of 5.5%).

14. Right-of-use assets

2022	Cost				
	1 Jan 2022 R'm	Foreign currency effect R'm	Additions and modifications R'm	Terminations R'm	**31 Dec 2022 R'm**
Land and buildings	930.4	(2.2)	299.2	(88.5)	**1 138.9**
Motor vehicles	1.4	–	–	–	**1.4**
	931.8	(2.2)	299.2	(88.5)	**1 140.3**

	Accumulated depreciation				
	1 Jan 2022 R'm	Foreign currency effect R'm	Depreciation R'm	Terminations R'm	**31 Dec 2022 R'm**
Land and buildings	318.5	(0.5)	137.4	(85.7)	**369.7**
Motor vehicles	0.9	–	0.3	–	**1.2**
	319.4	(0.5)	137.7	(85.7)	**370.9**

	Net book value	
	31 Dec 2022 R'm	31 Dec 2021 R'm
Land and buildings	**769.2**	611.9
Motor vehicles	**0.2**	0.5
	769.4	612.4

14. Right-of-use assets *(continued)*

The group leases several land and buildings from which it conducts its operations. The leases range from 1 year to 36 years depending on the type of operation. Additions in the current year mainly consist of renewed leases on land and buildings.

Approximately 18% (2021: 16%) of the leases for land and buildings expired in the current financial year. Where appropriate, the expired contracts were replaced by new leases for identical underlying assets. The maturity analysis of lease liabilities is presented in note 31.

Some of the property leases in which the group is the lessee contain variable lease payment terms that are linked to revenue generated from tuition fees and is used to reduce the fixed costs of those businesses. The amount of variable lease payments are disclosed in note 5.

Overall the variable payments constitute up to 10% (2021: 13%) of the group's entire lease payments. The reduction arose from the termination of one lease within the group which had variable payments. The group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years.

There are certain leases within the group which have extension clauses. Where it is reasonably certain that these will be exercised, the extension term has been included in the determination of the right-of-use assets.

The total cash outflow for leases amounted to R 244.6 million (2021: R 230.7 million).

As at 1 January 2023, the group entered into various leases, which had not commenced by the year-end and as a result, lease liabilities and right-of-use assets have not been recognised for these leases.

	Cost				
2021	1 Jan 2021 R'm	Foreign currency effect R'm	Additions R'm	Terminations R'm	31 Dec 2021 R'm
Land and buildings	734.4	4.7	284.1	(92.8)	930.4
Computer equipment	0.6	–	–	(0.6)	–
Motor vehicles	1.4	–	–	–	1.4
	736.4	4.7	284.1	(93.4)	931.8

	Accumulated depreciation				
	1 Jan 2021 R'm	Foreign currency effect R'm	Depreciation R'm	Terminations R'm	31 Dec 2021 R'm
Land and buildings	292.4	0.6	116.0	(90.5)	318.5
Computer equipment	0.5	–	0.1	(0.6)	–
Motor vehicles	0.6	–	0.3	–	0.9
	293.5	0.6	116.4	(91.1)	319.4

	Net book value	
	31 Dec 2021 R'm	31 Dec 2020 R'm
Land and buildings	611.9	442.0
Computer equipment	–	0.1
Motor vehicles	0.5	0.8
	612.4	442.9

	Note	Audited 2022 R'm	Audited 2021 R'm
15. Goodwill			
Cost			
Balance at beginning of the year		**1 461.2**	1 452.4
Disposal of subsidiaries	37	**(3.4)**	–
Foreign currency effect		**(3.4)**	8.8
Balance at end of the year		**1 454.4**	1 461.2

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of the cash-generating units (CGUs) are determined using value-in-use calculations taking into account estimated discount rates and growth rates. Goodwill is allocated to each CGU depending on the nature of the underlying business and the cash flows which support the recognition of the goodwill.

Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure. These are in line with the three year budgets which have been approved by the directors. The future cash flows are determined by taking the actual cash flow for the current year inflated by an expected growth rate for the CGU being considered. The future cash flows are supported by the underlying student numbers which are in line with expectations. Growth rates applied are determined based on past experience and industry trends relating to the CGU. Growth rates can fluctuate from year to year based on the assumptions used to determine these rates.

The discount rates present the current market assessment of the risks for each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations are derived from the weighted average cost of capital and takes into account both the cost of debt and the cost of equity. The cost of equity was arrived at by using the capital asset pricing model (CAPM) which, where necessary, takes into account an equity risk premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing borrowings the group is obliged to service.

The key assumptions used are as follows:

2022	**Goodwill**	**Indefinite life intangible assets**	**Period of projected cash flows**	**Applied growth rate**	**Terminal growth rate**	**Pre-taxation discount rate**	**Post-taxation discount rate**
Cash-generating unit	**R'm**	**R'm**	**Years**	**%**	**%**	**%**	**%**
Schools – South Africa	**1 095.0**	**84.6**	**5**	**7.0**	**6.0**	**15.90**	**13.57**
Schools – Rest of Africa*	**161.5**	**17.0**	**5**	**14.0**	**6.3**	**16.21**	**14.34**
Tertiary	**167.7**	**–**	**5**	**6.0**	**6.0**	**18.53**	**14.96**
Resourcing – South Africa	**4.3**	**–**	**5**	**6.0**	**6.0**	**23.37**	**16.90**
Resourcing – Rest of Africa	**25.9**	**–**	**5**	**6.0**	**6.3**	**20.63**	**18.86**
	1 454.4	**101.6**					

2021	Goodwill	Indefinite life intangible assets	Period of projected cash flows	Applied growth rate	Terminal growth rate	Pre-taxation discount rate	Post-taxation discount rate
Cash-generating unit	R'm	R'm	Years	%	%	%	%
Schools – South Africa	1 095.0	84.6	5	7.0	4.7	14.71	12.23
Schools – Rest of Africa*	165.6	17.4	5	14.0	5.0	15.39	13.00
Tertiary	167.7	–	5	6.0	4.7	17.41	13.74
Resourcing – South Africa	7.7	–	5	6.0	4.7	17.18	15.33
Resourcing – Rest of Africa	25.2	–	5	6.0	5.0	18.93	17.27
	1 461.2	102.0					

** Higher growth rates are used in the Schools – Rest of Africa CGU as these are new schools that will grow faster in the early years.*

15. Goodwill *(continued)*

Goodwill acquired is allocated to the group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination. The CGUs represent the lowest level within the group at which goodwill is monitored for internal management purposes. These CGUs are used for the purpose of performing the goodwill impairment calculations.

The estimated recoverable amounts of the CGUs exceeded their carrying value. Due to the headroom available, a 10% variation to management's cash flow estimates would not impact the result of the recoverable amount exceeding the carrying value. Management have used a reasonable possible variation of 10% in the determination of the sensitivity of the key inputs. On the discount rates, a 5% variation would not result in the recoverable amount falling below the carrying amount. These variations have been deemed reasonable based on management's analysis of the inputs and as such this provides relevant and sufficient guidance on the sensitivity of goodwill.

The directors were satisfied that there were no impairment adjustments required to goodwill and intangible assets.

16. Other intangible assets

	Notes	Customer bases R'm	Brand values R'm	**Total audited R'm**
Cost				
Balance at 1 January 2021		159.7	150.7	**310.4**
Foreign currency effect		1.1	0.9	**2.0**
Balance at 1 January 2022		160.8	151.6	**312.4**
Disposals		(1.9)	(0.3)	**(2.2)**
Foreign currency effect		(2.4)	(0.7)	**(3.1)**
At 31 December 2022		156.5	150.6	**307.1**
Accumulated amortisation and impairment				
Balance at 1 January 2021		103.4	44.8	**148.2**
Amortisation expense	5	7.2	1.0	**8.2**
Balance at 1 January 2022		110.6	45.8	**156.4**
Disposals		(1.9)	(0.3)	**(2.2)**
Amortisation expense	5	6.4	1.2	**7.6**
At 31 December 2022		115.1	46.7	**161.8**
Carrying amount				
As at 31 December 2021		50.2	105.8	**156.0**
As at 31 December 2022		41.4	103.9	**145.3**

The following useful lives are used in the calculation of amortisation on a straight-line basis:

	Total useful life	**Remaining useful life**
Customer bases	10 to 15 years	2 to 10 years
Brand values	5 to 10 years, indefinite life	4 years, indefinite life

The key factor in assessing the useful life as indefinite is the reputation of a school which increases over time and is evidenced by increasing student numbers as it becomes entrenched in its community. The value of a school brand would increase as the school builds its reputation. The brand value of various schools acquired having a carrying amount of R101.6 million (2021: R102.0 million) have an indefinite life. The appropriateness of the indefinite useful life is assessed annually. Refer to note 15 for details of the assumptions applied in assessing the indefinite useful life intangible assets for impairment.

	Audited 2022 R'm	Audited 2021 R'm
17. Deferred taxation		
Opening deferred taxation	**(98.3)**	(98.7)
	11.3	0.3
Current year temporary differences	**12.6**	(2.4)
Foreign currency effect	**(1.3)**	2.7
Prior year over provision	**0.7**	0.1
Remeasurement of deferred taxation due to rate change	**4.2**	–
Balance at end of the year	**(82.1)**	(98.3)
The deferred tax balance is disclosed as follows:		
Deferred taxation assets	**45.3**	53.8
Deferred taxation liabilities	**(127.4)**	(152.1)
	(82.1)	(98.3)

Deferred taxation assets of R71.9 million (2021: R85.8 million) relating to taxation losses were raised in businesses where it is probable (based on current performance and approved forecasts) that sufficient taxable profits will be available in future to utilise the taxation losses.

Deferred taxation assets relating to temporary differences (other than taxation losses) arising in profitable businesses are recognised as it is probable that sufficient taxable profits will be available in future to realise these assets.

	Audited 2022 R'm	Audited 2021 R'm
The balance comprises:		
Deferred and prepaid expenditure	**(5.8)**	(5.6)
Allowance for future expenditure (S24C)	**(95.8)**	(76.0)
Fees received in advance	**96.6**	76.7
Commercial building allowance	**(123.7)**	(111.7)
Allowance for doubtful debts	**71.6**	54.2
Leave pay accrual	**9.4**	9.5
Property, plant and equipment allowances	**(74.7)**	(77.3)
Estimated taxation losses carried forward	**71.9**	85.8
Net lease liabilities	**59.2**	41.2
Bonus provision	**27.2**	25.5
Management share incentive scheme awards (MSI)	**16.5**	15.0
Intangible assets	**(37.0)**	(38.0)
Fair value of land and buildings acquired through business combinations	**(97.5)**	(97.6)
	(82.1)	(98.3)
Deferred taxation accounted for in the statement of profit or loss:		
Deferred and prepaid expenditure	**(0.4)**	(2.0)
Allowance for future expenditure (S24C)	**(23.8)**	(7.3)
Fees received in advance	**23.5**	5.3
Commercial building allowance	**(16.6)**	(19.9)
Allowance for doubtful debts	**20.0**	(8.7)
Leave pay accrual	**0.2**	1.4
Other	**–**	(1.6)
Property, plant and equipment allowances	**5.9**	(7.6)
Movement in taxation losses	**(14.1)**	11.0
Net lease liabilities	**10.8**	7.5
Bonus provision	**2.7**	11.7
Management share incentive scheme awards (MSI)	**2.1**	7.8
Intangible assets	**0.8**	2.3
Fair value of land and buildings acquired through business combinations	**0.2**	0.4
	11.3	0.3

	Audited 2022 R'm	Audited 2021 R'm
18. Investment in joint venture		
Investment held at 1 January	**7.9**	8.0
Dividend received	**–**	(1.0)
Share of profit from joint venture	**1.3**	0.9
Investment 50% held at 31 December	**9.2**	7.9

The group holds a 50% interest in Star Schools Proprietary Limited (incorporated in South Africa), a company involved in matric re-writes and the supply of educational study guides, which is classified as a joint venture. The investment in the joint venture is accounted for using the equity accounting method.

	Audited 2022 R'm	Audited 2021 R'm
19. Inventories		
Books	**5.8**	8.8
Educational material and promotional items	**1.2**	1.6
	7.0	10.4
20. Trade and other receivables		
Amounts receivable for tuition fees	**760.0**	528.7
Amounts receivable for placement fees	**42.0**	36.1
Trade receivables	**802.0**	564.8
Loss allowance	**(437.5)**	(321.0)
	364.5	243.8
Deposits	**22.1**	17.6
Staff debtors	**1.4**	1.6
VAT refundable	**6.6**	5.1
Other receivables*	**26.8**	25.3
	421.4	293.4

* *The majority of other receivables is made up of rentals receivable and withholding tax credits.*

	Audited 2022 R'm	Audited 2021 R'm
Profit or loss impact		
Credit losses#	**257.1**	117.3

Includes the profit or loss impact of net bad debts written-off and the movement in the loss allowance.

The average credit period is 42 days (2021: 35 days). No interest is charged on outstanding trade receivables.

The group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). This assessment takes into consideration the aging of the debtor as well as whether the student is still in the educational institution or has left in order to determine the risk. The ECL on trade receivables are estimated using a provision calculation by reference to past default experience of the debtor category. Macro-economic factors that would impact the geographical areas where the entity operates are also considered. However, the effect of this is not likely to be material.

The group measures the loss allowance of other debtors at an amount equal to lifetime ECL. Other debtors are usually short term in nature and are written off when considered irrecoverable. The loss allowance applicable to other debtors is not considered significant.

The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. In the education institutions, debtors are considered in default when the account is more than 30 days overdue. However, these are written off only when the student is no longer in attendance and payments are not being received. In the resourcing division, debtors are written off when there is severe financial difficulty such as bankruptcy. Trade receivables that have been written off remain subject to enforcement activities.

The following table details the risk profile of trade receivables based on the group's provision calculation. As the group's historical credit loss experience does show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished between the group's different customer bases.

20. Trade and other receivables *(continued)*

Schools

	Performing	**In default**	**Total**	Performing	In default	Total
		2022			2021	
Gross carrying amount	**33.7**	**56.8**	**90.5**	29.2	52.6	81.8
Lifetime ECL	**(1.0)**	**(53.4)**	**(54.4)**	(0.9)	(45.7)	(46.6)
	32.7	**3.4**	**36.1**	28.3	6.9	35.2

Tertiary

	Performing	**In default**	**Total**	Performing	In default	Total
		2022			2021	
Gross carrying amount	**267.8**	**401.7**	**669.5**	116.1	330.8	446.9
Lifetime ECL	**(8.0)**	**(372.2)**	**(380.2)**	(3.5)	(269.1)	(272.6)
	259.8	**29.5**	**289.3**	112.6	61.7	174.3

Resourcing

	Performing & overdue	**In default**	**Total**	Performing & overdue	In default	Total
		2022			2021	
Gross carrying amount	**39.1**	**2.9**	**42.0**	34.3	1.8	36.1
Lifetime ECL	**(0.4)**	**(2.5)**	**(2.9)**	(0.3)	(1.5)	(1.8)
	38.7	**0.4**	**39.1**	34.0	0.3	34.3

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed Lifetime ECL – credit impaired	
	2022	2021
Balance at beginning of the year	**321.0**	375.7
Remeasurement of loss allowance	**269.9**	138.1
Amounts written off	**(153.4)**	(192.8)
Balance at end of the year	**437.5**	321.0

The table below explains how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Increase/(decrease) in lifetime ECL			
	Not credit-impaired	**Credit-impaired**	Not credit-impaired	Credit-impaired
	2022		2021	
Increase/(decrease) in schools trade receivables	**4.5**	**4.2**	(15.7)	(41.9)
Increase/(decrease) in tertiary trade receivables	**151.7**	**70.9**	39.3	(33.7)
Increase in resourcing trade receivables	**4.8**	**1.1**	6.9	0.7

	Note	**Audited 2022 R'm**	Audited 2021 R'm
21. Cash and cash equivalents			
Bank balances and cash		**355.1**	245.0

Bank balances and cash comprise cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

The carrying amounts of the group's bank balances are denominated in the local currencies of the underlying operations as follows:

		Audited 2022 R'm	Audited 2021 R'm
South Africa (held in ZAR)		**128.6**	87.6
Botswana (held in BWP)		**31.5**	36.9
Kenya (held in KES)		**60.3**	38.0
Mauritius (held in USD)		**134.7**	82.5
		355.1	245.0
22. Non-current assets held for sale			
Land and buildings	12	**15.5**	8.6

The group continues to review its property needs and has reconsidered the suitability of certain properties held for the development of school and/or tertiary sites. As a result of this, some land and buildings were deemed surplus to requirements. Management committed to a plan to dispose of these assets and these were actively marketed to be sold at market value. The sales are expected to be realised within the next 12 months.

These assets are recorded at carrying value as the selling price is expected to exceed the book value of these assets.

23. Stated capital

Authorised

1 000 000 000 shares of no par value (2021: 1 000 000 000 shares)

	Number of shares 2022 'm	**Audited Stated capital 2022 R'm**	Number of shares 2021 'm	Audited Stated capital 2021 R'm
Issued				
Balance at 1 January	**554.5**	**1 601.5**	551.8	1 566.3
Shares issued for the management share incentive scheme	**–**	**–**	2.7	35.3
Share issue costs	**–**	**–**	–	(0.1)
Balance at 31 December	**554.5**	**1 601.5**	554.5	1 601.5

The unissued shares are under the control of the directors subject to the provisions of the Companies Act, the requirements of the JSE Limited and in certain circumstances shareholders approval.

24. ADvTECH share incentive scheme

Certain employees and executive directors were eligible to participate in the scheme. The option offer value is the closing price at which shares are traded on the JSE Limited on the trading day immediately preceding the offer date. Share options accepted by participants are exercisable at intervals of two, four and six years after the offer date. On exercise of the options, the participant pays the Share Incentive Trust an amount equal to the offer price multiplied by the number of options exercised. Except for exceptional circumstances, if a participant leaves the employ of the group prior to exercising the options, the options lapse. No new options will be granted under this scheme as it has been replaced by the MSI scheme as disclosed in note 25. The last batch of options outstanding were exercised or forfeited during the 2022 year. The scheme ceased to exist from 31 December 2022.

Date options granted	Expiry date year ending	Exercise price of outstanding options (cents)	Weighted average estimated contractual life (years)	Fair value at grant date (cents)
20 October 2016	31 Dec 2022	1 696	3.5	597

Reconciliation of options	**Number of share options** 2022	**Weighted average exercise price (cents)** 2022	Number of share options 2021	Weighted average exercise price (cents) 2021
Options outstanding on 1 January	**1 027 132**	**1 696**	2 155 880	1 470
Less – Exercised	**(235 200)**	**1 696**	(770 879)	1 260
– Lapsed	**(791 932)**	**1 696**	(357 869)	1 276
Options outstanding at 31 December	**–**	**–**	1 027 132	1 696

As at 31 December 2022 there were no participants (2021: 64) (including executive directors) in the ADvTECH share incentive scheme.

Reconciliation of shares owned	Number of shares **2022**	Number of shares 2021	Shares held by share incentive trust R'm **2022**	Shares held by share incentive trust R'm 2021
Shares owned by the trust as at 1 January	**1 350 680**	2 151 559	**7.6**	12.0
Less – Shares transferred to MSI (Refer to note 25)	**(281 195)**	(30 000)	**(1.6)**	(0.2)
– Options exercised during the year	**(235 200)**	(770 879)	**(1.3)**	(4.2)
Shares owned by the trust at 31 December	**834 285**	1 350 680	**4.7**	7.6

The remaining shares held by the trust will be allocated to the participants of the MSI scheme.

The loan receivable from the trust is unsecured, interest free and has no terms of repayment.

The loan is eliminated on a group basis but is reflected in the company annual financial statements.

The fair values relating to the share option expense were calculated using the Bermudan Binomial model.

The group recognised a total expense of R0.4 million (2021: R0.9 million) related to this share incentive scheme during the year.

25. ADvTECH management Share Incentive Scheme (MSI)

Certain employees and executive directors are eligible to participate in the scheme. Share awards accepted by participants vest three years after the offer date subject to certain performance and retention criteria being met. Participants that were in the ADvTECH share incentive scheme had to forfeit any share options that would have vested in 2020 and after to be able to take up the share awards in the new MSI. The MSI was treated as a modification of the previous share incentive scheme as the participants of this scheme were also participants of the previous scheme. In addition, the forfeiture of the options is part of the transactions relating to awards under the MSI and would not have been required if the MSI scheme was not implemented. Participants will receive dividends and have voting rights in the three years before these shares vest. The MSI is equity-settled.

Date awards granted	Vesting date year ending	Fair value of awards granted (cents)
27 September 2018	31 Dec 2021	1 485
18 September 2019	31 Dec 2022	1 167
16 September 2020	31 Dec 2023	904
21 May 2021	31 Dec 2024	1 320
10 June 2022	31 Dec 2025	1 831

Reconciliation of awards	2022 Number of share awards	2022 Weighted average price (cents)	2021 Number of share awards	2021 Weighted average price (cents)
Awards outstanding on 1 January	**10 497 494**	**1 092**	9 824 706	1 109
Add – Awards granted during the year	**2 249 319**	**1 831**	2 817 016	1 320
Less – Vested	**(2 402 171)**	**1 167**	(1 125 191)	1 485
– Forfeited	**(252 532)**	**1 167**	(863 030)	1 485
– Forfeited due to employees leaving the group	**(1 141 822)**	**1 103**	(156 007)	1 298
Awards outstanding at 31 December	**8 950 288**	**1 254**	10 497 494	1 092

As at 31 December 2022 there were 38 (2021: 35) participants (including executive directors) in the MSI.

Reconciliation of shares owned	Number of shares 2022	Number of shares 2021
Shares owned by the group as at 1 January	**11 406 084**	9 824 710
Add – Shares bought from the Share Incentive trust (Refer to note 24)	**281 195**	30 000
– Shares issued into the MSI	**–**	2 676 565
Less – Share awards vested during the year	**(2 402 171)**	(1 125 191)
Shares owned by the group at 31 December	**9 285 108**	11 406 084

The group recognised total expenses of R36.5 million (2021: R 44.7 million) related to the MSI during the year. In the prior year R6.8 million was recognised as an expense relating to share awards in subsidiaries.

	Audited 2022 R'm	Audited 2021 R'm
26. Long-term bank loans		
Secured term loans	**600.1**	1 200.0
Disclosed as:		
Current liabilities	**0.1**	600.0
Non-current liabilities	**600.0**	600.0
	600.1	1 200.0
Reconciliation of the long-term bank loans balance		
Balance at 1 January	**1 200.0**	1 800.0
Capital repayments	**(600.0)**	(600.0)
Interest accrued	**48.2**	82.0
Interest paid	**(48.1)**	(82.0)
Balance at 31 December	**600.1**	1 200.0

The directors consider that the carrying amount of long-term bank loans approximates their fair value.

Secured term loans

The secured term loan is made up of one secured term facility, namely secured term loan F. In the prior year, the secured term loans were made up of two facilities, namely secured term loan B and C.

Secured term loan B was a four year facility amounting to R600.0 million which came into effect on 28 September 2018 and attracts interest at JIBAR + 1.775%. Secured term loan B was settled on 31 March 2022.

Secured term loan C was a five year facility amounting to R600.0 million which came into effect on 28 September 2018 and attracts interest at JIBAR + 1.90%. From 8 July 2022, secured term loan C was replaced by secured term loan F.

Secured term loan F is a three year facility amounting to R600.0 million which came into effect on 8 July 2022 and attracts interest at JIBAR + 1.45%.

These facilities and the revolving credit facility in note 27 are secured by mortgage bonds over properties having a net book value of R2 836.3 million (2021: R2 715.6 million). Refer to note 12.

Refer to note 36 for details of securities on the term loans.

	Audited 2022 R'm	Audited 2021 R'm
27. Short-term bank loans		
Group revolving credit facility	**1 145.5**	591.4
Reconciliation of the short-term bank loans balance		
Balance at 1 January	**591.4**	441.2
Capital drawdowns	**1 140.0**	590.0
Capital repayments	**(590.0)**	(441.2)
Interest accrued	**26.5**	10.0
Interest paid	**(22.4)**	(8.6)
Balance at 31 December	**1 145.5**	591.4

The group revolving credit facility and the secured term loans (as per note 26) are secured by mortgage bonds over properties having a net book value of R2 836.3 million (2021: R2 715.6 million). Refer to notes 12, 26 and 36.

The directors consider that the carrying amount of the short-term bank loans approximates their fair value.

Group revolving credit facility

Effective from 2 December 2020, this represents a R950.0 million revolving credit facility available to the group for a 3 year period. Effective from 8 July 2022, the facility was increased to R1 350.0 million and extended for a further 3 years.

The facility utilised attracts interest at the following rates:

- total drawdowns are less than one third of the facility available: JIBAR + 1.45% (2021: JIBAR + 2.0%)
- total drawdowns are greater than one third but less than two thirds of the facility available: JIBAR + 1.5% (2021: JIBAR + 2.1%)
- total drawdowns are greater than two thirds of the facility available: JIBAR + 1.55% (2021: JIBAR + 2.2%)

The group has the option to make draw-downs for periods of one, three and six months (or for shorter periods agreed with the lender) and may elect to roll these for further periods.

Refer to note 36 for details of securities.

	Audited 2022 R'm	Audited 2021 R'm
28. Trade and other payables		
Trade payables and accruals	**600.7**	503.4
Leave pay accrual	**35.7**	35.2
	636.4	538.6

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables, including the leave pay accrual, approximates their fair value. The average credit period on purchases is two months. No interest is charged on trade payables for the first 60 days from date of invoice. The group has financial risk management policies in place to ensure that payables are paid within the credit time frame.

	Audited 2022 R'm	Audited 2021 R'm
29. Acquisition liabilities		
Acquisition liabilities	**58.3**	55.6
Disclosed as:		
Current liabilities	**9.1**	7.3
Non-current liabilities	**49.2**	48.3
	58.3	55.6

A portion of the acquisition consideration of Pinnacle Colleges Kyalami (previously Summit Colleges) is settled through the provision of bursaries to students. The programme commenced on 1 January 2016 and runs for a period of 25 years. The carrying value represents the present value using a 9% discount rate. At year end the seller is entitled to allocate a further R9.1 million (2021: R7.3 million) and there is an expectation that this could be settled within the next 12 months.

	Audited 2022 R'm	Audited 2021 R'm
30. Fees received in advance and deposits		
Fees received in advance*	**417.9**	323.7
Deposits#	**35.7**	36.4
Total	**453.6**	360.1
There were no significant changes in the contract liability balance during the reporting period.		
There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.		
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
Fees received in advance	**323.7**	272.3

* *The fees received in advance, representing a contract liability, is recognised over time as the education services are delivered. It represents performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period. Management expects that 100% of the fees received in advance allocated to the unsatisfied contracts as of 31 December 2022 and 31 December 2021 will be recognised as revenue during the next reporting period.*

\# *The deposits are refundable and therefore has no impact on revenue recognised. Accordingly this is not a contract liability but rather a financial instrument, refer to note 33.*

	Note	**Audited 2022 R'm**	Audited 2021 R'm
31. Lease liabilities			
Lease liabilities		**952.7**	757.7
Disclosed as:			
Current liabilities		**186.4**	165.8
Non-current liabilities		**766.3**	591.9
		952.7	757.7
Balance as at 1 January		**757.7**	565.0
Foreign currency effect		**(2.5)**	5.0
Additions and modifications		**299.2**	284.1
Terminations		**(3.5)**	(2.5)
Finance costs on lease liabilities	6.3	**96.0**	67.0
Repayment of lease liabilities		**(194.2)**	(160.9)
Balance as at 31 December		**952.7**	757.7
Maturity analysis – undiscounted cash flows			
Year 1		**186.4**	165.8
Year 2		**170.3**	143.3
Year 3		**150.0**	124.7
Year 4		**137.0**	106.6
Year 5		**107.6**	98.9
Onwards		**1 430.2**	992.1

The group applied an incremental borrowing rate on new leases ranging between 5.2% (2021: 5.2%) and 12.0% (2021: 11.0%) to determine the lease liabilities depending on the length of the lease, the jurisdiction and the market interest rates.

During the year, a modification to a schools lease was made where additional premises was taken as well as an overall rent reduction was negotiated, which resulted in the lease liability and right-of-use asset reducing by R14.3 million.

The group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored at a group level. Please refer to note 33 for details on how the group manages its liquidity risk.

	Audited 2022 R'm	Audited 2021 R'm
32. Commitments		
32.1 Capital commitments		
Capital expenditure approved by the directors:		
Contracted but not provided for	**292.6**	499.3
Not contracted	**848.7**	889.3
	1 141.3	1 388.6
Capital commitments will be financed through existing facilities and cash generated by operations.		
Anticipated timing of spend:		
0 – 1 year	**251.0**	489.2
1 – 2 years	**158.6**	274.0
3 – 5 years	**664.8**	536.6
More than 5 years	**66.9**	88.8
	1 141.3	1 388.6
32.2 Equipment lease commitments in cash		
0 – 1 year	**0.5**	1.1
2 – 5 years	**0.5**	0.8
	1.0	1.9

The leases relate to equipment with various lease terms. The commitments include specified escalations in lease payments.

	Audited 2022 R'm	Audited 2021 R'm
33. Financial instruments		
Categories of financial instruments		
Financial assets		
Amortised cost		
Trade and other receivables	**364.5**	243.8
Bank balances and cash	**355.1**	245.0
Financial liabilities		
Amortised cost		
Long-term bank loans	**600.1**	1 200.0
Short-term bank loans	**1 145.5**	591.4
Trade and other payables	**600.7**	503.4
Deposits	**35.7**	36.4
Shareholders for dividends	**1.6**	1.6

Financial risk management objectives and policies

The group's principal financial instruments comprise bank loans, bank and cash equivalents and various items such as trade receivables and payables that arise directly from operations. All financial instruments are carried at amortised cost. The main purpose of these instruments is to finance the group's operations.

The support office function co-ordinates access to funds. The financial management function of the group monitors and manages the credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk).

Monthly reporting to the chief operating decision maker enables risk monitoring and risk exposure mitigation.

Capital risk management

The group manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity structure. The group's overall strategy remains unchanged.

The capital structure of the group consists of bank and cash equivalents, equity, comprising stated capital, reserves, retained earnings, secured term loan and short-term bank loans.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which have established appropriate liquidity risk management procedures for the management of the group's short-, medium- and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by daily monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. Surplus funds are placed on short-term deposits.

Bank overdraft, term loans and revolving credit facilities available at 31 December 2022 amounted to R 2 065.0 million (2021: R2 265.0 million) of which R1 740.0 million (2021: R1 790.0 million) has been utilised at year-end. The group did not breach any of its covenants during the year ended 31 December 2022. The group's covenants as per its borrowing facilities are disclosed below:

Covenant	Criteria	Audited 2022	Audited 2021
Interest cover ratio	Greater than 3.5 times	**9.7 times**	8.8 times
Total net borrowings to EBITDA ratio	Less than 3.25 times	**1.5 times**	1.7 times

33. Financial instruments *(continued)*

All financial assets are expected to be realised within 1 year. The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity set at the earliest date on which the group may be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual outflows as at 31 December 2022		Contractual outflows as at 31 December 2021	
	Less than 1 year R'm	**Between 1 to 3 years R'm**	Less than 1 year R'm	Between 1 to 2 years R'm
Secured term loans	**52.4**	**678.4**	657.8	624.9
Revolving credit facility	**1 149.8**	**–**	592.2	–
Trade and other payables	**600.7**	**–**	503.4	–
Deposits	**35.7**	**–**	36.4	–
Total	**1 838.6**	**678.4**	1 789.8	624.9

The revolving credit facility and approximately 73% of trade and other payables is expected to be settled within the first quarter of the following year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are shown net of expected loss allowances. The group has no concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Credit risk controls are in place in the form of upfront deposits before enrolment. Other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts or ultimately the suspension of delivery of services.

In order to minimise credit risk, the group has tasked its financial management to categorise exposures according to their degree of risk of default. The credit rating information is obtained from the group's own trading records which is based on historical trends while being cognisant of the current economic environment. The group's exposure is continuously monitored.

At the end of the reporting period the group reviews the recoverable amount of trade debtors to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the company consider that the group's credit risk is significantly mitigated.

The group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The group determines the ECL on these items by using a provision calculation, estimated based on historical credit loss experience with focus on the categories of the credit risk framework of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 20 includes further details on the loss allowance for trade and other receivables.

Bank balances and cash falls under a performing internal credit rating resulting in the consideration of 12 months ECL. As bank balances and cash are held with reputable international banking institutions no loss allowance has been included against this balance.

33. Financial instruments *(continued)*

Market risk

The group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. Market risk exposures are separately measured as detailed in the respective notes below. There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

Interest risk

The group is exposed to interest risk on the banking facilities and bank balances as these attract interest at floating interest rates. The group analyses its interest rate exposure and calculates the impact on profit or loss of an interest rate shift. Should it be appropriate swaps or other hedging instruments will be considered.

A sensitivity analysis has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used as a reasonably possible change in interest rates. If interest rates varied by 1% higher or lower and all other variables were held constant the group's profits before taxation would have increased or decreased by R10.4 million (2021: R16.1 million).

The group's sensitivity to interest rates have decreased during the current year mainly due to the decrease in the long-term bank loans in place as detailed in notes 26 and 27.

The group's exposure to interest rates on financial assets and financial liabilities are detailed in the table below:

		Interest outflow as at 31 December 2022		Interest outflow as at 31 December 2021	
	Interest rate	**Less than 1 year R'm**	**Less than 2 years R'm**	Less than 1 year R'm	Less than 3 years R'm
Secured term loans	Variable	**52.2**	**78.4**	57.8	24.9
Revolving credit facility	Variable	**9.7**	**–**	2.2	–
Total		**61.9**	**78.4**	60.0	24.9

Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises.

Material foreign exchange exposures are hedged with a corresponding foreign exchange contract (FEC). There were no unsettled FECs as at year-end and hedge accounting did not apply.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		**Assets**	
	2022	2021	**2022**	2021
United States Dollar	**0.1**	2.4	**0.6**	4.5
Great British Pound	**–**	0.3	**0.6**	–
Australian Dollar	**–**	–	**–**	0.2
Mauritian Rupee	**0.1**	–	**0.2**	0.1
Euro	**7.9**	6.7	**3.7**	4.5
Botswana Pula	**0.3**	–	**–**	–

The group's foreign currency exposure risk has not changed significantly year on year. The payables and receivables consist of invoices denominated in a foreign currency and are expected to be settled in a relatively short period of time. Fluctuations in the exchange rates are unlikely to have a material impact on the group's results.

Fair value measurements

The directors consider that the carrying amount of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Notes	Audited 2022 R'm	Audited 2021 R'm
34. Notes to the statement of cash flows			
34.1 Cash generated from operations			
Profit before taxation		**1 174.2**	959.1
Adjusted for non-cash IFRS and other adjustments (before taxation)		**35.8**	48.6
Share based payment expenses		**36.9**	52.4
Other non-cash adjustments		**(1.1)**	(3.8)
		1 210.0	1 007.7
Adjustments:		**503.8**	464.2
Depreciation and amortisation		**345.7**	314.5
Net finance costs	6	**172.6**	161.4
Profit on disposal of property, plant and equipment	5	**(11.4)**	(11.3)
Profit on right-of-use assets from early termination of leases		**–**	(0.4)
Profit on disposal of subsidiaries	5	**(3.1)**	–
		1 713.8	1 471.9
34.2 Movement in working capital			
Decrease in inventories		**3.4**	7.0
Increase in trade and other receivables and prepayments		**(137.1)**	(26.3)
Increase in trade and other payables		**92.6**	87.5
Increase in fees received in advance and deposits		**93.5**	49.3
Net inflow in working capital		**52.4**	117.5
34.3 Taxation paid			
Balance at beginning of the year		**36.3**	7.0
Disposal of subsidiaries		**0.8**	–
Current charge (including foreign currency effect)		**(348.5)**	(280.1)
Taxation on equity item		**(0.8)**	(0.1)
Foreign taxation credits		**0.4**	0.2
Balance at end of the year		**(26.1)**	(36.3)
Cash amount paid		**(337.9)**	(309.3)
34.4 Dividends paid			
Balance at beginning of the year		**(1.6)**	(1.5)
Declared during the year	11	**(320.7)**	(223.9)
Balance at end of the year		**1.6**	1.6
Cash amount paid		**(320.7)**	(223.8)
34.5 Additions to property, plant and equipment to maintain operations			
Land and buildings		**(60.1)**	(43.6)
Computer equipment		**(56.2)**	(33.4)
Computer software		**(0.5)**	(0.3)
Furniture, fittings and equipment		**(49.9)**	(28.9)
Motor vehicles		**(2.4)**	(0.7)
Video equipment		**(8.8)**	(5.8)
Leasehold improvements		**(17.6)**	(33.3)
		(195.5)	(146.0)

	Audited 2022 R'm	Audited 2021 R'm
34. Notes to the statement of cash flows *(continued)*		
34.6 Additions to property, plant and equipment to expand operations		
Land and buildings	**(289.3)**	(110.6)
Computer equipment	**(27.7)**	(19.2)
Computer software	**(0.5)**	–
Furniture, fittings and equipment	**(36.2)**	(30.8)
Motor vehicles	**(1.3)**	(1.3)
Video equipment	**–**	(1.3)
Leasehold improvements	**(154.4)**	(20.8)
	(509.4)	(184.0)
34.7 Free operating cash flow before capex per share		
Profit for the year	**841.9**	679.4
Adjusted for non-cash IFRS and other adjustments (after taxation)	**35.8**	48.6
Net operating profit after taxation – adjusted for non-cash IFRS and other adjustments	**877.7**	728.0
Depreciation and amortisation	**345.7**	314.5
Repayment of lease liabilities	**(98.2)**	(94.0)
Taxation adjustment on IFRS 16 leases	**(11.1)**	(6.3)
Profit on disposal of property, plant and equipment (after taxation)	**(8.2)**	(8.1)
Operating cash flow after taxation	**1 105.9**	934.1
Movement in working capital	**52.4**	117.5
Free operating cash flow before capex	**1 158.3**	1 051.6
Weighted average number of shares for purposes of basic earnings per share ('m)	**542.1**	540.1
Free operating cash flow before capex per share (cents)	**213.7**	194.7

35. Related party transactions

The parent and ultimate controlling party of the group is ADvTECH Limited.

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Please refer to note 4 of the company annual financial statements for details of group entities.

Directors, prescribed officers and senior executive remuneration

Emoluments paid to executive directors and prescribed officers of the group (excluding gains on share options exercised) for the year ended 31 December 2022, are set out below:

	Salary R	Long service award R	Bonus R	Expense allowances R	Provident fund contributions R	**Total 2022 R**	Total 2021 R
Executive							
RJ Douglas	4 287 641	–	4 787 668	180 000	569 624	**9 824 933**	9 409 323
JDR Oesch	3 210 405	–	2 927 014	150 000	428 452	**6 715 871**	6 413 139
Total executive directors	7 498 046	–	7 714 682	330 000	998 076	**16 540 804**	15 822 462
Prescribed officers							
MD Aitken	2 663 049	–	2 420 746	363 349	389 026	**5 836 170**	5 430 460
FJ Coughlan*	639 300	–	2 468 978	39 582	58 699	**3 206 559**	3 249 766
DL Honey	3 217 885	44 000	2 900 930	199 176	422 544	**6 784 535**	6 351 269
LA Wiseman#	2 297 583	–	1 521 282	37 040	156 236	**4 012 141**	–
Total prescribed officers	8 817 817	44 000	9 311 936	639 147	1 026 505	**19 839 405**	15 031 495

* *FJ Coughlan resigned with effect from 14 February 2022.*
\# *LA Wiseman was appointed as a prescribed officer from 1 March 2022.*

Emoluments paid to non-executive directors of the group for the year ended 31 December 2022, are set out below:

	Board R	Audit and risk committee R	Remune-ration committee R	Transfor-mation, social and ethics committee R	Investment committee R	Nomination committee R	**Total 2022 R**	Total 2021 R
CH Boulle	575 074	–	–	88 838	9 158	35 500	**708 570**	693 417
JS Chimhanzi	318 198	106 909	–	106 436	–	–	**531 543**	473 080
KM Gugushe	135 092	34 402	–	45 869	–	–	**215 363**	531 706
JM Hofmeyr	–	–	–	–	–	–	**–**	196 314
SS Lazar	381 838	–	–	–	64 132	25 800	**471 770**	128 857
MM Nkosi	318 198	–	65 315	–	53 444	21 500	**458 457**	304 799
CB Thomson	318 198	106 909	65 315	–	100 473	–	**590 895**	428 712
S Van Graan	81 867	–	–	3 682	–	2 274	**87 823**	–
KDM Warburton	318 198	195 429	91 815	–	53 444	–	**658 886**	632 092
A Watson	63 876	22 600	3 501	–	–	–	**89 977**	–
JS Zimmermann	–	–	–	–	–	–	**–**	199 431
SA Zinn	–	–	–	–	–	–	**–**	492 340
Total non-executive	2 510 539	466 249	225 946	244 825	280 651	85 074	**3 813 284**	4 080 748

An amount of R 389 191 (2021: R 382 628) relating to value-added tax was paid on director fees.

35. Related party transactions *(continued)*

MSI scheme

The directors and prescribed officers were awarded the following shares at 31 December 2022:

	Share awards as at 31 December 2021	Share awards awarded during the year	Share awards vested during the year		Share awards forfeited during the year[$]	**Share awards as at 31 December 2022**
	Number	Number	Number	Benefit arising on vesting of awards (R)	Number	**Number**
Directors						
RJ Douglas	397 162		356 204	6 304 811	40 958	**–**
	607 097					**607 097**
	354 177					**354 177**
		285 610				**285 610**
JDR Oesch	238 985		214 340	3 758 809	24 645	**–**
	365 310					**365 310**
	213 120					**213 120**
		171 861				**171 861**
Prescribed officers						
MD Aitken	205 048		183 902	3 255 065	21 146	**–**
	311 955					**311 955**
	181 993					**181 993**
		146 760				**146 760**
FJ Coughlan*	155 747				155 747	**–**
	239 196				239 196	**–**
	145 127				145 127	**–**
DL Honey	242 198		217 221	3 844 812	24 977	**–**
	349 265					**349 265**
	203 759					**203 759**
		174 172				**174 172**
LA Wiseman[#]	86 777		79 618	1 409 239	7 159	**–**
	135 150					**135 150**
	82 394					**82 394**
		99 664				**99 664**
	4 514 460	878 067	1 051 285	18 572 736	658 955	**3 682 287**

[$] *This relates to awards forfeited due to performance targets not being met or as a result of the resignation of an employee.*

* *FJ Coughlan resigned with effect from 14 February 2022.*

[#] *LA Wiseman was appointed as a prescribed officer from 1 March 2022. The share awards as at 31 December 2021 have been restated to show the awards held in the prior year.*

35. Related party transactions *(continued)*

Share incentive scheme

The directors and prescribed officers held the following share options at 31 December 2022:

	Share options as at 31 December 2021		Share options lapsed during the year	Share options exercised during the year			**Share options as at 31 December 2022**
	Number	Exercise price (cents)	Number	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	**Number**
Directors							
RJ Douglas	55 533	1 696	55 533				**–**
JDR Oesch	41 100	1 696		41 100	1 784	36 168	**–**
Prescribed officers							
MD Aitken	11 667	1 696	11 667				**–**
FJ Coughlan*	30 133	1 696	30 133				**–**
DL Honey	41 100	1 696		41 100	1 832	55 896	**–**
LA Wiseman#	20 000	1 696	20 000				**–**
	199 533		117 333	82 200		92 064	**–**

* *FJ Coughlan resigned with effect from 14 February 2022.*

\# *LA Wiseman was appointed as a prescribed officer from 1 March 2022. The share options as at 31 December 2021 have been restated to show the awards held in the prior year.*

Details regarding directors' and prescribed officers' interests are disclosed in the directors' report on pages 115 to 116.

36. Securities on term loans and short-term bank loans

In terms of the group's banking arrangement, ADvTECH Limited, ADvTECH Resource Holdings (Pty) Ltd, ADvTECH Resourcing (Pty) Ltd and The Independent Institute of Education (Pty) Ltd have issued to its bankers unlimited cross guarantees including cessions of loan accounts on behalf of each other's overdraft, secured term loans and revolving credit facilities. These facilities are also secured by mortgage bonds over properties having a net book value of R2 836.3 million (2021: R2 715.6 million). As at 31 December 2022 the total amount of facilities utilised amounted to R1 740.0 million (2021: R1 790.0 million) as per notes 26 and 27.

37. Disposal of subsidiaries

37.1 Contract Accountants Group

The 51% shareholding in the Contract Accountants Group (which consisted of CA FS Appointments Proprietary Limited and Virtually HR Proprietary Limited) was disposed of as at 1 October 2022 for a consideration of R5.4 million.

Non-current assets disposed	
Goodwill	**(3.4)**
Property, plant and equipment	**(0.1)**
Deferred taxation assets	**(0.4)**
Current assets disposed	
Trade and other receivables and prepayments	**(3.1)**
Cash and cash equivalents	**(2.5)**
Current liabilities disposed	
Trade and other payables	**5.1**
Non-controlling interest	**2.1**
Profit on disposal	**(3.1)**
	(5.4)

38. Going concern

The annual financial statements of the group and company are prepared on a going concern basis.

Fees received in advance contributes a significant part of the negative working capital (excluding short term funding) where the obligation relates to providing services rather than the outflow of cash. Although current liabilities exceed current assets, receivables and cash exceed the amount of trade and other payables. The group also generates significant cash flow at the beginning of each year and is able to settle its liabilities in the ordinary course of business.

The directors have reviewed and approved the group and company budget and cash flow forecasts prepared by management. These forecasts have taken into account the potential revenue, costs (including the credit losses) and the expected level of capital expenditure. The directors have compared these forecasts against the cash reserves and borrowing facilities available to the group. It is concluded that the group will remain comfortably within its existing bank facility limits and covenants for at least the next 12 months from the date of approval of these annual financial statements with significant headroom available. Management prepared a detailed profit or loss, cash flow and balance sheet forecast. This forecast has been reviewed and approved by the board of directors.

Nothing has come to the attention of the directors to indicate that the group and company will not remain a going concern for the foreseeable future.

39. Events after the reporting period

The directors are not aware of any matter or circumstance between the date of the statement of financial position and the date on which these financial statements were authorised for issue that materially affects the results of the group and company for the year ended 31 December 2022 or the financial position at that date.

Company statement of comprehensive income

for the year ended 31 December 2022

	Notes	**Audited 2022 R'm**	Audited 2021 R'm
Revenue	1	**400.0**	200.0
Other income		**12.7**	10.5
Staff costs	2	**(5.5)**	(5.5)
Other operating expenses		**(7.1)**	(4.9)
Profit before taxation	2	**400.1**	200.1
Taxation	3	**(0.1)**	(0.1)
Profit for the year#		**400.0**	200.0

\# *The company did not earn other comprehensive income during the year.*

Company statement of financial position

as at 31 December 2022

	Notes	**Audited 2022 R'm**	Audited 2021 R'm
ASSETS			
Non-current assets			
Investments in subsidiaries at cost	4	**658.4**	658.4
		658.4	658.4
Current assets			
Loans to subsidiaries	4	**1 049.5**	941.2
Trade and other receivables	5	**6.8**	4.1
Prepayments		**0.1**	0.1
		1 056.4	945.4
Total assets		**1 714.8**	1 603.8
EQUITY AND LIABILITIES			
Capital and reserves			
Total stated capital	6	**1 601.5**	1 601.5
Treasury shares held by the share incentive trust#		**(4.7)**	(7.6)
Stated capital		**1 596.8**	1 593.9
Share incentive reserve		**48.6**	43.2
Retained earnings/(accumulated loss)		**63.8**	(37.8)
Total equity		**1 709.2**	1 599.3
Current liabilities			
Trade and other payables	7	**2.9**	2.1
Taxation		**0.3**	–
Shareholders for capital distribution		**0.8**	0.8
Shareholders for dividend		**1.6**	1.6
		5.6	4.5
Total equity and liabilities		**1 714.8**	1 603.8

As the company is the beneficial holders of the ADvTECH Limited shares held by the Share Incentive Trust, these shares are, thus, considered to be treasury shares and are excluded from the stated capital of the company.

Company statement of changes in equity

for the year ended 31 December 2022

	Note	Total stated capital R'm	Treasury shares held by the share incentive trust R'm	Share incentive reserve R'm	(Accumulated loss)/ retained earnings R'm	Total equity R'm
Balance at 1 January 2021		1 566.3	(12.0)	37.6	(22.8)	1 569.1
Total profit and comprehensive income for the year					200.0	200.0
Dividends declared to shareholders*					(215.0)	(215.0)
Shares issued	6	35.3				35.3
Share issue costs	6	(0.1)				(0.1)
Effect of share options exercised or forfeited**			4.4	5.5		9.9
Share awards under the management share incentive scheme (MSI)**				0.2		0.2
Taxation effect of share awards under the management share incentive scheme (MSI)				(0.1)		(0.1)
Balance at 31 December 2021		**1 601.5**	**(7.6)**	**43.2**	**(37.8)**	**1 599.3**
Total profit and comprehensive income for the year					400.0	400.0
Dividends declared to shareholders*					(298.4)	(298.4)
Effect of share options exercised or forfeited**			2.9	2.6		5.5
Share awards under the management share incentive scheme (MSI)**				3.6		3.6
Taxation effect of share awards under the management share incentive scheme (MSI)				(0.8)		(0.8)
Balance at 31 December 2022		**1 601.5**	**(4.7)**	**48.6**	**63.8**	**1 709.2**

* *Refer to note 11 of the consolidated annual financial statements.*

** *Refer to notes 24 and 25 of the consolidated annual financial statements for details on the share incentive schemes.*

Company statement of cash flows

for the year ended 31 December 2022

	Notes	**Audited 2022 R'm**	Audited 2021 R'm
Cash flows from operating activities			
Cash generated from operations	10.1	**0.1**	0.1
Movement in working capital	10.2	**(1.9)**	33.0
Cash generated by operating activities		**(1.8)**	33.1
Taxation paid	10.3	**(0.6)**	(0.1)
Dividends paid	10.4	**(298.4)**	(214.9)
Net cash outflow from operating activities		**(300.8)**	(181.9)
Cash flows from investing activities			
Repayment of loans by subsidiaries#		**291.7**	136.9
Net cash inflow from investing activities		**291.7**	136.9
Cash flows from financing activities			
Shares issued		**–**	35.3
Proceeds from share options exercised in the Share Incentive Trust		**4.0**	9.7
Proceeds from shares purchased by subsidiaries		**5.1**	–
Net cash inflow from financing activities		**9.1**	45.0
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of the year		**–**	–
Cash and cash equivalents at end of the year*		**–**	–

The cash needs of the company is managed centrally by the group through intercompany loan accounts resulting in the entity always having a nil cash balance.

* *Dividend income of R400 million (2021: R200 million) from The Independent Institute of Education Proprietary Limited was a non-cash transaction as it was not received at year-end and is included in the closing balance of loans to subsidiaries.*

Notes to the company financial statements

for the year ended 31 December 2022

The accounting policies applied are consistent with the group accounting policies detailed on pages 123 to 132.

		Audited 2022 R'm	Audited 2021 R'm
1.	**Revenue**		
	The company derives its revenue from dividends from subsidiaries and is recognised at a point in time when the rights to receive payment have been established.		
	Dividend received from subsidiary	**400.0**	200.0
2.	**Profit before taxation**		
	Profit before taxation is stated after taking the following into account:		
	Auditors' remuneration – current year audit fee	**3.0**	1.8
	Directors' emoluments – for services as directors	**3.8**	4.1
	Directors' emoluments – VAT on non-executive director fees	**0.4**	0.4
	Staff costs	**1.3**	1.0
	Total staff costs	**5.5**	5.5
3.	**Taxation**		
3.1	**Taxation expense comprises**		
	Total taxation expense	**0.1**	0.1
3.2	**Reconciliation of taxation**		
	Profit before taxation	**400.1**	200.1
	Taxation at 28%	**112.0**	56.0
	Permanent differences	**(111.9)**	(55.9)
	Disallowable expenditure – legal and consulting fees	**0.1**	0.1
	Non-taxable income – dividend received	**(112.0)**	(56.0)
	Taxation expense recognised in profit	**0.1**	0.1

4. Investments in and loans to subsidiaries and joint ventures

	Issued share capital		Proportion held directly or indirectly		Interest of holding company: Shares		Interest of holding company: Loans receivable		
	31 Dec 2022 R	31 Dec 2021 R	**31 Dec 2022 %**	31 Dec 2021 %	**31 Dec 2022 R'm**	31 Dec 2021 R'm	**31 Dec 2022 R'm**	31 Dec 2021 R'm	Principal activity
Direct:									
The Independent Institute of Education (Pty) Ltd	**597 404 309**	597 404 309	**100**	100	**598.6**	598.6	**1 041.5**	933.2	1
Maramedia (Pty) Ltd	**100**	100	**100**	100	**–**	–	**–**	–	4
ADvTECH Resource Holdings (Pty) Ltd	**3 150 023**	3 150 023	**100**	100	**59.8**	59.8	**0.9**	0.9	2
Indirect:									
ADvTECH Kenya Ltd (c)	**119 560 239**	119 560 239	**100**	100					1
ADvTECH Mauritius Ltd (a)	**142 714**	142 714	**100**	100					2
ADvTECH Resourcing (Pty) Ltd	**68 156 396**	100	**100**	100			**7.1**	7.1	3
ADvTECH Resourcing Investments (Pty) Ltd	**68 508 341**	68 508 341	**100**	100					2
Africa HR Solutions Ltd (a)	**6 587 162**	100	**51**	56					3
Bryan Hattingh Independent Services (Pty) Ltd	**1**	1	**100**	100					4
CA FS Appointments (Pty) Ltd	**–**	1 000	**–**	51					6
CA Global Finance (Pty) Ltd	**1 000**	1 000	**52**	52					3
CA Global Headhunters (Pty) Ltd	**120**	120	**52**	52					3
CA Mining (Pty) Ltd	**100**	100	**52**	52					3
CA Global HR (Pty) Ltd	**120**	120	**52**	52					3
Capsicum Culinary Studio (Pty) Ltd	**1 000**	1 000	**100**	100					4
Charterhouse Private Schools (Pty) Ltd	**100**	100	**100**	100					4
Future Indefinite Investments 82 (Pty) Ltd	**100**	100	**100**	100					4
Innospan Investments (Pty) Ltd	**–**	1 000	**–**	100					5
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					4
Knyber (Botswana) (Pty) Ltd (b)	**370 413**	370 413	**100**	100					1
Latiano 754 (Pty) Ltd	**47 435 741**	47 435 741	**100**	100					2
Maragon Private Schools Avianto (Pty) Ltd	**100**	100	**100**	100					1
Maragon Private Schools Gold (Pty) Ltd	**–**	100	**–**	100					5
Maragon Private Schools Platinum (Pty) Ltd	**–**	100	**–**	100					5
Maragon Private Schools Ruimsig (Pty) Ltd	**100**	100	**100**	100					4
Maragon Private Schools Titanium (Pty) Ltd	**–**	100	**–**	100					5
Maragon Private Schools Tshwane (Pty) Ltd	**120**	120	**100**	100					4
Maravest (Pty) Ltd	**1 000**	1 000	**100**	100					4
Nanospan Investments (Pty) Ltd	**–**	1 000	**–**	100					5
Nascifon (Pty) Ltd	**–**	100	**–**	100					5
Oxbridge Academy (Pty) Ltd	**100**	100	**95**	95					1
Resen Holdings (Pty) Ltd (b)	**89 873 101**	89 873 101	**100**	100					2
Resource Development International (Pty) Ltd	**200**	200	**100**	100					4
Schole Mauritius Limited (a)	**178 555 085**	178 555 085	**94**	94					2
Shetland Investments (Pty) Ltd	**100**	100	**100**	100					4
Star Schools (Pty) Ltd (joint venture)	**100**	100	**50**	50					1
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					4
The Makini School Limited (c)	**74 514 789**	74 514 789	**94**	94					1
The Private Hotel School (Pty) Ltd	**100**	100	**100**	100					1
Virtually HR (Pty) Ltd	**–**	120	**–**	51					6
					658.4	658.4	**1 049.5**	941.2	

1 Independent provider of education.
2 Investment/property holding company.
3 Recruitment, placement and temporary staffing company.
4 Dormant company.
5 Deregistered during the year.
6 Disposed of during the year.

The ADvTECH Limited Share Incentive Trust and the Ulwazi Trust are consolidated into the group financials as they are controlled by the group. Control is achieved through the ability of the group to appoint the trustees of each trust.

Results of subsidiaries so far as they concern members of the company: aggregate profit after taxation R841.9 million (2021: R679.4 million). All companies are incorporated in the Republic of South Africa except as indicated: (a) Mauritius (b) Botswana (c) Kenya.

Refer to the consolidated annual financial statements for information relating to disposal of subsidiaries.

The loans are unsecured, interest free and there are no fixed terms of repayment. However, the loans are repayable on demand. The inter-company loans do not carry a significant credit risk as the underlying entities are profitable, are forecasted to remain profitable in future based on budgets and cash flow forecasts and are expected to generate sufficient cash to meet their obligations. The expected credit losses on the loans is considered to be immaterial.

The directors consider that the carrying amounts of the loans receivable approximate their fair value as these are payable on demand.

	Audited 2022 R'm	Audited 2021 R'm
5. Trade and other receivables		
Other receivables	**6.8**	4.1

Other receivables consist of inter-company receivables. The inter-company receivables are unsecured, interest free and have no fixed terms of repayment.

The inter-company receivables are recognised as "performing" under the internal credit rating and the loss allowance is based on lifetime expected credit losses. As the underlying entities are profitable and generating sufficient cash to meet their obligations, which is expected to continue for the following 12 months, the loss allowance is considered to be immaterial.

The directors consider that the carrying amounts of the loans receivable approximate their fair value as these are payable on demand.

6. Total stated capital

Authorised

1 000 000 000 shares of no par value (2021: 1 000 000 000 shares of no par value)

	Number of shares 2022 'm	Audited stated capital 2022 R'm	Number of shares 2021 'm	Audited stated capital 2021 R'm
Issued				
Balance at 1 January	**554.5**	**1 601.5**	551.8	1 566.3
Shares issued	**–**	**–**	2.7	35.3
Share issue costs	**–**	**–**	–	(0.1)
Balance at 31 December	**554.5**	**1 601.5**	554.5	1 601.5

The unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of the JSE Limited and in certain circumstances shareholders' approval.

	Audited 2022 R'm	Audited 2021 R'm
7. Trade and other payables		
Trade payables and accruals	**2.9**	2.1

Trade payables and accruals principally comprise amounts outstanding for ongoing costs.

The directors consider that the carrying amount of trade payables approximates its fair value. The average credit period on purchases is two months. The company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

	Audited 2022 R'm	Audited 2021 R'm
8. Financial instruments		
8.1 Categories of financial instruments		
Financial assets		
Amortised cost		
Loans to subsidiaries	**1 049.5**	941.2
Trade and other receivables	**6.8**	4.1
Financial liabilities		
Amortised cost		
Trade and other payables	**2.9**	2.1
Shareholders for dividend and capital distribution	**2.4**	2.4

Financial risk management objectives and policies

The company's principal financial instruments comprise various items such as other receivables, trade payables and loans to subsidiaries that arise directly from operations. These items have been classified as financial instruments carried at amortised cost. The main purpose of these instruments is to finance the company's operations.

The support office function co-ordinates access to funds. The financial management function of the group monitors and manages the credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). Refer to note 33 in the consolidated annual financial statements for the policies and procedures in place to manage these risks.

Capital risk management

The company manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to shareholders through optimisation of the debt and equity balance. The company's overall strategy remains unchanged.

The capital structure of the company consists of equity, comprising stated capital and reserves.

Liquidity risk

Maturity groupings are based on the remaining period at the reporting date to the contractual maturity set at the earliest date on which the company may be required to pay. The financial liability amounts disclosed are the contractual undiscounted cash flows. Both the trade and other payables as well as the shareholders for dividend and capital distribution, are due within less than 1 year. The loans to subsidiaries and other receivables are receivable in less than 1 year.

Credit risk

The company's credit risk is primarily attributable to its receivables and loans from subsidiaries. The credit risk on these are assessed as low and would only be considered in default should the circumstances in the underlying entities change adversely. The loss allowance on these is not considered significant as the underlying entities are profitable, are forecasted to remain profitable in future based on budgets and cash flow forecasts and are expected to generate sufficient cash to meet their obligations. The loan receivable from The Independent Institute of Education Proprietary Limited exceeds 5% of total financial assets, refer to note 4 for details of this loan.

8. Financial instruments *(continued)*

The tables below detail the credit quality of the company's financial assets and other items, as well as the company's maximum exposure to credit risk according to the credit risk rating framework:

Financial instrument	Notes	Internal credit rating	12 months or lifetime expected credit losses (ECL)	Gross carrying amount R'm	Loss allowance R'm	Net carrying amount R'm
31 December 2022						
Loans to subsidiaries	4	Performing	12 month ECL	**1 049.5**	**–**	**1 049.5**
Trade and other receivables	5	Performing	Lifetime ECL	**6.8**	**–**	**6.8**
31 December 2021						
Loans to subsidiaries	4	Performing	12 month ECL	941.2	–	941.2
Trade and other receivables	5	Performing	Lifetime ECL	4.1	–	4.1

Fair value measurements

The directors consider that the carrying amount of the financial assets and financial liabilities recognised in the financial statements approximate their fair values as they are payable on demand.

9. Contingent liabilities

In terms of the group's banking arrangement, ADvTECH Limited, ADvTECH Resource Holdings (Pty) Ltd, ADvTECH Resourcing (Pty) Ltd and The Independent Institute of Education (Pty) Ltd have issued to its bankers unlimited cross guarantees including cessions of loan accounts on behalf of each other's overdraft, secured term loans and revolving credit facilities. These facilities are also secured by mortgage bonds over properties having a net book value of R2 836.3 million (2021: R2 715.6 million). As at 31 December 2022 the total amount of facilities utilised amounted to R1 740.0 million (2021: R1 790.0 million) as per notes 26 and 27 of the consolidated annual financial statements.

		Note	Audited 2022 R'm	Audited 2021 R'm
10.	**Notes to the statement of cash flows**			
10.1	**Cash generated from operations**			
	Profit before taxation		**400.1**	200.1
	Adjust for non-cash items – dividend received		**(400.0)**	(200.0)
			0.1	0.1
10.2	**Movement in working capital**			
	(Increase)/decrease in trade and other receivables and prepayments		**(2.7)**	33.0
	Increase in trade and other payables		**0.8**	–
	(Increase)/decrease in working capital		**(1.9)**	33.0
10.3	**Taxation paid**			
	Balance at beginning of the year		**–**	0.1
	Current charge	3	**(0.1)**	(0.1)
	Taxation on equity item		**(0.8)**	(0.1)
	Balance at end of the year		**0.3**	–
	Cash amount paid		**(0.6)**	(0.1)
10.4	**Dividends paid**			
	Balance at beginning of the year		**(1.6)**	(1.5)
	Declared during the year		**(298.4)**	(215.0)
	Balance at end of the year		**1.6**	1.6
	Cash amount paid		**(298.4)**	(214.9)

11. Related party transactions

ADvTECH Limited performed certain administrative services for The Independent Institute of Education (Pty) Ltd and for ADvTECH Resourcing (Pty) Ltd for which management fees of R10.2 million (2021: R8.4 million) and R2.5 million (2021: R2.1 million) respectively were charged and paid, being an appropriate allocation of costs incurred by the relevant administrative departments.

Refer to note 35 of the consolidated annual financial statements for information regarding the directors' remuneration.

12. Events after the reporting period

Refer to note 39 of the consolidated annual financial statements for information relating to events after the reporting period.

Shareholders' analysis

as at 31 December 2022

	Number of shareholders	% of total shareholders	Number of shares	% of total issued share capital
Range of shareholding				
1 to 10 000	12 153	92.7%	6 487 260	1.2%
10 001 to 100 000	621	4.7%	20 608 546	3.7%
100 001 to 1 000 000	253	1.9%	80 490 328	14.5%
More than 1 000 000	87	0.7%	446 873 857	80.6%
	13 114	**100.0%**	**554 459 991**	**100.0%**

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2022, the spread of shareholders was as follows:

Shareholder spread				
Non-public	13	0.1%	50 600 673	9.2%
Directors (including prescribed officers and subsidiary directors)[#]	10	0.1%	40 241 509	7.3%
ADvTECH Share Incentive Schemes (including unvested shares)	3	0.0%	10 359 164	1.9%
Public	13 101	99.9%	503 859 318	90.8%
	13 114	**100.0%**	**554 459 991**	**100.0%**

 # Mr MM Nkosi has an indirect beneficial interest via shares held by Value Capital Partners Proprietary Limited.

Major shareholders (5% and more of the shares in issue)

	Shares held	
	Number	%
Government Employee Pension Fund	91 675 165	16.5%
Coronation Fund Managers	81 351 309	14.7%
CitiGroup (Custodian)	46 566 295	8.4%
Value Capital Partners Proprietary Limited	27 921 348	5.0%

Share information

	2022	2021	2020	2019	2018
Closing price at period end (cents)	**1 818**	1 758	950	1 080	1 485
JSE market price high (cents)	**1 924**	1 955	1 115	1 543	1 782
JSE market price low (cents)	**1 504**	950	576	1 000	1 341
Total number of transactions on JSE	**63 555**	68 328	57 008	71 443	63 311
Total number of shares traded	**116 376 524**	189 543 694	147 436 015	137 759 968	136 787 992
Total value of shares traded (R)	**2 025 338 484**	2 703 771 224	1 251 731 767	1 701 647 937	2 143 467 835
Average price per share (cents)	**1 740**	1 426	849	1 235	1 567
Shares in issue*	**554 459 991**	554 459 991	551 783 426	548 766 976	546 612 919
Percentage volume traded to shares in issue	**21%**	34%	27%	25%	25%
PE ratio	**12.2**	14.3	11.6	12.4	20.0

** Shares in issue per JSE as at 31 December 2022.*

Shareholders' diary

	2023
Dividend	
Declaration of dividend by the board	Thursday, 23 March
Announcement of annual results for 2022 on SENS	Monday, 27 March
Last day to trade in order to participate in the dividend	Tuesday, 18 April
Trading commences ex-dividend	Wednesday, 19 April
Record date	Friday, 21 April
Share certificates may not be dematerialised and rematerialised between Wednesday, 19 April and Friday, 21 April both days inclusive	Wednesday, 19 April and Friday, 21 April
Dividend payment date	Monday, 24 April
Annual General Meeting (AGM)	
Record date to receive notices	Thursday, 6 April
Posting date and no change statement on SENS	Tuesday, 18 April
Last date to trade to be eligible to participate and vote at the AGM	Tuesday, 9 May
Record date to be recorded as a shareholder	Friday, 12 May
Proxy forms to be received by 10h00	Tuesday, 16 May
AGM to be held at 10h00	Thursday, 18 May
Results of AGM published on SENS	Thursday, 18 May
Interim Results	
Interim results for the six months ended 30 June 2023	Monday, 28 August

Glossary

AGM	Annual General Meeting
ARCom	Audit and Risk Committee
APPETD	Association of Private Providers Education, Training and Development
APSO	African Professional Staffing Organisations
BAC	British Accreditation Council
B-BBEE	Broad-Based Black Economic Empowerment
BCEA	Basic Conditions of Employment Act
CAGR	Compound Annual Growth Rate
CAPES	Confederation of Associations in the Private Employment Sector
CAT	Central Academic Teams
CATHSSETA	Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIMA	Chartered Institute of Management Accountants
CHE	Council on Higher Education
COJ	City of Johannesburg
CPA	Consumer Protection Act
CPI	Consumer Price Inflation
CSI	Corporate Social Investment
DHET	Department of Higher Education and Training
DOL	Department of Labour
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
ECSA	Engineering Council of SA
EE	Employment Equity
EEC	Employment Equity Committee
EHS	Environmental Health and Safety
EGESD	Environmental Greening Education for Sustainable Development framework
ESG	Environmental, Social and Governance
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EYFS	Early Years Foundation Stage
FMCG	Fast Moving Consumer Goods
GENFETA	General and Further Education and Training Quality Assurance Act
GDP	Gross Domestic Product
GCD	Group Commercial Director
GIO	Group Information Officer
GEP	Graduate Empowerment Programme
GSS	Group Shared Services
GRI	Global Reporting Initiative
HEQC	Higher Education Quality Committee
HR	Human Resources
IB	International Baccalaureate
ICAS	Independent Counselling and Advisory Services
ICT	Information Communication Technology
IEB	Independent Examinations Board
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IGCSE	International General Certificate of Secondary Education
IIE	The Independent Institute of Education
IIRC	International Integrated Reporting Council
IMF	International Monetary Fund
IPSC	Institute for Personnel Service Consultants
IR	Investor Relations

ISASA	Independent Schools Association of Southern Africa
ISTE	International Society for Technology in Education
KPI	Key Performance Indicators
JSE	Johannesburg Stock Exchange
JSELR	Johannesburg Stock Exchange Listings Requirements
KCPE	Kenya Certificate of Primary Education
KCSE	Kenyan Certificate of Secondary Education
LID	Lead Independent Director
LOC	Leadership Operating Committee
LPA	Legal Practice Act
LMS	Learning Management System
LTI	Long-Term Incentive
LRA	Labour Relations Act
MSR	Minimum Shareholding Requirement
MOU	Memorandum of Understanding
NAISA	National Alliance of Independent Schools Associations
NEEC	National Employment Equity Committee
NEPS	Net Earning Per Share
NQF	National Qualification Framework
NomCom	Nominations Committee
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information
PED	Provincial Education Department
POPIA	Protection of Personal Information Act
PDE	Provincial Departments of Educations
PDP	Principals Development Programme
PHEIs	Private Higher Education Institutions
PO	Prescribed Officer
PRISA	Public Relations Institute of SA
PSLE	Primary School Leaving Examination

PYP	Primary Years Programme
PV	Photovoltaic
QCTO	Quality Council of Trade and Operations
ROI	Return on Investment
RDI	Respect, Diversity and Inclusion
RemCom	Remuneration Committee
SAICA	South African Institute of Chartered Accountants
SACAI	South African Comprehensive Assessment Institute
SACE	South African Council for Educators
SADAG	South African Depression and Anxiety Group
SAGEA	South African Graduate Employers Association
Saiosh	South African Institute of Occupational Safety and Health
SAPHE	South African Private Higher Education
SASA	South African Schools Act
SAQA	South African Qualifications Authority
SDA	Skills Development Act
SDG	Sustainable Development Goals
SETA	Sector Education and Training Authority
SENS	Stock Exchange News Services
SIS	Student Information System
STI	Short-Term Incentive
SMME	Small, Medium and Micro Enterprise
TCFD	Task Force on Climate Related Financial Disclosures
TSEC	Transformation, Social and Ethics Committee
VM	Virtual Machine
WESSA	Wildlife and Environmental Society South Africa
WSC	World Scholars Club
UNESCO	United Nations Educational Scientific Cultural Organisation
USAf	Universities of South Africa

Corporate information

COMPANY SECRETARY AND REGISTERED OFFICE

Company secretary: Chantell Crouse
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ADvTECH LIMITED

Incorporated in the Republic of South Africa
Registration number: 1990/001119/06
JSE share code: ADH
ISIN: ZAE000031035

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BANKERS AND LENDERS

Lenders

- ABSA Bank Limited
- Sanlam
- Momentum

Primary transactional bankers

- ABSA Bank Limited

TRANSFER SECRETARIES

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