Stadio Holdings Limited
(Registration number 2016/371398/06)
Annual Financial statements
for the year ended 31 December 2023

# General Information

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| **The Group** | Stadio Holdings Limited and its subsidiaries (see Note 7) |
| **Company registration number** | 2016/371398/06 |
| **Country of incorporation and domicile** | South Africa |
| **Nature of business and principal activities** | Stadio Holdings facilitates the widening of access to quality and relevant higher education programmes in Southern Africa through its three registered private higher education institutions. |
| **Directors** | **Executive**<br>Chris Vorster<br>Samara Totaram (resigned 31 December 2023)<br>Ishak Kula (appointed 1 January 2024)<br>Divya Singh<br>**Non-Executive**<br>Vincent Maphai<br>Chris van der Merwe<br>Nico de Waal *<br>* Dries Mellet (alternate to Nico de Waal)<br>Mathukana Mokoka<br>Busisiwe Vilakazi<br>Tom Brown |
| **Registered office and business address** | Office 101, The Village Square<br>c/o Queen and Oxford Streets<br>Durbanville<br>South Africa<br>7550 |
| **Postal address** | P.O. Box 2161<br>Durbanville<br>South Africa<br>7551 |
| **Bankers** | Standard Bank of South Africa Limited<br>First National Bank Limited<br>Nedbank Limited<br>ABSA Bank Limited<br>Bank Windhoek Limited<br>Standard Bank Namibia Limited |
| **External Auditor** | PricewaterhouseCoopers Incorporated<br>Registered Auditor |
| **Internal Auditor** | BDO Advisory Services Proprietary Limited |
| **Company secretary** | Stadio Corporate Services Proprietary Limited |

# General Information

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| **Independent sponsor** | PSG Capital Proprietary Limited |
| **The Companies Act** | Companies Act of South Africa, 71 of 2008 as amended |
| **King IV™** | King Code of Governance of South Africa |
| **JSE** | Johannesburg Stock Exchange |
| **Annual financial statements** | Consolidated and Separate Financial Statements for the year ended 31 December 2023 |
| **Level of assurance** | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa. |
| **Preparer** | The financial statements were internally compiled under the supervision of:<br>Mr I Kula CA(SA) |

# Contents

# Report from the Group's Audit and Risk Committee

**The Group's Audit and Risk Committee (ARC) is pleased to present its report for the year ended 31 December 2023. This report has been prepared in terms of section 94 of the Companies Act, King IV ™ and the JSE Listings Requirements and other applicable regulatory requirements. The ARC carried out its responsibilities as set out in its Board-approved terms of reference, which were reviewed, with no material changes, during the financial year.**

The ARC's main purpose is to assist the Board by providing an objective and independent view on the Group's financial, accounting and control mechanisms, including risk management, and ensuring the effectiveness of the internal and external assurance providers.

## 1. Composition and attendance

There were no changes in the composition of the ARC during the year. The members are all independent non-executive directors of the Group and the ARC is satisfied that all members have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

| Members | Appointed | Meetings attended | Meeting attendance by invitation |
|---|---|---|---|
| Mathukana Mokoka (Chairperson) | | 1 of 2 | All members of the Board, COO, Head: Group Reporting, and both Internal and External auditors. |
| Tom Brown | | 2 of 2 | |
| Busisiwe Vilakazi | | 2 of 2 | |

## 2. Focus areas

<table>
<tr><th>2023 Key activities</th><th>2024 Focus areas</th></tr>
<tr><td>2.1 Annual Financial Statements<br><br>The ARC reviewed and recommended the approval of the annual financial statements of the Group and the Company, as well as the interim trading update, to the board, having assessed :<br><br>• the fairness and accuracy of the financial information and disclosures;<br>• whether actual information varied significantly from budgeted or projected information;<br>• whether generally accepted accounting principles were applied;<br>• any actual or proposed changes in accounting or financial reporting practices or policies;<br>• any significant or unusual events or transactions;<br>• whether the Group's financial and operating controls are functioning effectively;<br>• assessed the reasonableness of any areas requiring judgement, including the key audit matters, with a particular focus on the loss allowance, ensuring appropriate assumptions and bad debt coverage; and<br>• assessed and confirmed the appropriateness of the going-concern assumption used in the annual financial statements, considering the Group's cash flow forecast, access to debt and strong balance sheet.<br><br>The annual financial statements for the year ended 31 December 2022 and the results for the six months ended 30 June 2023, were selected for routine review by the JSE's Proactive Monitoring panel. The ARC is satisfied that key items identified through the monitoring process have been addressed adequately.</td><td>• Ongoing focus on ensuring the Group's financial systems and processes are automated, streamlined, and operating effectively.<br><br>• Continued communication with the new CFO to ease the transition process and ensure minimal disruptions.</td></tr>
<tr><td>2.2 Key audit matters<br><br>The ARC applied its mind to the key audit matters identified by PwC during the audit and is comfortable that they have been adequately addressed and</td><td>• Regular engagement with the auditors</td></tr>
</table>

## Report from the Group's Audit and Risk Committee

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| disclosed.<br><br>These following items require significant judgment and include the assessment of assumptions and estimates used in assessing:<br><br>• the valuation and/or impairment of indefinite useful life intangible assets;<br>• the valuation and/or impairment of goodwill;<br>• the recoverability of debtors and the appropriateness of the loss allowance; and<br>• the utilisation and recoverability of the assessed loss and associated deferred tax asset.<br><br>In addition, the migration of data from the previous financial system to Unit4 at one of the business units, increases the risk of error. The ARC has assessed the controls and processes in place to alleviate any such errors. | and management around the key matters identified.<br><br>• Ongoing assessment of management's assumptions in assessing the key areas of judgement.<br><br>• Continued assessment of the economic environment, debtors' collections and recoverability of debtors.<br><br>• Continued monitoring of the appropriateness of the financial system. |
| **2.3 Financial reporting procedures, accounting practices and internal control**<br><br>As required by JSE Listings Requirement 3.84(g)(ii), the ARC ensured that<br>• appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated Group financial statements.<br><br>• The Group's financial reporting procedures, internal controls and systems have been designed to provide reasonable assurance of the integrity and reliability of the financial information presented in the annual financial statements and to safeguard, verify and maintain the assets of the Group and the Company.<br><br>The ARC, through consultation with the external auditors, ensured that management's processes and procedures are adequate to identify; assess; manage; and monitor group-wide risks.<br><br>The ARC considered the financial reporting procedures and practices of all entities within the Group and deem these, as well as the accounting policies, and consolidated annual financial statements, to be appropriate. | • Continued engagement with management, the external and internal auditors to ensure the financial reporting procedures, accounting practices and internal controls are functioning effectively and in accordance with the business needs. |
| **2.4 External auditor**<br><br>• The ARC nominated and recommended to shareholders the re-appointment of PwC as the independent external auditor. Mr Viresh Harri was re-appointed as the designated partner for the 2023 financial year.<br><br>• The ARC, in consultation with executive management, approved the terms of the engagement, as well as the associated audit fees to be paid, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.<br><br>• The ARC satisfied itself, through enquiry, that PwC remain independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. The ARC further confirmed, through requisite assurance, that the internal governance processes within PwC support and demonstrate the claim to independence.<br><br>• The ARC recommended the reappointment of PwC to the Board and the shareholders at the AGM in June 2023 and, having considered inter alia, paragraph 3.84(g)(iii) of the JSE Listing Requirements and the information stated in paragraph 22.15(h) of the JSE Listing Requirements, believes the external auditor is suitable for reappointment and therefore recommended | • Ongoing assessment of the auditors independence and suitability.<br><br>• Regular engagement with the auditors, if, or as, required. |

## Report from the Group's Audit and Risk Committee

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| the reappointment of PwC, to the Board, for 2024. This recommendation will be presented to shareholders during the AGM to be held in June 2024.<br><br>The ARC further considered, and approved, the nature and extent of any non-audit services to be performed by PwC, notably the annual reporting to DHET. | |
| **2.5 Internal Audit and control environment**<br><br>The main function of internal audit is to provide an independent review of, and provide assurance on, the effectiveness of the Group's internal controls, including its corporate governance and accounting processes, whilst noting any control weaknesses that exist.<br><br>The internal audit function is outsourced to BDO Advisory Services Proprietary Limited (BDO), for a three-year period which commenced in 2022.<br><br>The ARC monitored the effectiveness of the internal audit function, ensuring this remained an independent assurance function, and reviewed and refined the internal audit plan as required.<br><br>The ARC continues to guide management in their journey to a fully combined assurance approach, and note good progress has been made to date.<br><br>The ARC reviewed the reports from both the internal and external auditors, in respect of their audits of the internal control environment, and noted any concerns or suggestions arising in respect of their audits. The ARC considered the appropriateness of management's responses, and, based on the extent of the audit work carried out by both the internal and external auditors, nothing was brought to the ARC's attention which would suggest a material breakdown of any internal control system. The ARC is therefore satisfied that the internal financial control environment continued to function effectively for the year ended 31 December 2023. | • Continued refinement of the internal audit plan to ensure audit plan remains relevant and up to date, whilst monitoring the effectiveness of the internal control environment.<br><br>• Continued progress and input into a fully combined assurance model. |
| **2.5 Risk Governance**<br><br>Oversight of the risk management function is assigned to the ARC, who reports back to the Board accordingly.<br><br>During the year, the ARC assessed the implementation of the Group's risk strategy and framework, and considered the:<br><br>• Group's strategic risk register, noting the Group's top ten strategic risks (including the impacts of the South African economic environment, change management on the Group; the energy crisis, and likely impacts of climate-related risks on the Group);<br><br>• adequacy of the mitigation strategies in place to reduce the risk to acceptable tolerance level;<br><br>• recommended a more streamlined process for reporting on, and disclosing, risks going forward<br><br>The ARC has no reason to believe that any risks identified fall outside the agreed Group's risk tolerance levels and the mitigation strategies in place ensure the Group remains operationally and financially sound. | • Continued assessment of changes in risk levels evaluation of risk mitigation strategies.<br><br>• Review of risk appetite and tolerance against best practice. |

# Report from the Group's Audit and Risk Committee

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| **2.6 Insurance and Treasury Matters**<br><br>The ARC assesses the Group's insurance, ensuring the Group is adequately covered across any possible events such as material damages, cyber security, directors and officers liability, amongst others.<br><br>The ARC monitors the adequacy of the Group's cash resources and reserves through review of the cash forecasts, available debt funding and input into the appropriate debt vs equity ratios considering the Group's growth projects, and confirms the Group is a going concern.<br><br>In addition, through this assessment, the ARC recommended a dividend of 10 cents per share to the Board for approval, confirming that the Group met the solvency and liquidity requirements before and following the dividend declaration. | |
| **2.7 Evaluation of Chief Financial Officer**<br><br>The Group's Chief Financial Officer (CFO), Ms Samara Totaram CA(SA), CFA resigned effective 31 December 2023. Mr Ishak Kula CA(SA) was appointed as the CFO effective 1 January 2024.<br><br>As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, the ARC assessed, and was satisfied with, the experience and expertise of the former CFO, Ms Samara Totaram, and in considering and assessing the experience and expertise of Mr Ishak Kula, believes that Mr Ishak Kula has the required skills, experience and expertise to meet his responsibilities and is supported by an adequately resourced and skilled finance team. | • Continued monitoring and improvement of the finance function and structure. |

## Report from the Group's Audit and Risk Committee

**2. Conclusion**

No complaints or concerns were received by the ARC on any matters relating to the accounting practices of the Group, the content or auditing of the annual financial statements, the internal financial controls of the Group or on any other related matter during the year under review.

The ARC is satisfied that it discharged its responsibilities and duties in accordance with its mandate throughout the year under review. As chairperson of ARC, I would like to thank my fellow ARC members, the external and internal auditors, and management for their contributions to the ARC throughout the year, and thank Ms Samara Totaram for the role she played as the Group CFO over the past years.

On behalf of the ARC

**Mathukana Mokoka (CA)SA**
**ARC Chairperson**
**15 March 2024**

# Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements 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 Group and Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group’s cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditor and their report is presented on pages 17 to 24.

The annual financial statements set out on pages 25 to 109, which have been prepared on the going concern basis, were approved and authorised for issue by the board of directors on 15 March 2024 and were signed on their behalf by:

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| **Chris Vorster** | **Ishak Kula** |
| **Chief Executive Officer** | **Chief Financial Officer** |

## Chief Executive Officer and Chief Financial Officer responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

a) The annual financial statements set out on pages 25 to 109, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;

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 auditor any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) We are not aware of any fraud involving directors.

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| **Chris Vorster**<br>**Chief Executive Officer** | **Ishak Kula**<br>**Chief Financial Officer** |

## Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, we certify to the best of our knowledge the Company has lodged with the Companies and Intellectual Properties Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

**Stadio Corporate Services Proprietary Limited**
**Company Secretary**
**15 March 2024**

# Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Stadio Holdings Limited and its subsidiaries for the year ended 31 December 2023.

## 1. Nature of business

STADIO Holdings is incorporated in the Republic of South Africa and is a public company listed on the JSE.

STADIO Holdings facilitates the widening of access to quality and relevant higher education programmes in Southern Africa through its three prestigious higher education institutions, namely STADIO Proprietary Limited (STADIO Higher Education), The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) and Milpark Education Proprietary Limited (Milpark Education). The institutions offer a diverse range of undergraduate and postgraduate programmes via the contact learning and distance learning modes of delivery.

## 2. Review of financial results and activities

The operating results and the performance of the Group and Company are set out in the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and notes thereto. The profit attributable to owners of the parent for the year under review was R208 million (2022: R166 million). Overall student enrolments for the year ended 31 December 2023 increased by 10% to 46 508 (2022: 42 463).

## 3. Share capital

The directors are committed to preserving stakeholder value and accordingly entered into a number of repurchase programmes during the year. In April 2023, the Company issued 3.2 million shares to the Group Share Incentive Trust (SIT) for R14.7 million, in order for the SIT to meet its obligations under the STADIO Group Share Incentive Scheme (refer to Note 13 and 14). Consequently, the Board approved the repurchase of 3.2 million shares in the market, which were purchased between July 2023 and December 2023, and subsequently cancelled, to counter the dilutionary impact of the previous share issue.

In December 2023, the Board approved a second repurchase programme, authorising the purchase of R15 million of shares from the market, to counter the dilutionary impact of future share issues relating to the Group’s Share Incentive Scheme.

Refer to Note 13 of the annual financial statements for detail of the movement in authorised and issued share capital.

## 4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act of South Africa. As this general authority remains valid only until the next Annual General Meeting (AGM), the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 5% of the Company's issued share capital, under the control of the directors until the following AGM.

## 5. Dividends

The directors have pleasure in declaring the Group's dividend of 10 cents per share from income reserves, payable on 22 April 2024 (2022: 8.9 cents per share).

## 6. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the annual financial statements in Note 7.

Milpark Education is a material subsidiary with non-controlling shareholders holding 16.9% (2022: 31.5%).
During the year, the Group acquired an additional 14.6% equity interest as a result of the following transactions:

- 1.8% equity interest from one of the non-controlling shareholders for a consideration of R15.4 million.
- 12.8% equity interest from Brimstone Investment Corporation Limited for a consideration of R117.5 million. This amount was settled after year end.

# Directors' Report

### 7. Directorate

Samara Totaram, the Group's Chief Financial Officer (CFO) resigned as an executive director effective 31 December 2023, to take a career break. Mr Ishak Kula was appointed as the Group CFO and an executive director effective 1 January 2024. The Board wishes to thank Samara for the meaningful role she played in establishing the solid foundation on which the STADIO Group is built today.

The directors in office during the year or at the date of this report are as follows:

| Directors | Office | Changes |
|---|---|---|
| **Independent non-executive:** | | |
| Vincent Maphai | Chairperson | |
| Mathukana Mokoka | | |
| Busisiwe Vilakazi | | |
| Tom Brown | | |
| **Non-executive:** | | |
| Chris van der Merwe | | |
| Nico de Waal | | |
| Dries Mellet (alternate to Nico de Waal) | | |
| **Executive** | | |
| Chris Vorster | Chief Executive Officer | |
| Samara Totaram | Chief Financial Officer | Resigned 31 December 2023 |
| Ishak Kula | Chief Financial Officer | Appointed 1 January 2024 |
| Divya Singh | Chief Academic Officer | |

### 8. Special resolutions

The following special resolutions were approved by shareholders at the AGM held on 22 June 2023.

- Non-executive directors' remuneration for their services rendered to the Company for 2023;
- the Board of the Company, in terms of section 45(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the Board may deem fit to any director, prescribed officer or Company that is related or interrelated to the Company on the terms and conditions and for amounts that the Board of the Company may determine until the next AGM;
- the Board of the Company, in terms of section 44(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or Company that is related or interrelated to the Company, for the purpose of the subscription of any options or shares issued or to be issued by the Company or a related or interrelated Company, on the terms and conditions and for the amounts that the Board of the Company may determine until the next AGM; and
- the Company and its subsidiaries are hereby authorised, as a general approval, to repurchase a maximum of 20% of the shares issued by the Company, upon such terms and conditions and in such amounts as the Directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements. At the time that the authority was granted, this amounted to a maximum of 170 735 517 Shares.
- The Group, through the STADIO Group Share Incentive Trust (Share Incentive Trust), repurchased 4.8 million shares (2022: 4.0 million shares) during the year to fulfill its obligations under Group's long-term share incentive scheme, of which 1.5 million were purchased since the AGM. In addition, the Group entered into a general repurchase programme whereby the Company repurchased 3.2 million shares in the market between 22 June 2023 and 31 December 2023. Subsequent to the year end, as at 15 March 2024, a further 3.1 million shares have been repurchased in the market. All shares repurchased by the Company have been cancelled. 19.3% remains of the Group's general authority as at 15 March 2024.

# Directors' Report

### 9. Directors' interests in shares

The following directors have interest in the Company's issued shares:

**2023**

| Ordinary shares | Direct '000 | Indirect '000 | Total '000 |
|---|---|---|---|
| Chris Vorster | - | 17 043 | 17 043 |
| Samara Totaram | 1 391 | - | 1 391 |
| Divya Singh | 1 387 | 180 | 1 567 |
| Chris van der Merwe | - | 6 448 | 6 448 |
| Nico de Waal | 154 | 1 783 | 1 937 |
| Dries Mellet | 4 | 2 032 | 2 036 |
| Vincent Maphai | 440 | 20 | 460 |
| Mathukana Mokoka | 174 | 30 | 204 |
| Tom Brown | 100 | - | 100 |
| Busisiwe Vilakazi | 1 | - | 1 |
| | **3 651** | **27 536** | **31 187** |

**2022**

| Ordinary shares | Direct '000 | Indirect '000 | Total '000 |
|---|---|---|---|
| Chris Vorster | - | 15 669 | 15 669 |
| Samara Totaram | 1 172 | - | 1 172 |
| Divya Singh | 1 049 | 21 | 1 070 |
| Chris van der Merwe | - | 8 500 | 8 500 |
| Nico de Waal ^ | 154 | 1 783 | 1 937 |
| Dries Mellet | 4 | 2 032 | 2 036 |
| Vincent Maphai | 385 | - | 385 |
| Mathukana Mokoka | 174 | - | 174 |
| Tom Brown | 100 | - | 100 |
| Busisiwe Vilakazi | 1 | - | 1 |
| | **3 039** | **28 005** | **31 044** |

^ The shares disclosed for Nico de Waal in the prior year were restated from an indirect holding of 1 987 to 1 783 to correctly reflect the number of shares held indirectly by the director. There were no share dealings by the director during the year.

There were no changes to the directors interests or their beneficial interests in shares between the year-end date and the date of approval of these financial statements.

The register of interests of directors and others in shares of the Company is available to shareholders on request.

Independent non-executive directors that hold shares are required to complete an annual declaration that they remain independent and that the shares they hold are not material in their overall wealth.

# Directors' Report

**10. Going concern**

The Group has a strong balance sheet with no external funding (other than lease liabilities) and continues to generate strong profits and cash flows for the year ended 31 December 2023.

At 31 December 2023, the Company is in an accumulated loss position. The current assets exceed the current liabilities and the Company has access to additional cash resources within the Group to meet its cash obligations as they fall due in the next 12 months.

In assessing the ability of the Group and Company to continue as a going concern, management has considered the following:
- the Group and Company's ability to settle its obligations as they become due and payable in the next 12 months;
- the solvency and liquidity position of the Group and Company (including an assessment before and after any dividend declaration);
- the cash generation ability of the Group and Company, including a review of projected cash flows over the next 5 years; and
- the current and forecast debt utilisation of the Group and Company.

The Group has access to a revolving credit facility of R100 million, with an option to increase the revolving credit facility by an additional R100 million. At 31 December 2023, the Group has no external debt. In January 2024, the Group utilised the R100 million rolling credit facility to fund its acquisition of the additional shares in Milpark Education (see point 11 below). The Group has also met all covenant requirements up to the date of the annual financial statement. Refer to Note 15 for the terms of the facility.

Based on the above the Board is satisfied that the Group and the Company are in a sound financial position and have adequate cash resources and access to borrowings to continue to operate as a going concern in the foreseeable future.

Refer to Note 40 of the annual financial statements.

**11. Events after the reporting period**

**Appointment of CFO**

Effective 1 January 2024, Ishak Kula was appointed as the Group CFO.

**Milpark Education**

On 29 December 2023, the Group, through its wholly owned subsidiary STADIO Investment Holdings Proprietary Limited ("SIH"), entered into a sale of shares agreement with Newshelf 1404 Proprietary Limited, a wholly owned subsidiary of Brimstone Investment Corporation Limited ("Brimstone"), to purchase Brimstone's effective indirect 12.8% interest in Milpark Education, for a purchase consideration of R117.5 million. The effective date of the transaction was 31 December 2023. The purchase consideration was settled on 22 January 2024.

In January 2024, the Group purchased a further 0.7% interest from one of the other non-controlling shareholders for a purchase consideration of R6.1 million, which was settled later in January 2024.

The net result of these transactions leaves the Group with a net effective interest in Milpark Education of 83.9% as at the end of January 2024.

In order to finance these transactions, the Group utilised the R100 million rolling credit facility (RCF). Refer to Note 15 for the covenant details.

**Dividend**

On 18 March 2024, the Group declared a dividend of 10 cents per share (R85 million) from income reserves for the year ended 31 December 2023, which is payable 22 April 2024. The dividend amount, net of South African dividends tax of 20%, is 8 cents per share.

Save as set above, the directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

# Directors' Report

**12. Auditor**

PricewaterhouseCoopers Incorporated continued in office in accordance with Section 90 of the Companies Act of South Africa.

Mr Viresh Harri continued as the designated partner for the year ended 31 December 2023.

**13. Secretary**

Stadio Corporate Services Proprietary Limited is the appointed Company Secretary of the Group.

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| Postal address: | P.O. Box 2161<br>Durbanville<br>South Africa<br>7551 |
| Business address: | Office 101, The Village Square<br>c/o Queen and Oxford Streets<br>Durbanville<br>South Africa<br>7550 |

**14. Sponsors**

PSG Capital Proprietary Limited (“PSG Capital”) acted as the Group's sponsor in 2023 and will continue this function in 2024. PSG Capital provides advice on the interpretation of and compliance with the JSE Listings Requirements and review notices required in terms of the Company's Memorandum of Incorporation and the JSE. In accordance with the JSE Listing Requirements, all listed entities are required to have an independent sponsor appointed at all times.

**15. Corporate Governance**

The directors endorse the King IV (TM) and are committed to applying the principles of transparency, integrity, fairness and accountability in the conduct of its business and affairs. The board has satisfied itself that appropriate principles of corporate governance were applied throughout the year under review.

The directors are responsible for ensuring that the Group and Company comply with all of its statutory and regulatory obligations. The board of directors oversees and ensures, amongst other things:

- an effective compliance framework;
- the integrity of the Group’s financial reporting and risk management;
- accurate, timely and transparent disclosure to shareholders.

**16. Report of the Audit and Risk committee**

The report of the Audit and Risk Committee, as required in terms of section 94(7)(f) of the Companies Act, is set out on pages 4 to 8 of the annual financial statements.

# Directors' Report

### 17. Conclusion

2023 was another challenging year in South Africa with record levels of loadshedding and low economic growth coupled with rising interest rates and high unemployment rates. These factors directly impacted our students, resulting in increased financial pressure and impact our students ability to afford higher education offerings. Notwithstanding these economic pressures, the Group, with its affordable distance learning offerings, is well positioned to cater for the needs of the South African higher education market, and there continues to be high demand for our offerings as students invest in themselves to create more prosperous opportunities.

The Group remains committed to widening access to quality higher education and making a positive impact in the lives of our students and in South Africa as a whole.

# *Independent auditor's report*

To the Shareholders of Stadio Holdings Limited

## *Report on the audit of the consolidated and separate financial statements*

### *Our opinion*

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stadio Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

**What we have audited**

Stadio Holdings Limited's consolidated and separate financial statements set out on pages 25 to 107 comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

### *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.

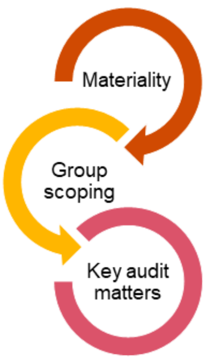
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group 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 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 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)*.

## *Our audit approach*

### Overview




**Overall group materiality**

- Overall group materiality*:* R 15.5 million*,* which represents 4.8% of profit before taxation.

**Group audit scope**

- The Group consists of sixteen components, of which fifteen operate in the Republic of South Africa and one in Namibia.
- All significant operating locations of the group were visited by the group audit team.
- Full scope audits were performed for four components due to their financial significance. Analytical procedures were performed on the remaining components.

**Key audit matters**

- Impairment assessment of goodwill and other indefinite life intangible assets.
- Expected credit losses on trade receivables.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|---|---|
| *Overall group materiality* | R 15.5 million |
| *How we determined it* | 4.8% of profit before taxation |
| *Rationale for the materiality benchmark applied* | We chose consolidated profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 4.8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply for listed profit-oriented companies. |

**How we tailored our group audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of sixteen components, with the main components being Stadio Corporate Services ("Corporate Services"), The South African School of Motion Picture Medium and Live Performance ("AFDA"), Milpark Education ("Milpark") and Stadio Proprietary Limited ("SHE"). We conducted full scope audits on four components namely SHE, AFDA, Milpark and Corporate Services due to their financial significance to the group or specific risks. We performed analytical procedures on the remaining components.

This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate audit evidence regarding the financial information of the Group. All of the work was performed by the group audit team.

## *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.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| *Impairment assessment of goodwill and other indefinite life intangible assets*<br><br>*This key audit matter relates to the consolidated financial statements only.*<br><br>The Group's net assets include goodwill amounting to R 751.1 million, trademarks of R 57.5 million and the indefinite life portion of the curriculum material of R 50.5 million. This amounts to a total of R 859.1 million classified as indefinite life intangible assets. Refer to notes 1.2, 5 and 6 to the consolidated financial statements for disclosure regarding this key audit matter.<br><br>As required by International Accounting Standard (IAS) 36 - Impairment of Assets, management conducts an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of the carrying value of goodwill and the indefinite life intangible assets. These tests are subjective in nature due to management's judgements and assumptions relating to the Cash Generating Units ("CGUs").<br><br>Management estimated the recoverable amount of the CGUs using the value in use method. This is performed by using a discounted cash flow model.<br><br>Management applied the following key assumptions in determining the recoverable amount:<br><br>● Discount rate;<br>● Terminal growth rate;<br>● Cash flow assumptions relating to tuition fee increases, student number growth and operating expenses growth.<br><br>Based on results of the assessment performed, no impairment was recognised for goodwill and indefinite life intangible assets.<br><br>We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance in our current year audit due to the following:<br><br>● The judgement and estimates applied by management in performing the impairment assessment; and<br>● The magnitude of these balances in relation to the consolidated financial statements. | We performed the following audit procedures:<br><br>● We evaluated the valuation methodology used by management to determine the estimated value in use and whether the discounted cash flow model used by management is an appropriate valuation methodology applied in the circumstances and as required by IAS 36 - Impairment of Assets. Based on our work performed, we accepted management's use of the discounted cash flow model as a valuation methodology.<br><br>● We assessed, with the use of our valuation expertise, the principles of management's calculations and we challenged key inputs in the calculations such as the discount rate, terminal growth rate and future cash flow assumptions with reference to the board approved business plan and external market data. We did not note any aspects requiring further consideration.<br><br>● In assessing management's forecasts, we considered the historical accuracy of the underlying businesses' forecasts to assess the reliability thereof, by comparing the actual results for the year with the original forecasts.<br><br>● We compared the discount and terminal growth rates used by management to our independently developed benchmarks, which are based on various economic indicators. The rates used by management were found to be within an acceptable range of our independently determined range of discount and terminal growth rates.<br><br>● We performed independent sensitivity calculations on the impairment assessments, to assess the degree by which the key assumptions needed to change in order to trigger an impairment. Based on the outcome of our procedures, we did not note any aspect requiring further consideration. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Expected credit losses on trade receivables*<br><br>*This key audit matter relates to the consolidated financial statements only.*<br><br>Trade receivables consist of gross receivables and an expected credit loss ("ECL") provision which amounted to R330.2 million and R163.5 million, respectively, in the consolidated financial statements. Refer to notes 1.6 and 8 to the consolidated financial statements for disclosure regarding this key audit matter.<br><br>As described in the "Accounting policies, Significant judgements and sources of estimation uncertainty"section of the consolidated financial statements, the group uses judgement based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period to estimate the ECL provision.<br><br>International Financial Reporting Standard (IFRS) 9 – Financial Instruments, requires the recognition of ECL on financial assets within the scope of its impairment model. The Group follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Group uses a provision model to determine the impairment loss allowance on the trade receivables. The provision model is based on its historically observed default rates over the expected life (2 years) of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.<br><br>We considered the determination of the expected credit loss on the trade and other receivable to be a matter of most significance in the current year audit due to the judgement applied to assess the recoverability of the trade receivables and the credit risk associated with it. | In assessing management's expected credit losses:<br><br>● We tested the mathematical accuracy of the ECL calculation and noted no exceptions.<br><br>● We assessed the appropriateness of the ageing categorisation by testing a sample of customers to assess whether their outstanding debt was categorised correctly and no exceptions were noted.<br><br>● We analysed the collection of receivables in the respective ageing categorisations and independently calculated the historical loss rates, which were compared to management's loss rates. We recalculated the ECL based on the historical loss rates that were independently recalculated and noted no material differences when comparing the ECL to our independent calculation thereof.<br><br>● We evaluated forward looking information by assessing the movement in inflation, gross domestic product and unemployment rate for the current year and the expected movement for the forthcoming year. This was considered reasonable given the industry and economic climate. |

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Stadio Holdings Limited Annual Financial Statements for the year ended 31 December 2023”, which includes the Directors’ Report, the Audit and Risk Committee Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “Stadio Holdings 2023 Integrated Report”, which is expected to be made available to us after that date. The 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 and will 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 that we 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 IFRS Accounting 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 the 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/or the 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's and the 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's and the 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 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 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 PricewaterhouseCoopers Inc. has been the auditor of Stadio Holdings Limited for 8 years.

PricewaterhouseCoopers Inc.

**PricewaterhouseCoopers Inc.**
**Director: Viresh Harri**
**Registered Auditor**
**Cape Town, South Africa**
**17 March 2024**

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

# Consolidated and Separate Statements of Financial Position as at 31 December 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Assets** | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 3 | 872 281 | 866 846 | - | - |
| Right-of-use assets | 4 | 65 062 | 84 533 | - | - |
| Goodwill | 5 | 751 082 | 751 082 | - | - |
| Intangible assets | 6 | 151 872 | 141 147 | - | - |
| Investments in subsidiaries | 7 | - | - | 979 040 | 979 040 |
| Trade and other receivables | 8 | 20 533 | 19 377 | - | - |
| Other financial assets | 9 | 16 244 | 14 740 | - | - |
| Deferred tax asset | 10 | 75 844 | 86 783 | - | - |
| Loans to related parties | 11 | - | - | 427 366 | 529 549 |
| | | **1 952 918** | **1 964 508** | **1 406 406** | **1 508 589** |
| Current Assets | | | | | |
| Trade and other receivables | 8 | 196 544 | 158 858 | - | - |
| Loans to related parties | 11 | - | - | 85 051 | 75 248 |
| Tax receivable | | 36 203 | 9 592 | - | - |
| Cash and cash equivalents | 12 | 130 323 | 148 207 | 15 132 | - |
| | | **363 070** | **316 657** | **100 183** | **75 248** |
| **Total Assets** | | **2 315 988** | **2 281 165** | **1 506 589** | **1 583 837** |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Equity Attributable to Equity Holders of Parent | | | | | |
| Share capital | 13 | 1 628 781 | 1 628 517 | 1 628 781 | 1 628 517 |
| Treasury shares | 13 | (17 114) | (145) | - | - |
| Share based payments reserve | 14 | 24 361 | 16 960 | - | - |
| Accumulated profit/(loss) | | 158 541 | 126 853 | (129 933) | (52 631) |
| | | 1 794 569 | 1 772 185 | 1 498 848 | 1 575 886 |
| Non-controlling interest | 13 | 67 633 | 109 517 | - | - |
| **Total equity** | | **1 862 202** | **1 881 702** | **1 498 848** | **1 575 886** |
| **Liabilities** | | | | | |
| Non-Current Liabilities | | | | | |
| Lease liabilities | 4 | 80 298 | 127 455 | - | - |
| Deferred tax liability | 10 | 51 897 | 43 320 | - | - |
| Trade and other payables | 17 | - | 2 676 | - | - |
| | | **132 195** | **173 451** | **-** | **-** |
| Current Liabilities | | | | | |
| Lease liabilities | 4 | 34 715 | 42 325 | - | - |
| Borrowings | 15 | 237 | 68 | - | - |
| Loans from related parties | 16 | 96 | 96 | 7 201 | 7 201 |
| Trade and other payables | 17 | 185 753 | 67 133 | 540 | 750 |
| Contract liabilities | 18 | 100 715 | 96 270 | - | - |
| Tax payable | | 75 | 20 120 | - | - |
| | | **321 591** | **226 012** | **7 741** | **7 951** |
| **Total Liabilities** | | **453 786** | **399 463** | **7 741** | **7 951** |
| **Total Equity and Liabilities** | | **2 315 988** | **2 281 165** | **1 506 589** | **1 583 837** |

# Consolidated and Separate Statements of Comprehensive Income

| | Notes | Group 2023 R '000 | Group 2022 R '000 | Company 2023 R '000 | Company 2022 R '000 |
|---|---|---|---|---|---|
| **Revenue** | 19 | 1 413 650 | 1 213 812 | - | - |
| Other income | 20 | 15 055 | 6 165 | - | - |
| Loss allowance | 8 | (127 167) | (79 494) | - | - |
| Fair value (losses)/gains on financial instruments | 21 | (21) | 127 | - | - |
| Employee costs | 22 | (586 092) | (515 254) | - | - |
| Operating expenses | 22 | (324 885) | (274 219) | (1 753) | (1 427) |
| **Earnings/(loss) before interest, taxation, depreciation and amortisation (EBITDA)** | | **390 540** | **351 137** | **(1 753)** | **(1 427)** |
| Depreciation and amortisation | 23 | (70 474) | (68 353) | - | - |
| Impairment | 23 | - | (6 456) | - | - |
| **Earnings/(Loss) before interest and taxation (EBIT)** | | **320 066** | **276 328** | **(1 753)** | **(1 427)** |
| Investment income | 24 | 20 640 | 12 038 | 148 | - |
| Finance costs | 25 | (16 677) | (18 650) | - | (6) |
| **Profit/(loss) before taxation** | | **324 029** | **269 716** | **(1 605)** | **(1 433)** |
| Taxation | 26 | (87 767) | (83 228) | - | - |
| **Profit/(loss) for the year** | | **236 262** | **186 488** | **(1 605)** | **(1 433)** |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive income/(loss) for the year** | | **236 262** | **186 488** | **(1 605)** | **(1 433)** |
| **Profit/(loss) attributable to:** | | | | | |
| Owners of the parent | | 208 247 | 165 638 | (1 605) | (1 433) |
| Non-controlling interest | | 28 015 | 20 850 | - | - |
| | | **236 262** | **186 488** | **(1 605)** | **(1 433)** |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the parent | | 208 247 | 165 638 | (1 605) | (1 433) |
| Non-controlling interest | | 28 015 | 20 850 | - | - |
| | | **236 262** | **186 488** | **(1 605)** | **(1 433)** |
| **Earnings per share (cents)** | | | | | |
| **Per share information** | | | | | |
| Basic earnings per share | 27 | 24,5 | 19,5 | - | - |
| Diluted earnings per share | 27 | 24,1 | 19,1 | - | - |

## Consolidated and Separate Statements of Changes in Equity

| | Share capital | Treasury shares | Share-based payment reserve | Accumulated profit/(loss) | Total attributable to equity holders of the Group / Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| **Group** | | | | | | | |
| **Balance at 1 January 2022** | **1 618 817** | **-** | **31 942** | **1 190** | **1 651 949** | **99 228** | **1 751 177** |
| Profit for the year | - | - | - | 165 638 | **165 638** | 20 850 | **186 488** |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **165 638** | **165 638** | **20 850** | **186 488** |
| Issue of shares | 9 757 | - | - | - | **9 757** | - | **9 757** |
| Settlement of employee share incentive scheme | - | 14 717 | (23 427) | - | **(8 710)** | - | **(8 710)** |
| Share issue costs | (57) | - | - | - | **(57)** | - | **(57)** |
| Share-based payment charge | - | - | 8 445 | - | **8 445** | - | **8 445** |
| Acquisition of treasury shares (Refer to Note 13) | - | (14 862) | - | - | **(14 862)** | - | **(14 862)** |
| Capital contribution from non-controlling shareholder in subsidiary (Refer to Note 13) | - | - | - | - | **-** | 10 383 | **10 383** |
| Transaction with non-controlling interest (Refer to Note 13) | - | - | - | - | **-** | (2 022) | **(2 022)** |
| Dividends (Refer to Note 13) | - | - | - | (39 975) | **(39 975)** | (18 922) | **(58 897)** |
| **Total contributions by and distributions to owners of Company recognised directly in equity** | **9 700** | **(145)** | **(14 982)** | **(39 975)** | **(45 402)** | **(10 561)** | **(55 963)** |

# Consolidated and Separate Statements of Changes in Equity

| | Share capital | Treasury shares | Share-based payment reserve | Accumulated profit/(loss) | Total attributable to equity holders of the Group / Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| **Balance at 1 January 2023** | **1 628 517** | **(145)** | **16 960** | **126 853** | **1 772 185** | **109 517** | **1 881 702** |
| Profit for the year | - | - | - | 208 247 | **208 247** | 28 015 | **236 262** |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **208 247** | **208 247** | **28 015** | **236 262** |
| Issue of shares for settlement of employee share incentive scheme | 14 652 | (14 652) | - | - | **-** | - | **-** |
| Shares repurchased and cancelled (Refer to Note 13) | (14 226) | - | - | - | **(14 226)** | - | **(14 226)** |
| Settlement of employee share incentive scheme | - | 19 756 | (6 377) | (20 506) | **(7 127)** | - | **(7 127)** |
| Share issue costs | (162) | - | - | - | **(162)** | - | **(162)** |
| Share-based payment charge | - | - | 13 778 | - | **13 778** | - | **13 778** |
| Acquisition of treasury shares (Refer to Note 13) | - | (22 073) | - | - | **(22 073)** | - | **(22 073)** |
| Transaction with non-controlling interest (Refer to Note 13) | - | - | - | (80 377) | **(80 377)** | (52 554) | **(132 931)** |
| Dividends (Refer to Note 13) | - | - | - | (75 676) | **(75 676)** | (17 345) | **(93 021)** |
| **Total contributions by and distributions to owners of Company recognised directly in equity** | **264** | **(16 969)** | **7 401** | **(176 559)** | **(185 863)** | **(69 899)** | **(255 762)** |
| **Balance at 31 December 2023** | **1 628 781** | **(17 114)** | **24 361** | **158 541** | **1 794 569** | **67 633** | **1 862 202** |
| Notes | 13 | 13 | 14 | | | | |

# Consolidated and Separate Statements of Changes in Equity

| | Share capital R '000 | Treasury shares R '000 | Share-based payment reserve R '000 | Accumulated profit/(loss) R '000 | Total attributable to equity holders of the Group / Company R '000 | Non-controlling interest R '000 | Total equity R '000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **Balance at 1 January 2022** | **1 618 817** | **-** | **-** | **(11 223)** | **1 607 594** | **-** | **1 607 594** |
| Loss for the year | - | - | - | (1 433) | **(1 433)** | - | **(1 433)** |
| **Total comprehensive loss for the year** | **-** | **-** | **-** | **(1 433)** | **(1 433)** | **-** | **(1 433)** |
| Issue of shares | 9 757 | - | - | - | **9 757** | - | **9 757** |
| Share issue costs | (57) | - | - | - | **(57)** | - | **(57)** |
| Dividends (Refer to Note 13) | - | - | - | (39 975) | **(39 975)** | - | **(39 975)** |
| **Total contributions by and distributions to owners of Company recognised directly in equity** | **9 700** | **-** | **-** | **(39 975)** | **(30 275)** | **-** | **(30 275)** |
| **Balance at 1 January 2023** | **1 628 517** | **-** | **-** | **(52 631)** | **1 575 886** | **-** | **1 575 886** |
| Loss for the year | - | - | - | (1 605) | **(1 605)** | - | **(1 605)** |
| **Total comprehensive loss for the year** | **-** | **-** | **-** | **(1 605)** | **(1 605)** | **-** | **(1 605)** |
| Issue of shares | 14 652 | - | - | - | **14 652** | - | **14 652** |
| Share issue costs | (162) | - | - | - | **(162)** | - | **(162)** |
| Shares repurchased and cancelled (Refer to Note 13) | (14 226) | - | - | - | **(14 226)** | - | **(14 226)** |
| Dividends (Refer to Note 13) | - | - | - | (75 697) | **(75 697)** | - | **(75 697)** |
| **Total contributions by and distributions to owners of Company recognised directly in equity** | **264** | **-** | **-** | **(75 697)** | **(75 433)** | **-** | **(75 433)** |
| **Balance at 31 December 2023** | **1 628 781** | **-** | **-** | **(129 933)** | **1 498 848** | **-** | **1 498 848** |
| Notes | 13 | 13 | 14 | | | | |

# Consolidated and Separate Statements of Cash Flows

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 Restated * |
| | Note(s) | R '000 | R '000 | R '000 | R '000 |
| **Cash flows from/(used in) operating activities** | | | | | |
| Cash generated from/(used in) operations | 29 | 360 268 | 307 696 | 59 | (16) |
| Investment income received | 32 | 17 038 | 9 022 | 148 | - |
| Finance costs paid | 33 | (16 677) | (18 650) | - | (6) |
| Taxation paid | 30 | (114 903) | (68 142) | - | - |
| **Net cash from/(used in) operating activities** | | **245 726** | **229 926** | **207** | **(22)** |
| **Cash flows (used in)/from investing activities** | | | | | |
| Purchase of property, plant and equipment | 3 | (37 336) | (85 028) | - | - |
| Proceeds from disposal of property, plant and equipment | | 426 | 52 669 | - | - |
| Purchase of intangible assets | 6 | (22 356) | (7 838) | - | - |
| Acquisition of other financial assets | 9 | (655) | (5 000) | - | - |
| Loans repaid by related party | 11 | - | - | 102 267 | 39 975 |
| **Net cash (used in)/from investing activities** | | **(59 921)** | **(45 197)** | **102 267** | **39 975** |
| **Cash flows used in financing activities** | | | | | |
| Share issue costs | 13 | (162) | (57) | (162) | - |
| Issue of shares | 13 | - | 997 | 2 743 | - |
| Acquisition of shares from non-controlling interest | 13 | (15 431) | - | - | - |
| Capital contribution from non-controlling shareholder in subsidiary | 17 | - | 10 383 | - | - |
| Proceeds from borrowings | 31 | 221 | 68 | - | - |
| Repayment of borrowings | 31 | (52) | (15 065) | - | - |
| Payment of principal portion of lease liabilities | 31 | (62 163) | (31 567) | - | - |
| Dividends paid to non-controlling shareholders | 13 | (17 345) | (18 922) | - | - |
| Dividends paid to shareholders | 13 | (75 676) | (39 975) | (75 697) | (39 975) |
| Cash received on exercise of share options by employees | | 3 319 | 6 886 | - | - |
| Share repurchases | 13 | (36 400) | (14 862) | (14 226) | - |
| **Net cash used in financing activities** | | **(203 689)** | **(102 114)** | **(87 342)** | **(39 975)** |
| **Total cash and cash equivalents movement for the year** | | **(17 884)** | **82 615** | **15 132** | **(22)** |
| Cash and cash equivalents at the beginning of the year | | 148 207 | 65 592 | - | 22 |
| **Total cash and cash equivalents at end of the year** | 12 | **130 323** | **148 207** | **15 132** | **-** |

* The Cash Flow Statement of the Company has been restated to reflect the dividends paid to the shareholders by Stadio Corporate Services Proprietary Limited acting on behalf of the Company. This was omitted from the Company's cash flow as it was incorrectly viewed as a non-cash item. Refer to Note 42 for further disclosure.

# Accounting Policies

## 1. Presentation of consolidated and separate financial statements

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

### 1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and IFRS Interpretations Committee interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands (R), rounded to the nearest thousand Rand, and which is the Group and Company's functional currency.

These accounting policies are consistent with the previous period.

### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results in the future could differ from these estimates which may be material to the annual financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and for any future periods affected.

#### Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

#### Internally generated curriculum material

Management capitalise curriculum development costs directly attributable to the development of new curricula as intangible assets as disclosed in Note 1.5 and Note 6. Significant judgement is exercised in differentiating between research and development costs, technical feasibility to complete the development, assessment of the probability that the development of the curriculum will be able to generate future economic benefits and assessment of whether expenditure attributable to the development of the asset can be measured reliably.

The research phase consists mainly of the search for potential programmes to offer (which may include programmes on different modes of delivery and including alternative assessment practices to yield the best academic results). The costs related to the research phase are clearly distinguished from development costs and are expensed as incurred. Once a programme has been identified for development and offered within the Group, authorised senior management internally approve of the development and the academic team then commences with the development process. The capitalisation of costs pertaining to curriculum development only commence at this point. The development phase consists mainly of developing the learning programme and curriculum framework (which includes the processes relating to the design, delivery, assessment moderation and quality assurance of the programme), in accordance with the stringent criteria as set out by the Council on Higher Education (CHE). Once a programme has been approved for development, management dedicates enough resources (technical, financial, and other resources such as existing staff and external consultants) to complete the programmes, which will ultimately be used by the Group to deliver qualifications to students and thereby generating economic benefits for the Group.

The development and design of the learning programme and curriculum framework spans between 8-12 months and consists of various activities to align the programme to the Group's academic quality criteria to ensure student success. During the development phase, certain staff dedicate part of their time in developing the curriculum framework. The Group has controls in place to track the time spent solely on curriculum development. The Group may also appoint external consultants who have experience in the specific fields of the related programmes being developed. Only staff costs and external consultant costs spent specifically on the development of the programmes are capitalised.

# Accounting Policies

### 1.2 Significant judgements and sources of estimation uncertainty (continued)

In assessing the technical feasibility to complete the programmes, management applies judgement on whether or not the development is sufficient to meet the relevant requirements of the various regulators. This is based on the expertise of the staff and external consultants used (i.e., industry and knowledge specific experts) in development of the programme as well as oversight by senior and experienced staff within the Groups' quality control and assurance division. Whilst regulatory approval of the CHE, the Department of Higher Education and Training (DHET) and the South African Qualifications Authority (SAQA) is required prior to offer of any formal programme, the process of regulatory approval allows for the engagement with the development staff and consultants on programmes submitted for accreditation. This engagement allows for rectifications and revisions of the curriculum framework, within parameters, to ensure compliance with the relevant regulations required for approval.

#### Curriculum material and trademarks useful lives

Curriculum material costs that require accreditation with CHE, are capitalised and 51% of the capitalised curriculum material are treated as an asset with indefinite useful life. This is due to the fact that institutions are able to change up to 50% of the programme offered to students without DHET needing to re-accredit the programme offered. The balance of the curriculum material costs are treated as an intangible asset with a finite useful life.

The curriculum material and trademarks that are regarded as having an indefinite useful life as, based on all relevant factors, there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows.

Curriculum material, once accredited, do not have significant cost associated with the maintenance of the core curriculum.

Trademarks may be renewed at little or no cost to the Group. Trademarks are assessed as having an indefinite useful life.

#### Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

To determine the incremental borrowing rate, the Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- if the lessee does not have recent third-party financing, use the group debt facility financing rate, as a starting point adjusted to reflect risk factors specific to the lessee; and
- makes adjustments specific to the lease, e.g., term and security

#### Lease term

Determining the lease term requires judgement. Management consider all facts and circumstances that create an economic incentive or otherwise to exercise a lease extension or termination option.

For leases of office, administration buildings and land, the following factors are considered:
- If there are significant penalties to terminate, the Group would extend if it makes commercial and operational sense to do so.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend.
- Otherwise, the Group considers other factors including historical lease durations and the costs and operational disruption required to replace the leased asset.

The lease term is reassessed if an option is exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The Group is reasonably certain to extend the lease term where the operational disruption to students is significant should the leased asset be replaced. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of R8.2 million (2022: R3.3 million).

# Accounting Policies

### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Key sources of estimation uncertainty

#### Impairment of trade receivables

The impairment provisions for trade receivables are based on estimates to determine the expected credit loss of trade receivables. In making these assumptions and selecting the inputs utilised in the impairment calculation, the Group uses judgement based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of key assumptions and inputs used, refer to Note 1.6 and Note 8.

#### Estimated useful lives assessment

The Group estimates the useful lives of property, plant and equipment, right-of-use assets and intangible assets in line with the current policy and applicable IFRS Accounting Standards. The useful lives for property, plant and equipment and intangibles are set out in Note 1.4 and Note 1.5. Useful lives are determined upon acquisition and subsequently reviewed annually. These assessments are based on management's historic analysis, anticipation of future pattern of use of the asset which may impact their life and other reliable information. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. 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.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation or amortisation charge.

#### Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 5 and Note 6. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### Deferred tax asset

The Group has determined that it will be possible to utilise deferred tax assets through future taxable profits. This is based on financial forecasts which require the use of assumptions. Refer to Note 26 for further information.

### 1.3 Consolidation

#### Basis of consolidation

The annual financial statements incorporate the separate financial statements of the Company and all subsidiaries. Subsidiaries are entities (including trusts) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

The results of subsidiaries are included in the annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Consolidated and Separate Statements of Changes in Equity .

# Accounting Policies

### 1.3 Consolidation (continued)

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**Investments in subsidiaries in the separate financial statements**

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

**Business combinations**

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS Accounting Standards.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

# Accounting Policies

### 1.3 Consolidation (continued)

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through other comprehensive income.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment, which includes assets under construction, is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write-off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Buildings | Straight line | 75 years |
| Furniture and fixtures | Straight line | 6 - 10 years |
| Motor vehicles | Straight line | 5 years |
| Audio, camera and edit equipment | Straight line | 6 years |
| Computer equipment | Straight line | 3 years |
| Leasehold improvements | Straight line | shorter of lease term or useful life |
| Costume, make-up and styling | Straight line | 5 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## Accounting Policies

### 1.5 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Curriculum material, requiring CHE accreditation, includes a portion of the asset with an indefinite useful life since there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The balance has a useful life of six years, taking into account the average period over which the curriculum is reviewed and updated, in order to keep the curriculum relevant with any technological, regulatory, or other changes that do not constitute a redesign of the curriculum framework. The useful life of non-accredited courses was determined to be 3 years, as these relate to short courses. The nature of short courses are dependent on current trends and require more frequent assessment of the coursework to ensure that they remain relevant.

The amortisation period and the amortisation method for intangible assets are reviewed at each period end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Internally generated intangible assets comprises computer software and curriculum material.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee development costs and external consulting fees.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Trademarks | Straight line | Indefinite |
| Curriculum material - accredited | Straight line | Indefinite / 6 years |
| Curriculum material - non-accredited courses | Straight line | 3 years |
| Computer software | Straight line | 3 - 10 years |
| Client lists | Straight line | 4 - 7 years |

# Accounting Policies

### 1.6 Financial instruments

#### Classification

#### Financial assets:

The Group and Company classify their financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group and Company classify their financial assets at amortised cost only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

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.

#### Financial liabilities:

The Group and Company classify their financial liabilities into the following specified categories:
- Amortised cost; or
- Fair value through profit and loss

#### Recognition and measurement

Financial instruments are recognised when the Group and the Company become a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are measured at fair value at initial recognition.
Transaction costs on financial assets and financial liabilities at fair value through profit or loss are recognised in profit or loss.
For financial assets and financial liabilities that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category, as indicated below.
A gain or loss on a financial asset that is measured at fair value will be recognised in profit or loss unless it is a financial asset measured at fair value through other comprehensive income for which gains or losses are recognised in other comprehensive income.
Financial assets measured at amortised cost are subsequently measured at amortised cost.
Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

#### Derecognition

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.

The Group derecognises financial liabilities when, and only when, the Group 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.

#### Loans to related parties

#### Classification

Loans to related parties (Note 11) are classified as financial assets subsequently measured at amortised cost.

# Accounting Policies

### 1.6 Financial instruments (continued)

#### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

The Group applies the IFRS 9 simplified approach to measure the loss allowance for trade receivables (excluding net investment in lease) at an amount equal to lifetime expected credit losses (ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### Other financial assets

#### Classification

Other financial instruments comprise of unit trusts and are presented in Note 9. They are mandatorily classified at fair value through profit or loss. The unit trusts are long-term investments held to earn interest and are classified as non-current financial assets.

#### Borrowings and loans from related parties

#### Classification

Loans from related parties (Note 16) and borrowings (Note 15) are classified as financial liabilities subsequently measured at amortised cost.

#### Trade and other payables

#### Classification

Trade and other payables (Note 17) are classified as financial liabilities subsequently measured at amortised cost with the exception of the contingent consideration liability. When a financial liability is a contingent consideration in a business combination, the Group initially and subsequently measures it as a financial liability at fair value through profit or loss.

#### Cash and cash equivalents

#### Classification

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents comprise cash on hand 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. These are initially recorded at fair value and subsequently measured at amortised cost.

# Accounting Policies

### 1.6 Financial instruments (continued)

#### Impairment of financial assets

**Simplified model**

The ECL on trade receivables is calculated on a collective basis for all trade receivables as students are perceived to have a similar risk profile. This is because the majority of the Group’s customer base are working adults. Where students are not working adults, working parents/guardians/ sponsors are required to stand in as a co-principal debtor. Therefore, the Group views the risk profiles as similar. The ECL is determined using a provision based calculation which is based on the Group's historical credit loss, adjusted for forward-looking general economic conditions and specific student conditions, such as failure to make payment on the due dates and the length of the overdue payment. Historical credit losses are determined based on the credit losses experienced over the previous two financial years. The forecast of economic conditions, such as the interest and unemployment rates, are used to determine the impact on the recoverability, at year end. The Group defines default on trade receivables when there is a balance outstanding in relation to the prior academic year and the student has not entered into payment plan arrangements.

Other receivables (excluding net investment in lease) has been assessed based on individual characteristics, nature of the counterparty and history with the counterparty in order to determine the credit risk and expected credit loss. The ECL calculated is a function of the loss given default, exposure at default and the probability of default.

**General Model**

The ECL on loans to related parties and net investment in lease is determined through the application of the General Model. The Group assesses which stage of the three-stage model the financial asset falls into.

The stages applied are:
1) A performing asset – a 12 month expected credit loss is calculated;
2) Increased credit risk – lifetime expected credit loss is calculated; or
3) Credit impaired – lifetime expected credit loss is calculated

The ECL calculated is a function of the loss given default, exposure at default and the probability of default.

The Group considers the probability of default upon initial recognition of the financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition.The Group considers this to be when the amount outstanding is 90 days past due and/ or if there is existing or forecast deterioration in the counterparty’s ability to meet its debt obligations.

Default occurs when the amount outstanding is greater than 90 days past due and there is evidence indicating that the amount is credit impaired such as the counter party entering liquidation.

Recognition of impairment losses

An impairment loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of financial assets, through the use of a loss allowance. The impairment loss is disclosed as a separate line on the statement of comprehensive income.

#### Write-off policy

Financial assets are written off when there are indicators that there is no reasonable expectation of recovery. Indicators for trade receivables include students not re-enrolling, students not responding to payment requests and no longer being contactable. Indicators for other financial assets to be written off is where there is evidence of the debtor being in severe financial difficulty, such as business rescue proceedings commencing, and the Group has no realistic evidence of recovery.

Where financial assets are impaired through use of a provision account, the write-off occurs against the loss allowance provision. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade receivables that are written off are subject to the Group's additional debt recovery procedures.

# Accounting Policies

### 1.7 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

# Accounting Policies

## 1.8 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or 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 asset are consumed. Low-value assets comprise IT equipment and small items of office furniture.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in Note 4 Leases (Group as lessee).

### Lease liability

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 Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the 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 lease payments made. Interest charged on the lease liability is included in finance costs (Note 25).

### 1.8 Leases (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial 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);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Right-of-use assets

Right-of-use assets are initially measured by taking the initial cost of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated using the straight-line method over the shorter period of lease term and useful life of the underlying asset. However, 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. The Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation starts at the commencement date of a lease. Refer to Note 4 of the financial statements which states the lease terms for the various leases.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Right-of-use asset and lease liability are treated as separate transactions. These have equal but opposite temporary differences on initial recognition, which are separately recognised.

#### Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

### 1.8 Leases (continued)

#### Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (Note 20).

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

#### Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the Group net investment in the lease. They are included in trade and other receivables (Note 8) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the Group from the lessee, a party related to the lessee or a third party unrelated to the Group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (Note 24).

The Group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy (Note 1.6) for financial instruments where the impairment policy for lease receivables is detailed.

### 1.9 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period;
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

# Accounting Policies

### 1.9 Impairment of non-financial assets (continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

### 1.11 Treasury shares

Treasury shares are purchases made by the Group of its own equity instruments and held within a trust for participants in the Stadio Group Share Incentive Scheme. The consideration paid, together with the related transaction costs are deducted from equity. Where shares repurchased are subsequently sold, the consideration received is included in equity attributable to owners of Stadio Holdings Limited, net of any directly attributable incremental transaction cost and the related tax effects. No profit or loss is recorded.

When treasury shares held in the Stadio Group Share Incentive Scheme subsequently vest, are cancelled or lapse, the shares will no longer be classified as treasury shares, and will no longer be deducted when calculating the weighted average number of shares or diluted weighted average number of shares.

### 1.12 Share based payments

The Group issues equity-settled share-based payments to certain employees under the share option scheme.

These equity-settled share-based payments are measured at fair value at the grant date. Vesting conditions which are not market related (i.e., service conditions and non-market related performance conditions) are excluded when determining the fair value of the equity instruments granted. The fair value of the equity instruments at grant date are measured using the Black-Scholes Model. Additional details regarding the estimates are included in Note 14.

The fair value of the employee services received in exchange for the grant of the share options is expensed in profit and loss on the straight-line basis over the vesting period with a corresponding increase in the share-based payment reserve, based on the Group's estimate of the shares that will eventually vest.

As an exception, when the Group is obligated, in terms of tax legislation, to withhold an amount of employees’ tax associated with an equity-settled share-based payment transaction (thus creating a net settlement feature), the full transaction is still accounted for as an equity-settled share-based payment transaction.

When the options are exercised the appropriate amount of shares are transferred to the employee. The proceeds received, net of directly attributable transaction costs, are credited directly to equity.

### 1.13 Dividends payable

Dividends payable are recognised as liabilities in the reporting period in which the dividends are declared. A dividend declared subsequent to the reporting date is not charged against total equity at the reporting date, as no liability exists at that date.

# Accounting Policies

### 1.14 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### 1.15 Provisions and contingent liabilities

A provision is recognised when:

- the Group has a present legal obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The expense related to any provision is recognised in profit or loss. If the effect of the time value of money is material, a pre-tax discount rate is applied to determine the present value of the provision. With the passage of time, the provision will increase by applying the pre-tax discount rate and recognising cost in finance costs in the profit or loss.

A provision for onerous contract is recognised by the Group when the economic benefits of a contract is lower than the unavoidable costs of meeting any obligations of the contract. The unavoidable costs are the lower of the minimum requirements of fulfilling the contract and any penalties that may be incurred for not fulfilling the contract (net of any compensation).

The onerous contract provision is measured as the present value of the unavoidable costs, by using a pre-tax discount rate that reflects current market assessments for the time value of money and specific risks associated with the provision.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision; and
- The amount initially recognised less cumulative amortisation.

Contingent liabilities and contingent assets are not recognised. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed when it is more likely than not that an inflow of benefits will occur.

However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position as the asset is no longer considered to be contingent.

### 1.16 Contract liabilities

Contract liabilities comprises of tuition and registration fees received prior to the commencement of the academic service being delivered to the student. Contract liabilities represent an obligation of the Group resulting in revenue being realised only once the Group has performed the obligation as per the contract.

Subject to only certain conditions, such as extenuating medical-related cases, contract liabilities may be repayable to the student's account should the student not commence or complete their studies.

Contract liabilities are expected to be recognised over 1 to 3 years.

# Accounting Policies

### 1.17 Revenue from contracts with customers

The Group derives revenue from the transfer of services over time and as such, revenue is recognised in profit and loss in the accounting period in which the service is rendered in accordance with the terms of the student contract and when collections are highly probable. Revenue is measured at the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of bursaries and discounts granted, and value added tax.

The Group recognises revenue from the following major sources:

- Revenue from tuition fees and education services
- Sale of goods
- Other income

#### Tuition and education services

Tuition fees
Tuition fees relate to fees earned for the delivery of educational services to students. Students simultaneously receive and consume the benefits of these services over the academic period of their programme, as such revenue is recognised on a straight-line bases over the academic period. The tuition fee recognised is determined based on the student contract, in accordance with the higher education institution's fee structure. No allocation of the transaction price is required.

Bursaries and discounts
Discretionary bursaries and discounts are set off against the related revenue recognised. Bursaries and discounts are awarded based on academic merit or financial assistance. Awarded bursaries are assessed annually with no obligation that the bursary will continue in the following academic year. These amounts are calculated based on the approved amounts and are recognised on a straight-line basis over the academic period in which the service is rendered, in line with the tuition fees.

Registration and enrolment fees
Registration and enrolment fees are received to perform educational administrative tasks. These amounts per the higher education institution's fee structure, are received upfront. The revenue is recognised over the period in which the education service is delivered in accordance with the terms of the student contract which may be between 1 – 3 years. The fees are charged at their own stand-alone selling price.

Other academic income
Other academic income are recognised over the period that this service is provided. Students simultaneously receive and consume the benefits of services. Transaction prices are determined per obligation and based on the stand-alone selling price in accordance with the institutions fee structure. Other academic income primarily relates to additional services provided for summer school and assessments.

#### Sale of goods

Learning material
The Group is involved in the sale of learning material. Sales are recognised when the control of learning materials has been transferred which occurs upon delivery to the student. Upon acceptance by the student the performance obligation is satisfied. Payment is due upon the transfer of learning materials to the student.

Canteen
Canteen revenue is recognised upon the transfer of the food or beverage items to students and staff. Payment is due as soon as the customer receives their food or beverage purchased.

### 1.18 Other Income

Sundry Income
Sundry income is recognised at a point in time when the performance obligation is satisfied. The transaction price is determined based on the stand-alone price of each performance obligation.

Sundry income relates to non-academic incidental ancillary services such as insurance refunds, prescribed debt and other incidental income.

### 1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.20 Earnings per a share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares (WANOS) outstanding during the financial year adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Headline earnings per share
Basic earnings adjusted for non-headline items in terms of the requirements stipulated in Circular 1/2023, as issued by SAICA. Headline earnings per share is calculated by dividing headline earnings by the WANOS.

Core headline earnings per share
Core headline earnings adjusts basic headline earnings for certain items that, in the executive directors view, may distort the financial results from year to year, giving shareholders a more consistent reflection of the underlying financial performance of the Group. These core adjustments include once-off acquisition related costs, amortisation costs associated with client lists acquired (i.e., a non-cash charge arising as a result of the consolidation of the subsidiaries acquired), costs relating to consideration payable in respect of acquisitions, tax penalties and interest, and once-off costs related to onerous contract expenses. Core headline earnings per share is calculated by dividing core headline earnings by the WANOS.

### 1.21 Interest income

Interest income is recognised in profit or loss using the effective interest rate method.

### 1.22 Dividend income

Dividend income is recognised in profit or loss when the Company’s right to receive payment has been established.

### 1.23 Segmental information

The Group considers its executive directors to be the chief operating decision maker and therefore the segmental disclosures are aligned with the monthly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all of the services being related to higher education services within southern Africa. However, management does make decisions based on what they constitute to be reflective of the underlying financial performance of the Group and as such, the Group has identified core headline earnings as this measure. Non-core includes certain items which may distort the Group’s performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the Group. Refer to Note 28 for further information.

### 2. New and revised standards

#### 2.1 Standards and amendments effective and adopted in the current year

In the current year, the Group and Company adopted the following standards and amendments that are effective for the current financial year (1 January 2023) and that are relevant to its operations:

| Standard/Amendment: | Key requirement: |
|---|---|
| • Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 | The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.<br><br>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. |
| • Definition of Accounting Estimates – Amendments to IAS 8 | The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. |
| • Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.<br><br>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:<br>- right-of-use assets and lease liabilities, and<br>- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.<br><br>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.<br><br>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and<br>various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. |

The adoption of these standards and amendments did not have a significant impact on the amounts recognised or disclosed in the consolidated and separate annual financial statements.

### 2. New and revised standards (continued)

### 2.2 Standards and amendments not yet effective

The Group and Company have chosen not to early adopt the following standards and amendments, which have been published and are mandatory for the Group and Company's accounting periods beginning on or after 1 January 2024 or later periods:

| Standard/Amendment: | Executive summary: |
|---|---|
| • *Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1* | Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).<br><br>Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.<br><br>The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:<br>- the carrying amount of the liability<br>- information about the covenants, and<br>- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.<br><br>The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non current classification of a convertible note.<br>The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current. |
| • *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16* | In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.<br><br>The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. |

# Notes to the Annual Financial Statements

### 2. New and revised standards (continued)

| Standard/Amendment: | **Executive summary:** |
|---|---|
| • *Supplier finance arrangements – Amendments to IAS 7 and IFRS 7* | The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.<br><br>The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:The terms and conditions of SFAs.<br>1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.<br>2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.<br>3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.<br>4. Non-cash changes in the carrying amounts of financial liabilities in (b).<br>5. Access to SFA facilities and concentration of liquidity risk with finance providers.<br><br>The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends. |
| • *Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28* | The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.<br><br>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).<br><br>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.<br><br>In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. |

The impact of of these standards and amendments are currently being assessed, but it is not expected to have a significant impact on the results of the Group or Company..

Certain amendments to accounting standards have been published that are not mandatory for the 31 December 2023 reporting periods and have not been early adopted by the Group or Company. These amendments are not expected to have a material impact on the Group or Company in the current or future reporting periods and on foreseeable future transactions.

# Notes to the Annual Financial Statements

## 3. Property, plant and equipment

| Group | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Cost R '000** | **Accumulated depreciation R '000** | **Carrying value R '000** | **Cost R '000** | **Accumulated depreciation R '000** | **Carrying value R '000** |
| Land | 165 757 | - | 165 757 | 165 757 | - | 165 757 |
| Buildings | 507 600 | (2 129) | 505 471 | 470 029 | (1 684) | 468 345 |
| Leasehold improvements | 134 526 | (14 416) | 120 110 | 134 495 | (15 645) | 118 850 |
| Furniture and fixtures | 44 239 | (15 814) | 28 425 | 43 062 | (13 362) | 29 700 |
| Motor vehicles | 3 866 | (1 520) | 2 346 | 4 131 | (1 438) | 2 693 |
| Computer equipment | 42 422 | (25 860) | 16 562 | 43 056 | (27 292) | 15 764 |
| Creative and arts* | 56 155 | (31 149) | 25 006 | 49 029 | (23 377) | 25 652 |
| Assets under construction | 8 604 | - | 8 604 | 40 085 | - | 40 085 |
| **Total** | **963 169** | **(90 888)** | **872 281** | **949 644** | **(82 798)** | **866 846** |

* Includes audio, camera and edit equipment; and costume, make-up and styling assets.

# Notes to the Annual Financial Statements

### 3. Property, plant and equipment (continued)

**Reconciliation of property, plant and equipment - Group - 2023**

| | Opening balance R '000 | Additions R '000 | Disposals R '000 | Depreciation R '000 | Reclassifications R '000 | Total R '000 |
|---|---|---|---|---|---|---|
| Land | 165 757 | - | - | - | - | 165 757 |
| Buildings | 468 345 | 2 748 | - | (460) | 34 838 | 505 471 |
| Leasehold improvements | 118 850 | 6 530 | - | (5 293) | 23 | 120 110 |
| Furniture and fixtures | 29 700 | 3 416 | (113) | (5 118) | 540 | 28 425 |
| Motor vehicles | 2 693 | 263 | (196) | (414) | - | 2 346 |
| Computer equipment | 15 764 | 10 199 | (44) | (9 357) | - | 16 562 |
| Creative arts | 25 652 | 10 260 | (351) | (10 555) | - | 25 006 |
| Assets under construction | 40 085 | 3 920 | - | - | (35 401) | 8 604 |
| | **866 846** | **37 336** | **(704)** | **(31 197)** | **-** | **872 281** |

**Reconciliation of property, plant and equipment - Group - 2022**

| | Opening balance R '000 | Additions * R '000 | Disposals R '000 | Depreciation R '000 | Reclassifications R '000 | Total R '000 |
|---|---|---|---|---|---|---|
| Land | 165 757 | - | - | - | - | 165 757 |
| Buildings | 428 540 | 2 377 | - | (645) | 38 073 | 468 345 |
| Leasehold improvements | 119 520 | 2 399 | - | (3 069) | - | 118 850 |
| Furniture and fixtures | 27 671 | 4 731 | (1 280) | (5 001) | 3 579 | 29 700 |
| Motor vehicles | 2 855 | 448 | (82) | (528) | - | 2 693 |
| Computer equipment | 12 169 | 10 009 | (95) | (7 828) | 1 509 | 15 764 |
| Creative arts | 24 616 | 10 929 | (630) | (9 263) | - | 25 652 |
| Assets under construction | 29 191 | 54 055 | - | - | (43 161) | 40 085 |
| | **810 319** | **84 948** | **(2 087)** | **(26 334)** | **-** | **866 846** |

* Additions, in the prior year include, other non-cash reallocation adjustments of R0.08 million.

### 3. Property, plant and equipment (continued)

**Other information**

Assets-under-construction of R8.6 million largely comprises of development and design costs relating to the construction of the STADIO Durbanville campus. The prior year balance largely relates to the STADIO Krugersdorp campus construction. The movement in the current year reclassification relates to the capitalisation of this campus.

The majority of leasehold improvements relate to the STADIO Waterfall campus, on the leased land which is subject to a 90-year lease.

No property, plant and equipment is encumbered as security for the borrowings as per Note 15 (2022: Rnil).

A register containing information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the Company.

Property, plant and equipment, with the exception of land, are insured at approximate cost of replacement.

### 4. Leases (Group as lessee)

The Group leases the following assets:
-Land
The Group leases the land on which the STADIO Waterfall campus is located, a portion of which is sub-let to Curro Holdings Limited as described in Note 8. The term of the lease is 90 years. The Group has included lease extensions where it is reasonably certain to extend the lease term of the accredited sites where the operational disruption to students is significant should the leased asset be replaced. Due to the significant leasehold improvements on the land subject to a 90-year lease, the Group has assessed that it is reasonably certain that the lease term will be extended.

-Buildings
The Group leases various buildings as administrative offices and for the delivery of the Group's educational offerings. These lease terms range from 1 - 8 years.

-Other assets
The leases for other assets comprise of leases for office equipment and motor vehicles.
The lease terms range between 2 - 5 years.

**Right-of-use assets**

| **Group** | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Cost R '000** | **Accumulated depreciation R '000** | **Carrying value R '000** | **Cost R '000** | **Accumulated depreciation R '000** | **Carrying value R'000** |
| Land | 30 869 | (1 734) | 29 135 | 30 118 | (694) | 29 424 |
| Buildings | 121 556 | (86 556) | 35 000 | 121 594 | (68 233) | 53 361 |
| Office furniture and other equipment | 4 474 | (3 547) | 927 | 4 474 | (2 726) | 1 748 |
| **Total** | **156 899** | **(91 837)** | **65 062** | **156 186** | **(71 653)** | **84 533** |

**Reconciliation of right-of-use assets - Group - 2023**

| | **Opening balance R '000** | **Reclassifications R '000** | **Depreciation R '000** | **Modifications^ R '000** | **Closing balance R '000** |
|---|---|---|---|---|---|
| Land | 29 424 | 58 | (347) | - | 29 135 |
| Buildings | 53 361 | (58) | (26 478) | 8 175 | 35 000 |
| Computer equipment | 1 748 | - | (821) | - | 927 |
| | **84 533** | **-** | **(27 646)** | **8 175** | **65 062** |

# Notes to the Annual Financial Statements

### 4. Leases (Group as lessee) (continued)

**Reconciliation of right-of-use assets - Group - 2022**

| | Opening balance R '000 | Additions * R '000 | Reclassifica-tions R '000 | Disposals R '000 | Depreciation R '000 | Impairment loss R '000 | Modifica-tions^ R '000 | Closing balance R '000 |
|---|---|---|---|---|---|---|---|---|
| Land | 29 829 | - | (58) | - | (347) | - | - | 29 424 |
| Buildings | 65 372 | 13 441 | 58 | - | (26 035) | (2 769) | 3 294 | 53 361 |
| Motor vehicles | 61 | - | - | (61) | - | - | - | - |
| Computer equipment | 1 923 | 541 | - | - | (716) | - | - | 1 748 |
| | **97 185** | **13 982** | **-** | **(61)** | **(27 098)** | **(2 769)** | **3 294** | **84 533** |

* The additional leases in the prior year relate to new premises leased for the Group's operational requirements.

^ During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options in respect of buildings was an overall increase in recognised right-of-use assets of R8.2 million (2022: R3.3 million).

**Impairment**
The impairment in the prior year was in respect of the leased Milpark campus situated in Gauteng. This impairment followed the Board's decision to transition the Milpark business to offer programmes only on the distance learning mode of delivery. Consequently, the right-of-use asset related to the Milpark campus will no longer generate future economic benefits, resulting in it being impaired. The impairment has been expensed in the total impairment charge in profit or loss (Note 23).

# Notes to the Annual Financial Statements

## 4. Leases (Group as lessee) (continued)

**Lease liabilities**

**Reconciliation of lease liability - Group**

| | Group | |
|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 |
| Opening carrying amount | 169 780 | 184 357 |
| Additions | - | 13 982 |
| Finance cost | 16 280 | 17 961 |
| Repayments - finance cost | (16 280) | (17 961) |
| Repayments - principal portion | (62 163) | (31 567) |
| Remeasurement | 7 396 | 3 008 |
| **Closing carrying amount** | **115 013** | **169 780** |

**Other disclosures**

| | | |
|---|---|---|
| Expenses on short-term leases included in operating expenses | 1 008 | 1 627 |
| Leases of low value assets included in operating expenses | 895 | 1 237 |
| Total cash outflow from leases | (80 346) | (52 392) |

**Lease liabilities**

| | Group | |
|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 |
| The maturity analysis of lease liabilities is as follows: | | |
| Within one year | 37 566 | 50 041 |
| Within two to five years | 41 995 | 96 320 |
| Within six to ten years | 33 660 | 33 660 |
| Within eleven to fifty years | 1 166 679 | 1 236 680 |
| More than 50 years | 9 223 037 | 9 159 007 |
| | 10 502 937 | 10 575 708 |
| Less finance charges component | (10 387 924) | (10 405 928) |
| | **115 013** | **169 780** |
| Non-current liabilities | 80 298 | 127 455 |
| Current liabilities | 34 715 | 42 325 |
| | **115 013** | **169 780** |

The weighted average lessee’s incremental borrowing rate applied to the lease liabilities range from 7% - 10.1% (for 1 - 8 year leases) and 13.1% (for the 90-year long-term lease) (2022: 7% - 9.7 % (for 2 - 8 year leases) and 13.1% (for the 90-year long-term lease)).

### 5. Goodwill

| Group | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Cost R '000 | Accumulated impairment R '000 | Carrying value R '000 | Cost R '000 | Accumulated impairment R '000 | Carrying value R '000 |
| Goodwill | 751 082 | - | 751 082 | 751 082 | - | 751 082 |

**Reconciliation of goodwill - Group - 2023**

| | Opening balance | Total |
|---|---|---|
| Goodwill | 751 082 | 751 082 |

**Reconciliation of goodwill - Group - 2022**

| | Opening balance | Total |
|---|---|---|
| Goodwill | 751 082 | 751 082 |

Goodwill arising from acquisitions largely consists of, inter alia, the academic workforce, expected synergies, economies of scale and the student growth potential.

The CGUs represent the higher education institutions which were acquired and are each separately accredited institutions. These CGUs represent the lowest level within the entity at which goodwill is monitored for internal management purposes. Accordingly goodwill is tested at these CGU levels.

The goodwill attributable to CGUs are as follows:

| | STADIO Higher Education R'000 | Milpark (incl. CAC) R'000 | AFDA R'000 | Total R'000 |
|---|---|---|---|---|
| 31 December 2022 | 279 624 | 245 066 | 226 392 | 751 082 |
| **31 December 2023** | **279 624** | **245 066** | **226 392** | **751 082** |

**Impairment tests for goodwill and indefinite useful life intangible assets were performed as follows:**
The recoverable amount of goodwill and indefinite useful life intangible assets (refer to Note 6) is based on the value-in-use of each CGU, which require the use of assumptions. The calculations use cash flow projections based on five-year financial forecasts and key assumptions as stated below. Refer to Note 1.2 for further detail.

The future cash flow assumption reflects the following key assumptions:
- Increase of tuition fees determined by inflation within the higher education industry
- Growth in student numbers determined by historical experience and estimated growth in enrolment numbers
- Operating expenses growth which are a function of growth in student numbers and inflation
- Terminal growth rate taking into account expectations of long-term growth in higher education in South Africa
- The pre-tax discount rate used is derived from the weighted average cost of capital (WACC) 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 also uses the market betas of comparable entities. The cost of debt is based on the interest-bearing borrowings of the Group. The debt-to-equity ratio was determined by applying the Group's target gearing levels. The same discount rate was used for all CGUs.

Set out below are the high level assumptions used in determining the recoverable amount of goodwill. There is significant headroom in all CGUs. No reasonably possible changes in the key assumptions would cause the carrying value of the CGU's to exceed their recoverable amounts.

# Notes to the Annual Financial Statements

## 5. Goodwill (continued)

| **2023** | **STADIO Higher Education** | **Milpark (including CAC)** | **AFDA** |
|---|---|---|---|
| Pre-tax discount rate | 16,5 % | 16,5 % | 16,5 % |
| Terminal growth rate | 2 % | 2 % | 2 % |
| Cash flow assumptions | | | |
| -Tuition fee increases | 5 - 6% | 6 % | 5 % |
| -Student number growth * | 11 % | 8 % | 5 % |
| -Operating expenses growth * | 15 % | 11 % | 10 % |

| **2022** | **STADIO Higher Education** | **Milpark (including CAC)** | **AFDA** |
|---|---|---|---|
| Pre-tax discount rate | 15,8 % | 15,8 % | 15,8 % |
| Terminal growth rate | 2 % | 2 % | 2 % |
| Cash flow assumptions | | | |
| -Tuition fee increases | 5 - 6% | 6 % | 5 % |
| -Student number growth * | 11 % | 8 % | 6 % |
| -Operating expenses growth * | 16 % | 16 % | 11 % |

* Average annual growth rate over a period of 5 years.

No impairments were recognised for the years ended 31 December 2023 (2022: Rnil).

As all CGUs operate in the same industry, environment and similar geographic areas, no additional risk premium has been added to the discount rate between the respective CGUs.

**Sensitivity analysis**

A sensitivity analysis was performed on each individual CGU. The directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of this CGU and other CGUs to exceed its recoverable amount.

### 6. Intangible assets

| Group | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Cost R '000** | **Accumulated amortisation /impairment R '000** | **Carrying value R '000** | **Cost R '000** | **Accumulated amortisation /impairment R '000** | **Carrying value R '000** |
| Trademarks | 101 306 | (43 755) | 57 551 | 101 306 | (43 755) | 57 551 |
| Computer software | 40 152 | (21 541) | 18 611 | 35 444 | (20 080) | 15 364 |
| Curriculum material | 117 577 | (43 156) | 74 421 | 102 759 | (37 980) | 64 779 |
| Client lists | 36 591 | (35 302) | 1 289 | 36 591 | (33 138) | 3 453 |
| **Total** | **295 626** | **(143 754)** | **151 872** | **276 100** | **(134 953)** | **141 147** |

**Reconciliation of intangible assets - Group - 2023**

| | **Opening balance R '000** | **Additions R '000** | **Disposals R '000** | **Amortisation R '000** | **Total R '000** |
|---|---|---|---|---|---|
| Trademarks | 57 551 | - | - | - | 57 551 |
| Computer software | 15 364 | 7 065 | 13 | (3 831) | 18 611 |
| Curriculum material | 64 779 | 15 291 | (13) | (5 636) | 74 421 |
| Client lists | 3 453 | - | - | (2 164) | 1 289 |
| | **141 147** | **22 356** | **-** | **(11 631)** | **151 872** |

**Reconciliation of intangible assets - Group - 2022**

| | **Opening balance R '000** | **Additions R '000** | **Amortisation R '000** | **Derecognition R '000** | **Total R '000** |
|---|---|---|---|---|---|
| Trademarks | 57 551 | - | - | - | 57 551 |
| Computer software | 18 449 | 719 | (3 804) | - | 15 364 |
| Curriculum material | 68 232 | 7 105 | (6 871) | (3 687) | 64 779 |
| Client lists | 7 699 | - | (4 246) | - | 3 453 |
| | **151 931** | **7 824** | **(14 921)** | **(3 687)** | **141 147** |

**Other information**

Included in computer software is one of the Group's Enterprise Resource Planning (ERP) system. The carrying value of the ERP system at 31 December 2023 is R10.3 million (2022: R11.8 million) with a remaining useful life of 6 years and 11 months. The Group implemented the ERP system during the 2020 financial year.

Curriculum material with a definite useful life has a remaining useful life of between 1 to 6 years.
Client lists have a remaining useful life of 1 - 12 months.

# Notes to the Annual Financial Statements

## 6. Intangible assets (continued)

**Intangibles with indefinite useful lives**

| | STADIO Higher Education R'000 | Milpark (incl. CAC) R'000 | AFDA R'000 | STADIO Corporate Services R'000 | Total R'000 |
|---|---|---|---|---|---|
| **Curriculum material** | | | | | |
| At 31 December 2022 | 27 446 | 9 784 | 2 708 | 2 684 | 42 622 |
| Additions | 121 | 7 777 | - | - | 7 898 |
| **At 31 December 2023** | **27 567** | **17 561** | **2 708** | **2 684** | **50 520** |
| **Trademarks** | | | | | |
| At 31 December 2022 | - | 37 853 | 19 698 | - | 57 551 |
| Additions | - | - | - | - | - |
| **At 31 December 2023** | **-** | **37 853** | **19 698** | **-** | **57 551** |
| **Total intangibles with indefinite lives** | | | | | |
| At 31 December 2022 | 27 446 | 47 637 | 22 406 | 2 684 | 100 173 |
| Additions | 121 | 7 777 | - | - | 7 898 |
| **At 31 December 2023** | **27 567** | **55 414** | **22 406** | **2 684** | **108 071** |

Intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indicators that intangibles may be impaired.

# Notes to the Annual Financial Statements

### 6. Intangible assets (continued)

The Group and the Company prepare cash flow forecasts for the CGUs related to the intangible asset. The cash flow forecasts incorporate Board approved budgets, as well as projected cash flows post the budget period, taking into consideration growth rates for the underlying inputs related to the CGU.

Impairment tests for intangibles are based on a discount rate of 16.5% (2022: 15.8%) per annum and forecasted cash flow of 5 years (2022: 5 years) with a 2% (2022: 2%) terminal growth rate.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of each CGU to exceed its recoverable amount. The directors were satisfied that no impairment is required.

Refer to Note 5 for a sensitivity analysis performed on intangible assets with indefinite useful lives.

In the prior year, the decision was taken that certain programme offerings will not be offered in the future, resulting in no future economic benefits expected to be derived from the curriculum development of the programme. In the prior year, this resulted in the derecognition of the carrying value of the curriculum material of R3.7 million. The derecognition of these programmes have been included in the impairment expense (refer to Note 23) in profit or loss.

# Notes to the Annual Financial Statements

## 7. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

**Company**

| Name of company or trust | Held direct/ indirect | % holding 2023 | % holding 2022 | Carrying amount 2023 R '000 | Carrying amount 2022 R '000 |
|---|---|---|---|---|---|
| Stadio Investment Holdings Proprietary Limited (SIH) | Direct | 100,00 % | 100,00 % | 979 039 | 979 039 |
| Stadio Corporate Services Proprietary Limited (SCS) | Indirect | 100,00 % | 100,00 % | - | - |
| Stadio Multiversity Investment Holdings Proprietary Limited* | Indirect | - % | 100,00 % | - | - |
| Stadio Group Share Incentive Trust | Indirect | 100,00 % | 100,00 % | - | - |
| Stadio Proprietary Limited (STADIO Higher Education) | Indirect | 100,00 % | 100,00 % | - | - |
| Milpark Investments SPV Proprietary Limited | Indirect | 100,00 % | 68,50 % | - | - |
| Milpark BEE Investments SPV Proprietary Limited ^ | Indirect | 100,00 % | 49,00 % | - | - |
| MBS Education Investments Proprietary Limited^ | Indirect | 100,00 % | 84,25 % | - | - |
| Milpark Education Proprietary Limited^ | Indirect | 83,10 % | 68,50 % | - | - |
| Lisof Proprietary Limited* | Indirect | - % | 100,00 % | - | - |
| Wadam Properties Proprietary Limited | Indirect | 100,00 % | 100,00 % | - | - |
| Histodox Proprietary Limited | Indirect | 100,00 % | 100,00 % | - | - |
| Prestige Academy Proprietary Limited* | Indirect | - % | 100,00 % | - | - |
| The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) | Indirect | 100,00 % | 100,00 % | - | - |
| Intraframe Proprietary Limited | Indirect | 100,00 % | 100,00 % | - | - |
| Ekosto 1067 Proprietary Limited | Indirect | 100,00 % | 100,00 % | - | - |
| Southern Business School Proprietary Limited* | Indirect | - % | 100,00 % | - | - |
| Stadio Namibia Proprietary Limited (STADIO Namibia) | Indirect | 100,00 % | 100,00 % | - | - |
| Stadio Khulisa Student Share Scheme | Indirect | 100,00 % | 100,00 % | 1 | 1 |
| Stadio Kusasa Foundation | Indirect | 100,00 % | 100,00 % | - | - |
| | | | | 979 040 | 979 040 |

^ Effective shareholding interest

# Notes to the Annual Financial Statements

## 7. Investments in subsidiaries (continued)

* The entity has been deregistered as at 31 December 2023 and the investment held by Stadio Holdings Limited is zero.

An impairment assessment was performed and no impairment was required (2022: Rnil).

All subsidiaries are incorporated in the Republic of South Africa with the exception of STADIO Namibia (a subsidiary of STADIO Higher Education), which is incorporated in Namibia, with the principal place of business being Namibia.

**Subsidiaries with material non-controlling interests**

Milpark Education is a material subsidiary with non-controlling shareholders holding 16.9% (2022: 31.5%).
During the year, the Group acquired an additional 14.6% equity interest as a result of the following transactions:

- 1.8% equity interest was acquired on 14 December 2023 from one of the non-controlling shareholders for a consideration of R15.4 million.
- 12.8% equity interest was acquired on 31 December 2023 from Brimstone Investment Corporation Limited for a consideration of R117.5 million. This amount was settled after year end.

# Notes to the Annual Financial Statements

## 7. Investments in subsidiaries (continued)

**Summarised statement of financial position**

| | Milpark | |
|---|---|---|
| | 2023 R '000 | 2022 R '000 |
| **Assets** | | |
| Non-current assets | 379 774 | 378 272 |
| Current assets | 58 947 | 55 460 |
| **Total assets** | 438 721 | 433 732 |
| **Liabilities** | | |
| Non-current liabilities | 8 882 | 42 949 |
| Current liabilities | 89 498 | 83 928 |
| **Total liabilities** | 98 380 | 126 877 |
| **Total net assets** | 340 341 | 306 855 |
| **Carrying amount of non-controlling interest** | 67 633 | 109 517 |

**Summarised statement of profit or loss and other comprehensive income**

| | Milpark | |
|---|---|---|
| | 2023 R '000 | 2022 R '000 |
| **Revenue** | 386 758 | 325 298 |
| Other income and expenses | (265 138) | (232 679) |
| **Profit before tax** | 121 620 | 92 619 |
| Tax expense | (33 048) | (26 429) |
| **Profit after tax** | 88 572 | 66 190 |
| **Total comprehensive income** | 88 572 | 66 190 |
| **Profit allocated to non-controlling interest** | 28 015 | 20 850 |

# Notes to the Annual Financial Statements

## 7. Investments in subsidiaries (continued)

**Summarised statement of cash flows**

| | Milpark | |
|---|---|---|
| | 2023 R '000 | 2022 R '000 |
| Cash flows from operating activities | 108 170 | 82 425 |
| Cash flows from investing activities | (23 832) | (11 843) |
| Cash flows from financing activities | (83 628) | (62 230) |
| Net cash and cash equivalents | 710 | 8 352 |
| **Dividend paid to non-controlling interest** | (17 345) | (18 922) |

## 8. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Financial instruments:** | | | | |
| Trade receivables | 330 265 | 260 412 | - | - |
| Expected credit loss allowance | (163 518) | (132 971) | - | - |
| Trade receivables at amortised cost | 166 747 | 127 441 | - | - |
| Deposits | 2 079 | 3 662 | - | - |
| Net investment in lease | 22 110 | 20 864 | - | - |
| Other receivables | 4 851 | 8 855 | - | - |
| | 195 787 | 160 822 | | |
| **Non-financial instruments:** | | | | |
| VAT | 3 327 | 1 857 | - | - |
| Prepayments* | 17 963 | 15 556 | - | - |
| **Total trade and other receivables** | **217 077** | **178 235** | **-** | **-** |

** Comprises prepaid rent and license fees.*

There is no significant financing component relating to trade and other receivables (excluding net investment in leases) and the net carrying values are considered to be close approximations of the fair values.

**Split between non-current and current portions**

| | Group | | Company | |
|---|---|---|---|---|
| Non-current assets | 20 533 | 19 377 | - | - |
| Current assets | 196 544 | 158 858 | - | - |
| | **217 077** | **178 235** | **-** | **-** |

### 8. Trade and other receivables (continued)

**Net investment in lease**

The Group sub-leases land over a 90-year lease term. The Group has classified the sub-lease as a finance lease, because the sub-lease is for the majority of the remaining term of the head lease. The incremental borrowing rate used to determine the net investment in lease is 13.1%.

The following table sets out a maturity analysis of the net investment in lease:

**Commitments in relation to leases are receivable as follows:**

| | Group | |
|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 |
| Within one year | 1 577 | 1 487 |
| Within two years | 1 671 | 1 577 |
| Within three years | 1 771 | 1 671 |
| Within four years | 1 878 | 1 771 |
| Within five years | 1 990 | 1 878 |
| Within ten years | 11 893 | 11 220 |
| Within sixty years | 436 960 | 773 344 |
| More than sixty years | 3 025 605 | 2 691 885 |
| Minimum lease receipts | 3 483 345 | 3 484 833 |
| Deferred charges | (3 461 235) | (3 463 969) |
| **Present value of minimum lease receipts recognised as an asset** | **22 110** | **20 864** |
| **Split between current and non-current portions** | | |
| Current | 1 577 | 1 487 |
| Non-current | 20 533 | 19 377 |
| | **22 110** | **20 864** |

**Exposure to credit risk**

Trade receivables outstanding mainly relates to fees outstanding for the 2023 academic year, which has increased due to growth in student numbers and students taking longer to pay.

The Group measures the expected loss allowance for trade receivables by applying the simplified approach which is allowed by IFRS 9. In accordance with this approach, the expected credit loss allowance on trade receivables is determined as the lifetime expected losses on trade receivables.

Lease receivables are considered to be low risk at year end. The expected credit loss has been determined over a 12-month period. The identified expected credit loss was immaterial as the counterparty has no amounts past due and a stable outlook on its credit rating.

## 8. Trade and other receivables (continued)

Other receivables comprises of a deposit which is held by a reputable financial institution with a stable credit rating (refer to Note 38) and therefore the identified expected credit loss is immaterial. Deposits were assessed on an individual basis and the identified expected credit loss is immaterial.

The impairment provisions for trade receivables are based on estimates to determine the expected credit loss. Refer to Note 1.6.

The Group has categorised the trade receivables into three broad categories disclosing the expected credit loss rate. These categories demonstrate the credit risk of debtors who default on multiple due payments or take longer to pay and therefore have an increased expected credit loss rate in comparison with debtors that pay on the due date or do not have long outstanding debt.

Previously, the aging of the trade receivable balance (up to greater than 90 days past due) and the respective loss allowance for each age bucket were disclosed. During the current year, the approach to these disclosures has been updated to reflect longer outstanding debt and the related increase in credit risk. The comparative disclosure has been updated accordingly.

The Semester 2 (current to six months past due) category is debtors that are not long outstanding and not considered to be fully impaired given that final payment is typically due in November or December of the academic/financial year with returning students or students awaiting their academic results settling soon after year-end. The expected credit loss within this category has decreased from 37.8% to 32.5% due to more debtors settling on time.

Semester 1 (six to twelve months past due) are debtors that have an increased credit risk due to multiple defaults in payments and have outstanding debt older than six months, however they are not fully impaired due to the debt relating to the current academic year.

The third category are amounts outstanding from the prior academic year and represent debtors with the highest credit risk. This category includes debtors that are in default (credit impaired) and have no payment plan arranged. The fully impaired debtors included in this category amounts to R18.7 million (2022: R16.9 million). The credit loss for debtors who have entered into amended payment plan arrangements is based on historic collection rates of long outstanding debt as reflected in the expected credit loss rate.

The Semester 1 and Prior Academic Year credit risk has increased due to debtors taking a longer period to repay their outstanding amounts.

Students that are written off are generally handed over to debt recovery agents for collection, and are therefore subject to enforcement activities. Trade receivables to the amount of R101 million (2022: R72 million), has been written off during the year. Of the amounts written off, R77 million (2022: R26 million) has been handed over for legal enforcement.

**Group**

| **2023** | **Semester 2 - up to 6 months past due R '000** | **Semester 1 – up to 12 months past due R '000** | **Prior academic year R '000** | **Total R '000** |
|---|---|---|---|---|
| Trade receivables - gross carrying amount | 175 014 | 108 139 | 47 112 | 330 265 |
| Expected loss allowance | (56 794) | (61 868) | (44 856) | (163 518) |
| | **118 235** | **46 315** | **2 329** | **166 747** |
| Expected credit loss rate (%) | **32,5 %** | **57,2 %** | **95,2 %** | |
| ECL Range (%) | 14,6%-44,0% | 44,0%-73,4% | 73,4%-100,0% | |

# Notes to the Annual Financial Statements

## 8. Trade and other receivables (continued)

| 2022 | Semester 2 - up to 6 months past due R '000 | Semester 1 – up to 12 months past due R '000 | Prior academic year R '000 | Total R '000 |
|---|---|---|---|---|
| Trade receivables - gross carrying amount | 138 946 | 86 150 | 35 316 | 260 412 |
| Expected loss allowance | (52 472) | (47 435) | (33 064) | (132 971) |
| | **86 489** | **38 761** | **2 328** | **127 441** |
| Expected credit loss rate (%) | **37,8 %** | **55,1 %** | **94,3 %** | |
| ECL Range (%) | 15,0%-46,2% | 46,2%-75,6% | 75,6%-100,0% | |

**Reconciliation of loss allowances**

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Opening balance** | **132 971** | **121 928** | **-** | **-** |
| Provision raised on new trade receivables | 132 009 | 83 331 | | |
| *- receivables that originated in the current year* | *114 079* | *81 834* | - | - |
| *- receivables that originated in prior years* | *17 930* | *6 775* | - | - |
| *- unused loss allowance reversed* | - | *(5 278)* | - | - |
| Receivables written off during the year as uncollectible | (101 462) | (72 288) | - | - |
| **Closing balance** | **163 518** | **132 971** | **-** | **-** |
| **Loss Allowance** | | | | |
| Loss allowance as per the movement above | 132 009 | 83 331 | - | - |
| Recoveries of previously written off trade receivables | (4 842) | (3 837) | - | - |
| **Net loss allowance recognised in statement of comprehensive income** | **127 167** | **79 494** | **-** | **-** |

During the year, subsequent recoveries of amounts previously written off of R4.8 million (2022: R3.8 million) were credited against the loss allowance of R132.0 million (2022: R83.3 million).

# Notes to the Annual Financial Statements

## 9. Other financial assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Mandatorily at fair value through profit or loss:** | | | | |
| Unit trusts | 16 244 | 14 740 | - | - |
| | **16 244** | **14 740** | **-** | **-** |

**Fair value information**

Refer to Note 39 Fair value information for details of valuation policies and processes.

Reconciliation of movements

| | | | | |
|---|---|---|---|---|
| Opening balance | 14 740 | 9 190 | - | - |
| Additions | 655 | 5 000 | - | - |
| Re-investments | 870 | 423 | - | - |
| Fair value movements | (21) | 127 | - | - |
| | **16 244** | **14 740** | **-** | **-** |

**Risk exposure**

The investments held by the Group expose it to various risks, including credit risk. Refer to Note 38 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

# Notes to the Annual Financial Statements

## 10. Deferred tax

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Deferred tax balance comprise of:** | | | | |
| Property plant and equipment | (26 621) | (23 427) | - | - |
| Right-of-use assets | (23 266) | (22 824) | - | - |
| Intangible assets | (18 233) | (15 222) | - | - |
| Prepayments | (3 819) | (2 823) | - | - |
| Net investment in lease | (5 970) | (5 633) | - | - |
| Contract liabilities | 11 668 | 19 684 | - | - |
| Loss allowance | 27 217 | 22 194 | - | - |
| Lease liabilities | 36 752 | 45 841 | - | - |
| Tax losses available for set off against future balances | 19 318 | 16 978 | - | - |
| Provisions | 6 488 | 7 867 | - | - |
| Other | 413 | 828 | - | - |
| **Total deferred tax** | **23 947** | **43 463** | **-** | **-** |

The deferred tax assets and the deferred tax liabilities have been offset with each other as they relate to income taxes levied by the same taxation authority on the same taxable entity. Consequently, the disclosure for the Group on the statement of financial position is as follows:

| | | | | |
|---|---|---|---|---|
| Deferred tax liability | (51 897) | (43 320) | - | - |
| Deferred tax asset | 75 844 | 86 783 | - | - |
| **Total net deferred tax asset** | **23 947** | **43 463** | **-** | **-** |

# Notes to the Annual Financial Statements

## 10. Deferred tax (continued)

**Reconciliation of deferred tax asset / (liability)**

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| At beginning of year | 43 463 | 43 453 | - | - |
| Originating temporary differences on: | | | | |
| Property, plant and equipment | (3 194) | (5 169) | - | - |
| Intangible assets | (3 011) | 2 746 | - | - |
| Right-of-use assets | (442) | 4 393 | - | - |
| Loss allowance | 5 023 | 1 095 | - | - |
| Prepayments | (996) | (2 464) | - | - |
| Net investment in lease | (337) | 623 | - | - |
| Provisions | (1 379) | (749) | - | - |
| Lease liabilities | (9 089) | (5 785) | - | - |
| Contract liabilities | (8 016) | 3 401 | - | - |
| Assessed losses | 2 340 | 1 371 | - | - |
| Other | (415) | 548 | - | - |
| | **23 947** | **43 463** | **-** | **-** |

**Recognition of deferred tax asset**

Estimated tax losses available for set-off against future taxable profits carried forward to next year are disclosed in Note 26.

Management have assessed the recognition of the deferred tax assets at 31 December 2023 and 31 December 2022 and are satisfied that there are expected future taxable profits against which the temporary differences can be utilised.

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary.

**Unrecognised deferred tax asset**

| | | | | |
|---|---|---|---|---|
| Tax losses available for offset against future taxable income | 82 046 | 73 096 | 4 894 | 1 490 |
| Tax losses recognised | (71 456) | (62 789) | - | - |
| **Tax losses not recognised** | **10 590** | **10 307** | **4 894** | **1 490** |

Deferred tax assets have not been recognised where it is uncertain that future taxable profits will be available against which the Group can realise the benefits. Deferred tax assets are assessed at each statutory entity level.

The 80% limitation on the utilisation of assessed losses have been considered in the determination of the deferred tax asset recognised.

### 11. Loans to related parties

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| Stadio Group Share Incentive Trust | - | - | 20 668 | 8 759 |
| Stadio Corporate Services Proprietary Limited * | - | - | 476 802 | 581 113 |
| Stadio Investment Holdings Proprietary Limited | - | - | 14 925 | 14 925 |
| Stadio Khulisa Student Share Scheme | - | - | 22 | - |
| | **-** | **-** | **512 417** | **604 797** |

The loans are interest free, unsecured and repayable on demand.

Although there has been an improvement in the Company's overall liquidity position and results in the current year, management does not expect to demand repayment in the next 12 months, other than for an amount of R85 million of the loans which are deemed to be current.

Management has performed a recoverability assessment and deems all balances to be fully recoverable.

* The decrease in the loan to Stadio Corporate Services Proprietary Limited is primarily from them having paid the dividend (R75.6 million) on behalf of Stadio Holdings Limited, as well as receiving R26 million for the repurchase of shares.

**Split between non-current and current portions**

| | | | | |
|---|---|---|---|---|
| Non-current assets | - | - | 427 366 | 529 549 |
| Current assets | - | - | 85 051 | 75 248 |
| | **-** | **-** | **512 417** | **604 797** |

**Exposure to credit risk**

Loans to related parties inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

The counterparties have a low risk of default as they have access to cash resources in order to settle should a loan be called upon. The expected credit loss has been determined over a 12-month period, resulting in the expected credit loss identified being immaterial.

# Notes to the Annual Financial Statements

## 12. Cash and cash equivalents

Cash and cash equivalents consist of:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| Bank balances | 94 843 | 114 585 | 15 132 | - |
| Money market investments | 682 | 91 | - | - |
| Short-term deposits | 34 632 | 33 425 | - | - |
| Petty cash | 166 | 106 | - | - |
| | **130 323** | **148 207** | **15 132** | **-** |
| Cash and cash equivalents held by the entity that are not available for use by the Group * | 2 255 | 2 255 | - | - |

* The cash and cash equivalents not available for use are restricted for debit and stop orders that may not clear.

**Credit quality of cash at bank and short-term deposits, excluding cash on hand**

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The identified impairment loss is immaterial.

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Credit rating** | | | | |
| Ba2 (Moody's) - Nedbank, Standard Bank, ABSA and First National Bank | 110 498 | 141 012 | 53 | - |
| A+ (Global Credit Rating) - PSG Collective Investments (RF) Limited * | 15 807 | 91 | 15 079 | - |
| AA (Global Credit Rating) - Bank Windhoeks Limited | 3 851 | 6 998 | - | - |
| | **130 156** | **148 101** | **15 132** | **-** |

* PSG Collective Investments (RF) Limited is part of PSG Konsult Limited and accordingly the credit rating of PSG Konsult Limited has been used.

# Notes to the Annual Financial Statements

## 13. Share capital

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 '000 | 2022 '000 | 2023 '000 | 2022 '000 |
| **Authorised number of shares** | | | | |
| Shares at no par value | 2 000 000 | 2 000 000 | 2 000 000 | 2 000 000 |
| **Reconciliation of number of shares issued:** | | | | |
| Reported as at 01 January | 850 527 | 848 193 | 850 527 | 848 193 |
| Shares purchased and cancelled | (3 161) | - | (3 161) | - |
| Issue of shares - Employee share incentive scheme | 3 151 | 2 334 | 3 151 | 2 334 |
| | **850 517** | **850 527** | **850 517** | **850 527** |

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Issued share capital** | | | | |
| Issued ordinary shares at 1 January | 1 628 517 | 1 618 817 | 1 628 517 | 1 618 817 |
| Issued during the year | 14 652 | 9 757 | 14 652 | 9 757 |
| Share issue costs | (162) | (57) | (162) | (57) |
| Shares purchased and cancelled | (14 226) | - | (14 226) | - |
| | **1 628 781** | **1 628 517** | **1 628 781** | **1 628 517** |

All issued ordinary shares are fully paid up. Ordinary shares carry no right to fixed income but each share carries the right to one vote at general meetings of the Company.

### 13. Share capital (continued)

**Share capital movements**

**Current year**

In April 2023, the Company issued 3.2 million shares to the Group Share Incentive Trust (SIT) for R14.7 million to settle its obligation under the Group's Share Incentive Scheme (refer to note 14). This was issued on loan account and partially settled with R2.7 million cash. The Group is committed to preserving stakeholder value and limiting dilution of shareholders' shareholding where feasible. Accordingly, the Board approved the repurchase of 3.2 million shares for R14.2 million from the market which were purchased between July 2023 and December 2023, and immediately cancelled. In December 2023, the Board approved a second repurchase programme, authorising the purchase of R15 million of shares from the market, as part of the Group's future obligations under the Group's Share Incentive Scheme.

**Prior year**

In April 2022, the Group issued 2.3 million shares for R9.8 million in relation to the exercise of the employee share options.

**Dividends**

The following dividends were declared and paid by the Company during the year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| 8.9 cents per ordinary share (2022: 4.7 cents) | 75 676 | 39 975 | 75 697 | 39 975 |

Payment was made on 17 April 2023 (2022: 16 May 2022).

## 13. Share capital (continued)

**Non-controlling interest equity movements**

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Non-controlling interest movement** | | | | |
| Opening balance | 109 517 | 99 228 | - | - |
| Profit for the year | 28 015 | 20 850 | - | - |
| Capital contributions from non-controlling shareholder in subsidiary | - | 10 383 | - | - |
| Transactions with non-controlling interest | (52 554) | (2 022) | - | - |
| Dividends paid to non-controlling shareholders | (17 345) | (18 922) | - | - |
| | **67 633** | **109 517** | **-** | **-** |

**Changes in ownership**
During the year, the Group, through its wholly owned subsidiary Stadio Investment Holdings Proprietary Limited ("SIH"), entered into two sale of shares agreements with non-controlling shareholders of Milpark Education Proprietary Limited ("Milpark Education").

*Transaction 1*
On 14 December 2023, an agreement was entered into with a non-controlling shareholder to acquire an effective indirect interest of 1.8% in Milpark Education for a purchase consideration of R15.4 million.

*Transaction 2*
On 29 December 2023, a sale of shares agreement was entered into with Newshelf 1404 Proprietary Limited, a wholly owned subsidiary of Brimstone Investment Corporation Limited (“Brimstone”), to purchase Brimstone’s effective indirect 12.8% interest in Milpark Education, for a purchase consideration of R117.5 million. The effective date of the transaction was 31 December 2023.

Immediately prior to the purchases, the carrying amount of this 14.6% non-controlling interest in Milpark Education was R52.5 million. The Group recognised a decrease in the non-controlling interest of R52.5 million and a decrease in equity attributable to owners of the parent of R80.4 million.

**Capital Contributions and Transactions with non-controlling interest**
In the prior year, the capital contributions from the non-controlling shareholder and transactions with non-controlling interest relate to amounts payable following the conclusion of the early settlement agreement in relation to the CA Connect acquisition. Refer to Note 17 for further information.

### 13. Share capital (continued)

**Dividends paid**
During 2023, a dividend of R17.3 million (2022: R18.9 million) was paid to the non-controlling interest in Milpark Education Proprietary Limited.

**Treasury shares**
In August 2022, the Board approved the repurchase of R15 million of shares per annum in the market for a period of three years to fulfill the Group's obligations under the Group Share Incentive Trust. During the year, the Group repurchased 4.8 million shares (2022: 4.0 million shares) at an average repurchase price of R4.59 per share (2022: R3.72 per share). The total cash outflow was R22 million for the year ended 31 December 2023. In April 2023, SIT purchased 3.2 million shares issued by the Company for R14.7 million in order to meet its obligations under the Group's Share Incentive Scheme. Refer to the Share Capital Movement note above.

Treasury shares are shares in the Company that are held by the Group Share Incentive Trust for the purposes of issuing shares to employees participating in the Group's long-term incentive scheme.

| | Rands | | Number of shares | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Treasury shares (Group)** | | | | |
| Balance at the beginning of the year | (145) | - | (235) | - |
| Treasury shares acquired from issuance | (14 652) | - | (3 151) | - |
| Treasury shares acquired from market | (22 073) | (14 862) | (4 805) | (3 995) |
| Treasury shares issued to employees | 19 756 | 14 717 | 4 480 | 3 760 |
| | **(17 114)** | **(145)** | **(3 711)** | **(235)** |

As at 31 December 2023, the Group held 3 710 796 Treasury shares (2022: 234 757).

### 14. Share based payments reserve

**Details of the employee option plan of the Company**

The Company has established a share incentive scheme for certain key members of management. The number of shares available to award at the reporting date in terms of the Stadio Group Share Incentive Trust deed is 19 million (2022: 15 million).

Options may be exercised at any time from the date of vesting to the date of its expiry, which is a 30 day period. The Board may, in accordance with the Trust deed, extend the exercise period in certain circumstances. Beneficiaries have the option to elect to either fully or net settle on the option. During the year, the Board approved the extension of the exercise period to 90 days for share options that vested on 1 July 2023 because the Company was in a closed period, and in accordance with JSE Listing Requirements, the exercise of share options constitutes trading in shares, which are prohibited during a closed period. The vesting of share options is dependent on the individual remaining in service.

Options awarded vest over a five year period from the grant date, namely:

- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

**Movements in share options during the year**
The following reconciles the share options outstanding at the beginning and end of the year:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number '000 | Weighted average strike price R | Number '000 | Weighted average strike price R |
| Outstanding at the beginning of the year | 35 431 | - | 44 293 | - |
| Granted during the year | 5 819 | 4,58 | 5 923 | 3,64 |
| Lapsed during the year | - | - | (33) | 6,10 |
| Exercised during the year | (9 917) | 1,92 | (12 192) | 2,15 |
| Forfeited during the year | (3 308) | 3,24 | (2 562) | 2,12 |
| **Outstanding at the end of the year** | **28 025** | | **35 431** | |

The weighted average share price on the date that the options were exercised during the year ended 31 December 2023 was R4.83 (2022: R4.07).

# Notes to the Annual Financial Statements

### 14. Share based payments reserve (continued)

| Director | Opening balance of share options at 1 January 2023 | Number of share options awarded during the year | Number of share options forfeited during the year | Number of share options vested and exercised during the year | Strike price per share options awarded | Share option grant date | Closing balance of share options at 31 December 2023 |
|---|---|---|---|---|---|---|---|
| Chris Vorster | 5 989 | - | - | (1 996) | 1,23 | 3 April 2020 | 3 993 |
| | 3 225 | - | - | (1 075) | 1,21 | 1 July 2020 | 2 150 |
| | 1 221 | - | - | - | 3,64 | 3 April 2022 | 1 221 |
| | 1 452 | - | - | - | 3,64 | 1 July 2022 | 1 452 |
| | - | 885 | - | - | 4,58 | 3 April 2023 | 885 |
| | 11 887 | 885 | - | (3 071) | - | | 9 701 |
| Samara Totaram | 580 | - | - | (290) | 3,63 | 3 April 2019 | 290 |
| | 1 653 | - | (551) | (551) | 1,23 | 3 April 2020 | 551 |
| | 890 | - | (297) | (297) | 1,21 | 1 July 2020 | 296 |
| | 928 | - | (464) | (232) | 2,62 | 3 April 2021 | 232 |
| | 976 | - | (732) | - | 3,64 | 3 April 2022 | 244 |
| | - | 912 | (912) | - | 4,58 | 3 April 2023 | - |
| | 5 027 | 912 | (2 956) | (1 370) | - | | 1 613 |
| Divya Singh | 932 | - | - | (466) | 3,63 | 3 April 2019 | 466 |
| | 951 | - | - | (317) | 1,23 | 3 April 2020 | 634 |
| | 512 | - | - | (171) | 1,21 | 1 July 2020 | 341 |
| | 845 | - | - | (211) | 2,62 | 3 April 2021 | 633 |
| | 1 105 | - | - | - | 3,64 | 3 April 2022 | 1 105 |
| | - | 967 | - | - | 4,58 | 3 April 2023 | 967 |
| | 4 345 | 967 | - | (1 165) | | | 4 146 |
| Johan Human | 852 | - | - | (284) | 1,23 | 3 April 2020 | 568 |
| | 459 | - | - | (153) | 1,21 | 1 July 2020 | 306 |
| | 1 064 | - | - | (266) | 2,62 | 3 April 2021 | 798 |
| | 904 | - | - | - | 3,64 | 3 April 2022 | 904 |
| | - | 1 037 | - | - | 4,58 | 3 April 2023 | 1 037 |
| | 3 279 | 1 037 | - | (703) | | | 3 613 |
| Chris van der Merwe | 1 290 | - | - | (645) | 3,63 | 3 April 2019 | 645 |
| | 1 290 | - | - | (645) | - | | 645 |
| | **25 828** | **3 801** | **(2 956)** | **(6 954)** | | | **19 718** |

Samara Totaram resigned effective 31 December 2023. The board agreed that Samara will be entitled to all share options vesting in 2024. All other share options vesting thereafter have been forfeited. During the year, a total expense of R14.0 million (2022: R8.7 million) was recognised in respect of share based payments transactions. Included in the total expense is R13.8 million (2022: R8.4 million) related to equity-settled share based payment transactions awarded to the members of key management. An expense of R0.2 million (2022: R0.3 million) expense was recognised in relation to the phantom share award made to a director during the year as detailed below.

In addition to the share options above in the prior year, Samara Totaram was awarded a once-off phantom share allocation of 401 429 phantom shares under the same terms as if the award had been made on 3 April 2021. This was as a result of an under allocation in a previous year. As at 31 December 2023, the fair value of the liability in respect of the outstanding phantom shares was R0.2 million, using a share price as at 31 December 2023 of R4.65.

# Notes to the Annual Financial Statements

## 14. Share based payments reserve (continued)

| Vesting date | Strike price R | 2023 Number of options '000 | 2022 Number of options '000 |
|---|---|---|---|
| 3 April 2023 | 3,63 | - | 1 910 |
| 3 April 2023 | 1,23 | - | 4 121 |
| 3 April 2023 | 2,62 | - | 1 667 |
| 1 July 2023 | 1,21 | - | 2 219 |
| 3 April 2024 | 3,63 | 1 910 | 1 910 |
| 3 April 2024 | 1,23 | 4 121 | 4 121 |
| 3 April 2024 | 2,62 | 1 667 | 1 667 |
| 3 April 2024 | 3,64 | 1 118 | 1 118 |
| 1 July 2024 | 1,21 | 2 219 | 2 219 |
| 1 July 2024 | 3,64 | 363 | 363 |
| 3 April 2025 | 1,23 | 3 570 | 4 121 |
| 3 April 2025 | 2,62 | 1 435 | 1 667 |
| 3 April 2025 | 3,64 | 874 | 1 118 |
| 3 April 2025 | 4,58 | 1 139 | - |
| 1 July 2025 | 1,21 | 1 922 | 2 219 |
| 1 July 2025 | 3,64 | 363 | 363 |
| 3 April 2026 | 2,62 | 1 435 | 1 667 |
| 3 April 2026 | 3,64 | 873 | 1 118 |
| 3 April 2026 | 4,58 | 1 139 | - |
| 1 July 2026 | 3,64 | 363 | 363 |
| 3 April 2027 | 3,64 | 873 | 1 117 |
| 3 April 2027 | 4,58 | 1 139 | - |
| 1 July 2027 | 3,64 | 363 | 363 |
| 2 April 2028 | 4,58 | 1 139 | - |
| | | **28 025** | **35 431** |

**Assumptions used in fair value determination**

| | April 2023 | Phantom Share April 2022 | April 2022 | July 2022 | April 2021 |
|---|---|---|---|---|---|
| Strike price (Rand) | 4,58 | 2,62 | 3,64 | 3,64 | 2,62 |
| Share price at award date (Rand) | 4,65 | 3,50 | 3,50 | 3,60 | 2,90 |
| Fair value (Rand) | 1,23 | 2,56 | 2,13 | 1,63 | 1,32 |
| Volatility (%) | 43,04 | 44,13 | 68,17 | 68,17 | 45,21 |
| Risk-free rate (%) | 7,95 | 4,47 | 6,38 | 7,60 | 5,49 |
| Dividend yield (%) | 1,94 | 0,96 | 1,12 | 1,34 | - |

The Black-Scholes Model is used to calculate the estimated theoretical fair value of new share options awarded.

The volatility is derived from the movement in the volume weighted average share price for a period of 365 calendar days prior to the share options being awarded. The phantom share was revalued to the market price of R4.65, as well as the updated assumptions, as at 31 December 2023.

# Notes to the Annual Financial Statements

## 15. Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Held at amortised cost** | | | | |
| Bank overdraft | 237 | 68 | - | - |
| **Split between non-current and current portions** | | | | |
| Current liabilities | 237 | 68 | - | - |

The Group has access to a R100 million revolving credit facility with Standard Bank of South Africa (Standard Bank). The facility agreement has an option to increase by a further R100 million, subject to meeting certain requirements. The following Group subsidiaries are obligors in the revolving credit facility arrangement: STADIO Higher Education, Stadio Corporate Services and AFDA.

At 31 December 2023, the Group had not utilised the Standard Bank revolving credit facility. No finance costs were incurred for the period (2022: R0.2 million). The total amount of undrawn facilities available for future operating activities and commitments are R100 million (2022: R100 million). The Group accessed the facility subsequent to year end. Refer to note 41.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:
- the debt cover ratio of debt to EBITDA must be not more than 2.5; and
- the interest cover ratio of EBITDA to net finance costs* must not be less than 3.5.

* Net finance costs exclude the finance costs arising as a result of the adoption of IFRS 16.

The repayment terms per the revolving credit facility require repayment to be within three (3) years from drawdown date. The Group has the option of early settlement. Interest accrues on the loan at the 1 month JIBAR + 2% rate and is payable monthly.

The Group complied with the facilities financial covenant requirements for the 2023 and 2022 financial year ends.

Refer to Note 31 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and Note 38 Financial instruments and financial risk management for the fair value of borrowings.

## 16. Loans from related parties

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| Brimstone Investment Corporation Limited | 96 | 96 | - | - |
| Stadio Proprietary Limited | - | - | 7 201 | 7 201 |
| | **96** | **96** | **7 201** | **7 201** |

The loans are interest free, unsecured and repayable on demand.

Refer to Note 31 Changes in liabilities arising from financing activities for details of the movement in loans from related parties during the reporting period.

# Notes to the Annual Financial Statements

## 17. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Financial instruments:** | | | | |
| Trade payables | 4 208 | 7 593 | 13 | - |
| Municipal costs | 1 018 | 658 | - | - |
| Audit fee | 4 977 | 4 770 | - | - |
| Onerous contract * | - | 3 877 | - | - |
| Other payables | 14 929 | 7 986 | 527 | 750 |
| Payable to Brimstone for additional shares in Milpark ** | 117 500 | - | - | - |
| | **142 632** | **24 884** | **540** | **750** |
| **Non-financial instruments:** | | | | |
| Payroll accruals | 17 696 | 15 359 | - | - |
| Accrued bonus and leave pay | 24 906 | 29 087 | - | - |
| Value added tax | 272 | 266 | - | - |
| Other payables | 247 | 213 | - | - |
| | **43 121** | **44 925** | **-** | **-** |
| | **185 753** | **69 809** | **540** | **750** |

*** Onerous contract provision reconciliation**

| | | | | |
|---|---|---|---|---|
| Opening balance | 3 877 | - | - | - |
| Onerous contract recognised | - | 5 471 | - | - |
| Interest on onerous contract | 344 | 455 | - | - |
| Remeasurement of onerous contract | (2 909) | - | - | - |
| Settlement - cash | (1 312) | (2 049) | - | - |
| | **-** | **3 877** | **-** | **-** |

* The onerous contract related to the lease obligations of Milpark in respect of its rented premises in Gauteng. In 2022, following the change in strategy of Milpark to focus on the digitally enhanced distance learning mode of delivery, and Milpark's inability to sub-let the existing premises in Gauteng, Milpark recognised an onerous contract in respect of its remaining obligations over the remaining term of the lease (to 2025).

The onerous contract was settled in December 2023, resulting in the full derecognition of the provision.

** On 31 December 2023, the Group entered into an agreement with Brimstone Investment Corporation Limited (Brimstone), whereby the Group would purchase Brimstone's entire effective shareholding in Milpark for R117.5 million. The transfer of the shares was effective as at 31 December 2023, with consideration being payable in January 2024, thereby giving rise to a current liability for the Group at year end.

**Fair value of trade and other payables**

The carrying value of trade and other payables approximate their fair values.

# Notes to the Annual Financial Statements

## 17. Trade and other payables (continued)

### Consideration payable reconciliation - Group

| | 2023 R '000 | 2022 R '000 |
|---|---|---|
| | **Amortised cost** | **Amortised cost** |
| Opening balance | - | 31 111 |
| Derecognition of non-controlling interest on acquisition | - | 2 022 |
| Settlement - cash | - | (33 120) |
| Interest on consideration payable | - | (13) |

### CA Connect Acquisition

In 2022, the final tranche of the CA Connect settlement was concluded in April 2022 through a cash payment of R33 million, of which R10.4 million was settled through a capital contribution by the non-controlling shareholder in Milpark.

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Financial instrument and non-financial instrument components of trade and other payables** | | | | |
| At amortised cost | 142 632 | 24 884 | 540 | 750 |
| Non-financial instruments | 43 121 | 44 925 | - | - |
| | **185 753** | **69 809** | **540** | **750** |
| **Split between non-current and current portions** | | | | |
| Non-current liabilities | - | 2 676 | - | - |
| Current liabilities | 185 753 | 67 133 | 540 | 750 |
| | **185 753** | **69 809** | **540** | **750** |

# Notes to the Annual Financial Statements

## 18. Contract liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Reconciliation of income received in advance** | | | | |
| Opening balance | 96 270 | 76 780 | - | - |
| Payments received in advance of delivery of performance obligations | 334 808 | 276 189 | - | - |
| Performance obligations satisfied in respect of cash received in current year | (241 689) | (213 751) | - | - |
| Performance obligations satisfied in respect of cash received in prior years | (88 674) | (42 948) | - | - |
| | **100 715** | **96 270** | **-** | **-** |

Income received in advance carries a separate stand-alone transaction price which is recognised over time as the services are rendered. The transaction price allocated to the unsatisfied portion of the performance obligation pertaining to income received in advance is considered a contract liability.

Income received in advance is expected to be recognised over 1 to 3 years. Management estimates that as at 31 December 2023, 85% (2022: 68%) of the income received in advance will be recognised as revenue in the following financial year.

### 19. Revenue

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022 *<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Revenue from contracts with customers** | | | | |
| The Group disaggregates revenue from customers as follows: | | | | |
| **Rendering of services:** | | | | |
| ***Contact Learning*** | | | | |
| Tuition fees | 456 327 | 431 129 | - | - |
| Discounts and bursaries granted | (12 701) | (12 586) | - | - |
| | **443 626** | **418 543** | - | - |
| Registration and enrolment fees | 10 966 | 10 018 | - | - |
| Other academic income | 1 733 | 2 132 | - | - |
| | **456 325** | **430 693** | **-** | **-** |
| ***Distance Learning*** | | | | |
| Tuition fees | 896 183 | 735 002 | - | - |
| Discounts and bursaries granted | (28 450) | (18 229) | - | - |
| | **867 733** | **716 773** | - | - |
| Registration and enrolment fees | 61 799 | 45 854 | - | - |
| Other academic income | 15 479 | 11 369 | - | - |
| | **945 011** | **773 996** | **-** | **-** |
| **Sale of goods:** | | | | |
| Learning material sales | 10 837 | 7 796 | - | - |
| Canteen sales | 1 477 | 1 327 | - | - |
| | **12 314** | **9 123** | **-** | **-** |
| **Total revenue from contracts with customers** | **1 413 650** | **1 213 812** | **-** | **-** |
| **Timing of revenue recognition** | | | | |
| **At a point in time** | | | | |
| Sale of goods | 12 314 | 9 123 | - | - |
| **Over time** | | | | |
| Rendering of services | 1 401 336 | 1 204 689 | - | - |
| **Total revenue from contracts with customers** | **1 413 650** | **1 213 812** | **-** | **-** |

* The Group restated the prior year revenue from rendering of services to disclose the revenue applicable to distance learning and contact learning separately.

# Notes to the Annual Financial Statements

## 20. Other income

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| Rental income | 2 829 | 1 364 | - | - |
| Compensation from insurance claims | 445 | 1 017 | - | - |
| Sundry income | 539 | 1 579 | - | - |
| Profit on sale of property, plant and equipment | 185 | 237 | - | - |
| Prescribed debt | 7 140 | 1 968 | - | - |
| Onerous contract remeasurement | 3 917 | - | - | - |
| | **15 055** | **6 165** | **-** | **-** |

## 21. Fair value (losses)/gains

| | | | | |
|---|---|---|---|---|
| Other financial assets | (21) | 127 | - | - |

### 22. Operating Expenses and Employee Costs

Earnings before interest, depreciation, amortisation and taxation (EBITDA) for the year is stated after charging the following, amongst others:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| Facility costs* | 51 849 | 45 927 | - | - |
| Academic and research costs** | 74 977 | 59 040 | - | - |
| Loss on sale of property, plant and equipment^ | 465 | 1 716 | - | - |
| Administration costs^ | 47 133 | 41 517 | 43 | 17 |
| Advertising and marketing | 55 135 | 42 534 | - | - |
| Computer costs | 45 831 | 35 059 | - | - |
| Consulting and legal fees^ | 10 835 | 13 030 | - | - |
| Lease expenses^ | 14 845 | 14 357 | - | - |
| Staff training^ | 5 704 | 4 498 | - | - |
| Other operational costs*** | 12 577 | 12 880 | 721 | 702 |
| | **319 351** | **270 558** | **764** | **719** |

The operating expenses were disaggregated to provide further information on the nature of the items included in the total operating expenses.

** Facility costs includes electricity, water and property rates and taxes; security costs; repairs and maintenance; insurance and cleaning costs.*

*** Costs include curriculum expenses (not capitalised); research costs; class project and library materials; external assessors and moderators costs.*

**** Costs include listing related costs and other operational costs.*

^ These expenses were previously included in the other operating expense line and they have been split out to provide additional details on the nature of the expense and the comparatives were reclassified accordingly.

| | Group 2023 R '000 | Group 2022 R '000 | Company 2023 R '000 | Company 2022 R '000 |
|---|---|---|---|---|
| **Auditor's remuneration - external** | | | | |
| Audit fee - current year | 3 962 | 3 511 | 879 | 708 |
| Audit fee - prior year | 433 | - | 110 | - |
| Non-audit services | 163 | 150 | - | - |
| **Auditor's remuneration - internal** | | | | |
| Audit fee - current year | 966 | - | - | - |
| Audit fee - prior year | 10 | - | - | - |
| | **5 534** | **3 661** | **989** | **708** |
| **Total Operating Expenses** | **324 885** | **274 219** | **1 753** | **1 427** |

**Employee costs**

| | Group 2023 R '000 | Group 2022 R '000 | Company 2023 R '000 | Company 2022 R '000 |
|---|---|---|---|---|
| Salaries and wages | 545 537 | 483 696 | - | - |
| Defined contribution plans | 26 436 | 22 731 | - | - |
| Share-based payments | 13 952 | 8 721 | - | - |
| Other short-term costs | 167 | 106 | - | - |
| **Total employee costs** | **586 092** | **515 254** | **-** | **-** |

# Notes to the Annual Financial Statements

## 23. Depreciation, amortisation and impairment losses

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Depreciation** | | | | |
| Property, plant and equipment | 31 197 | 26 334 | - | - |
| Right-of-use assets | 27 646 | 27 098 | - | - |
| | **58 843** | **53 432** | **-** | **-** |
| **Amortisation** | | | | |
| Intangible assets | **11 631** | **14 921** | - | - |
| **Impairment losses** | | | | |
| Right-of-use assets | - | 2 769 | - | - |
| Intangible assets | - | 3 687 | - | - |
| | **-** | **6 456** | **-** | **-** |

# Notes to the Annual Financial Statements

## 24. Investment income

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Interest income** | | | | |
| **Interest income over time** | | | | |
| Bank and other cash | 17 038 | 9 036 | 148 | - |
| Financial assets measured at fair value through profit or loss | 869 | 423 | - | - |
| Finance lease receivables | 2 733 | 2 579 | - | - |
| **Total interest income** | **20 640** | **12 038** | **148** | **-** |

## 25. Finance costs

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| Onerous contract | 344 | 455 | - | - |
| Lease liabilities | 16 280 | 17 961 | - | - |
| Borrowings | - | 221 | - | - |
| Bank and other third parties | 26 | 13 | - | 6 |
| South African Revenue Services | 27 | - | - | - |
| **Total finance costs** | **16 677** | **18 650** | **-** | **6** |

Finance costs relate to financial liabilities that are not designated at fair value through profit or loss.

# Notes to the Annual Financial Statements

## 26. Taxation

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Major components of the tax expense** | | | | |
| **Current** | | | | |
| Local income tax - current period | 73 375 | 79 154 | - | - |
| Local income tax - recognised in current tax for prior periods | (8 687) | - | - | - |
| Foreign income tax - current period | 3 118 | 4 084 | - | - |
| Dividend withholding tax | 4 | - | - | - |
| | **67 810** | **83 238** | **-** | **-** |
| **Deferred** | | | | |
| South African deferred tax attributable to temporary differences | 15 448 | 242 | - | - |
| South African deferred tax attributable to temporary differences - prior period | 4 721 | (47) | - | - |
| Foreign deferred tax attributable to temporary differences | (212) | (205) | - | - |
| | **19 957** | **(10)** | **-** | **-** |
| | **87 767** | **83 228** | **-** | **-** |

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate.

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| Applicable tax rate | 27,00 % | 28,00 % | 27,00 % | 28,00 % |
| Listing and regulatory costs | 0,06 % | 0,10 % | (11,80)% | (12,80)% |
| Share-based payment expense | 1,21 % | 0,90 % | - % | - % |
| Prior period adjustment | (1,28)% | 0,10 % | - % | - % |
| Change in tax rate * | - % | 0,60 % | - % | - % |
| Special allowances - solar project | (0,49)% | - % | - % | - % |
| Fines and penalties | 0,12 % | - % | - % | - % |
| Deferred tax asset not recognised | 0,20 % | 1,00 % | (15,20)% | (15,20)% |
| s12H learnership allowance | (0,09)% | (0,10)% | - % | - % |
| Foreign tax differential ** | 0,14 % | 0,20 % | - % | - % |
| Depreciation lease improvements | 0,26 % | - % | - % | - % |
| Other | 0,14 % | 0,10 % | - % | - % |
| | **27,50 %** | **30,90 %** | **- %** | **- %** |

* The change in tax rate is as a result of the reduction in corporate income tax rate from 28% to 27% for years of assessment ending on or after 31 March 2023.
** Foreign corporate income tax relates to STADIO Namibia, which uses a tax rate rate of 32% (2022: 32%).

Estimated tax losses recognised for set-off against future taxable income amounted to R71.4 million (2022: R62.9 million). Refer to Note 10 for tax losses available for set-off against future taxable income.

The estimated tax loss available for set-off against future taxable income relates to Stadio Corporate Services Proprietary Limited ("SCS"). SCS serves as the property owner and property management company for the owned properties as well the investment management company within the Group and accordingly earns rental, property administration fees and management fees. As a result, based on SCS's future financial forecasts, the assessed loss is estimated to be fully utilised from 2028. The Group is satisfied that the deferred tax asset will be recoverable using the estimated future taxable income that will be generated for this entity.

# Notes to the Annual Financial Statements

## 27. Earnings per share

| | Group | |
|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 |
| Basic earnings attributable to owners of the parent | 208 247 | 165 638 |
| Basic earnings per share (cents) | 24,5 | 19,5 |
| Diluted earnings per share (cents) | 24,1 | 19,1 |
| **Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share** | | |
| Weighted average number of ordinary shares used for basic earnings per share | 849 346 | 849 421 |
| **Adjusted for:** | | |
| Share options incentive plan | 13 158 | 18 991 |
| | **862 504** | **868 412** |

**Headline earnings and diluted headline earnings per share**

| | Group | |
|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 |
| Headline earnings per share (cents) | 24,5 | 20,0 |
| Diluted headline earnings per share (cents) | 24,1 | 19,6 |
| **Reconciliation between profit attributable to equity holders of the parent and headline earnings** | | |
| Profit for the year attributable to equity holders of the parent | 208 247 | 165 638 |
| **Adjusted for:** | | |
| Impairment on intangible assets | - | 3 687 |
| Less: taxation | - | (995) |
| Impairment on right-of-use assets | - | 2 769 |
| Less: non-controlling interest | - | (636) |
| Less: taxation | - | (748) |
| Impairment on property, plant and equipment | - | - |
| Less: taxation | - | - |
| Loss on disposal of property, plant and equipment | 280 | 1 479 |
| Less: non-controlling interest | - | (222) |
| Less: taxation | (76) | (414) |
| Compensation from third parties for items of property, plant and equipment that were lost or given up | (445) | (1 017) |
| Less: non-controlling interest | 20 | - |
| Less: taxation | 120 | 285 |
| **Headline earnings** | **208 146** | **169 826** |
| **Diluted headline earnings** | **208 146** | **169 826** |

No items are considered dilutive to headline earnings and therefore diluted headline earnings equate to headline earnings.

# Notes to the Annual Financial Statements

## 28. Segmental information

The Group considers its executive directors to be the chief operating decision-maker and the segmental disclosures below are aligned with the monthly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all the services being related to higher education services within Southern Africa. However management does make decisions based on what they constitute to be reflective of the underlying financial performance of the Group and as such, the Group has identified core headline earnings as this measure. Non-core includes certain items which may distort the Group's financial performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the Group. The non-core adjustments include once-off acquisition related costs, amortisation costs associated with client lists acquired, once off costs related to onerous contracts, penalties and costs relating to contingent consideration payable in respect of acquisitions.

As the Group has one reportable segment, the segmental disclosure around the specified amounts that are included in the measure of segment profit or loss will be consistent with the amounts presented on the face of the statement of comprehensive income.

**Geographical information**

| | 2023 R '000 | | 2022 R '000 | |
|---|---|---|---|---|
| | **South Africa** | **Namibia** | **South Africa** | **Namibia** |
| Revenue | 1 367 441 | 46 209 | 1 172 346 | 41 466 |
| EBITDA | 382 294 | 8 246 | 339 082 | 12 055 |
| Assets | 2 256 651 | 59 337 | 2 226 068 | 55 099 |
| Liabilities | 450 379 | 3 407 | 393 960 | 5 507 |
| Capital expenditure | 59 450 | 242 | 92 448 | 418 |

The Group operates in two principal geographical areas, namely South Africa and Namibia.

**Core headline earnings**

| | Note | Group | |
|---|---|---|---|
| | | 2023 R '000 | 2022 R '000 |
| Profit before taxation | | 324 029 | 269 716 |
| Taxation | | (87 767) | (83 228) |
| Profit after taxation | | 236 262 | 186 488 |
| Profit attributable to owner | 27 | 208 247 | 165 638 |
| Headline items | | (101) | 4 188 |
| Headline earnings | 27 | 208 146 | 169 826 |
| Core headline earnings per share (cents) | | 24,6 | 20,7 |
| Core diluted headline earnings per share (cents) | | 24,2 | 20,2 |

| | Note | **Group 2023 R '000** | **Group 2022 R '000** |
|---|---|---|---|
| **Reconciliation of core headline earnings** | | | |
| Headline earnings attributable to owners of parent | 27 | 208 146 | 169 826 |
| Amortisation of client list and trademarks | | 2 162 | 4 247 |
| Less: non-controlling interest | | - | (79) |
| Less: taxation | | (596) | (1 159) |
| Onerous contract (gain) / expense | | (3 686) | 5 471 |
| Less: non-controlling interest | | 848 | (1 258) |
| Less: taxation | | 995 | (1 477) |
| Tax penalties | | 1 231 | - |
| **Core headline earnings** | | **209 100** | **175 571** |

# Notes to the Annual Financial Statements

## 28. Segmental information (continued)

| | Group 2023 '000 | Group 2022 '000 |
|---|---|---|
| **Reconciliation of WANOS used for core headline earnings per share to WANOS used for diluted core headline earnings per share** | | |
| WANOS | 849 346 | 849 421 |
| **Adjusted for:** | | |
| Share options incentive plan | 13 158 | 18 991 |
| **Diluted WANOS** | 862 504 | 868 412 |

## 29. Cash generated from/(used in) operations

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| Profit/(loss) before taxation | 324 029 | 269 716 | (1 605) | (1 433) |
| **Adjustments for:** | | | | |
| Depreciation and amortisation | 70 474 | 68 353 | - | - |
| Impairment | - | 6 456 | - | - |
| Net losses on disposals of property, plant and equipment | 280 | 1 479 | - | - |
| Interest income | (20 640) | (12 038) | (148) | - |
| Finance costs | 16 677 | 18 650 | - | 6 |
| Fair value losses / (gains) | 21 | (127) | - | - |
| Foreign exchange gains | 82 | - | - | - |
| Share-based payment charge | 13 952 | 8 721 | - | - |
| Onerous contract remeasurement | (778) | - | - | - |
| Gain on modification of lease | - | (285) | - | - |
| Other non-cash IFRS and other adjustments | - | 91 | 2 022 | 1 411 |
| **Changes in working capital:** | | | | |
| Increase in trade and other receivables | (36 109) | (42 429) | - | - |
| Decrease in trade and other payables | (12 165) | (30 382) | (210) | - |
| Increase in contract liabilities | 4 445 | 19 491 | - | - |
| | **360 268** | **307 696** | **59** | **(16)** |

## 30. Taxation paid

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| Balance at beginning of the year | (10 528) | 4 568 | - | - |
| Current tax for the year recognised in profit or loss | (67 810) | (83 238) | - | - |
| Non-cash movement | (437) | - | - | - |
| Balance at end of the year | (36 128) | 10 528 | - | - |
| | **(114 903)** | **(68 142)** | **-** | **-** |

# Notes to the Annual Financial Statements

## 31. Changes in liabilities arising from financing activities

**Reconciliation of liabilities arising from financing activities - Group - 2023**

| | Opening balance R '000 | New leases and non-cash movements R'000 | Proceeds from borrowings R'000 | Repayment of borrowings R'000 | Closing balance R '000 |
|---|---|---|---|---|---|
| Borrowings | 68 | - | 221 | (52) | 237 |
| Finance lease liabilities | 169 780 | 7 396 | - | (62 163) | 115 013 |
| Loans from related parties | 96 | - | - | - | 96 |
| **Total liabilities from financing activities** | **169 944** | **7 396** | **221** | **(62 215)** | **115 346** |

**Reconciliation of liabilities arising from financing activities - Group - 2022**

| | Opening balance R '000 | New leases and non-cash movements R '000 | Proceeds from borrowings R '000 | Repayment of borrowings R '000 | Closing balance R '000 |
|---|---|---|---|---|---|
| Borrowings | 15 065 | - | 68 | (15 065) | 68 |
| Finance lease liabilities | 184 357 | 16 990 | - | (31 567) | 169 780 |
| Loans from related parties | 96 | - | - | - | 96 |
| **Total liabilities from financing activities** | **199 518** | **16 990** | **68** | **(46 632)** | **169 944** |

## 32. Investment income received

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| Investment income (Refer to Note 24) | 20 640 | 12 038 | 148 | - |
| Less: Interest on lease receivable (Refer to Note 24) | (2 733) | (2 579) | - | - |
| Less: Interest on financial assets measured at fair-value through profit or loss (Refer to Note 24) | - | (423) | - | - |
| Less: Reinvestment of unit trust | (869) | - | - | - |
| Less: Interest on consideration payable and other interest | - | (14) | - | - |
| | **17 038** | **9 022** | **148** | **-** |

## 33. Finance costs paid

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| Finance costs (Refer to Note 25) | 16 677 | 18 650 | - | 6 |

# Notes to the Annual Financial Statements

## 34. Other non-cash items

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| Opening balance consideration payable (refer to Note 19) | - | 31 111 | - | - |
| Fair value adjustment and interest on consideration payable (Refer to Note 17) | - | (13) | - | - |
| Non-cash: settlement of acquisitions through the issue of shares (Refer to Note 13) | - | (33 120) | - | - |
| De-recognition of non-controlling interest on acquisition | - | 2 022 | - | - |
| | **-** | **-** | **-** | **-** |

## 35. Related parties

**Relationships**

| | |
|---|---|
| Significant Shareholder (>15%) | PSG Alpha Investments Proprietary Limited |
| Significant Shareholder (>15%) | Coronation Fund Managers Limited |
| Subsidiaries | Refer to Note 7 |
| Group's B-BBEE shareholder | Brimstone Investment Corporation Limited |
| Entities controlled by key management | Almika Properties 90 Proprietary Limited<br>Citac Africa Proprietary Limited |
| Sponsor | PSG Capital Proprietary Limited |
| Directors | Refer to Note 37 |
| Other related parties | VJ Properties Close Corporation |

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Related party balances** | | | | |
| **Loan accounts - Owing (to)/by related parties *** | | | | |
| Stadio Group Share Incentive Scheme | - | - | 20 668 | 8 759 |
| Stadio Khulisa Student Share Scheme | - | - | 22 | (1) |
| Brimstone Investment Corporation Limited | (96) | (96) | - | - |
| Stadio Investment Holdings Proprietary Limited | - | - | 14 925 | 14 925 |
| Stadio Corporate Services Proprietary Limited | - | - | 476 802 | 581 113 |
| Stadio Proprietary Limited | - | - | (7 201) | (7 201) |

* Details of the terms and conditions of the loans refer to Note 11 and Note 16.

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Lease liabilities** | | | | |
| Citac Africa Proprietary Limited | (3 589) | (7 602) | - | - |
| **Related party transactions** | | | | |
| **Interest paid to related party** | | | | |
| Citac Africa Proprietary Limited | 449 | 727 | - | - |
| **Listing and advisory fees paid to related party** | | | | |
| PSG Capital Proprietary Limited | 188 | 158 | - | - |
| **Dividends paid to related parties** | | | | |
| Directors | 2 865 | 1 210 | - | - |

# Notes to the Annual Financial Statements

## 36. Commitments and Contingent liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Authorised capital expenditure** | | | | |
| Not yet contracted for and authorised by directors | | | - | - |
| • Property, plant and equipment | 269 466 | 74 498 | | |
| • Intangible assets | 28 023 | 23 111 | | |
| | **297 489** | **97 609** | **-** | **-** |

During the year ended 31 December 2023, the Group has, in the normal course of business, obtained bank guarantees as required by the Department of Higher Education and Training (DHET) to the value of R10.5 million (2022: R10.6 million). This is funded by a cash deposit with Standard Bank. The amount of R5 million is restricted and therefore disclosed as other receivables as per Note 8. The remaining balance is covered through an insurance policy.

There are no guarantees relating to the Company.

The Group and Company have no contingent liabilities as at 31 December 2023 (2022: Rnil).

## 37. Directors' and prescribed officers emoluments

For the purposes of defining related party transactions with key management, key management has been defined as directors and includes entities controlled or jointly controlled by these individuals.

**Executive**

**2023**

| | Salary<br>R'000 | Pension contributions paid<br>R'000 | Bonuses<br>R'000 | Gains on exercise of options<br>R'000 | Other *<br>R'000 | Total<br>R'000 |
|---|---|---|---|---|---|---|
| Chris Vorster | 4 485 | 255 | 3 544 | 11 386 | 35 | 19 705 |
| Samara Totaram | 3 155 | 471 | 1 895 | 4 225 | - | 9 746 |
| Divya Singh | 2 913 | 309 | 1 894 | 2 712 | 96 | 7 924 |
| Johan Human | 2 787 | 158 | 1 774 | 2 160 | - | 6 879 |
| | **13 340** | **1 193** | **9 107** | **20 483** | **131** | **44 254** |

**2022**

| | Salary<br>R'000 | Pension contributions paid<br>R'000 | Bonuses<br>R'000 | Deferred Bonus<br>R'000 | Gains on exercise of options<br>R'000 | Total<br>R'000 |
|---|---|---|---|---|---|---|
| Chris Vorster | 4 028 | 198 | 3 671 | - | 8 459 | 16 356 |
| Samara Totaram | 2 765 | 407 | 1 998 | 151 | 3 012 | 8 333 |
| Divya Singh | 2 662 | 261 | 2 217 | 124 | 2 127 | 7 391 |
| Johan Human | 2 503 | 123 | 2 123 | - | 2 134 | 6 883 |
| | **11 958** | **989** | **10 009** | **275** | **15 732** | **38 963** |

* Other remuneration received by directors include research awards and long service awards.

**Share options**

During the year 3.8 million (2022: 5.7 million) shares options were issued to the executive directors and prescribed officers.

Share options of 2.9 million (2022: nil) in respect of Samara Totaram were forfeited during the year following her resignation (2022: nil) and no share options lapsed (2022: nil). Refer to Note 14 for further information.

# Notes to the Annual Financial Statements

## 37. Directors' and prescribed officers emoluments (continued)

**Non-executive**

**2023**

| | Directors' fees R'000 | Gains on exercise of options R '000 | Total R'000 |
|---|---|---|---|
| Vincent Maphai | 607 | - | 607 |
| Chris van der Merwe | 338 | 657 | 995 |
| Nico de Waal | 338 | - | 338 |
| Mathukana Mokoka | 502 | - | 502 |
| Busisiwe Vilakazi | 439 | - | 439 |
| Tom Brown | 405 | - | 405 |
| | **2 629** | **657** | **3 286** |

**2022**

| | Directors' fees R'000 | Gains on exercise of options R'000 | Other fees R'000 | Total R'000 |
|---|---|---|---|---|
| Vincent Maphai | 530 | - | - | 530 |
| Nico de Waal | 300 | - | - | 300 |
| Chris van der Merwe | 300 | 1 571 | 500 | 2 371 |
| Mathukana Mokoka | 444 | - | - | 444 |
| Busisiwe Vilakazi | 390 | - | - | 390 |
| Tom Brown | 360 | - | - | 360 |
| | **2 324** | **1 571** | **500** | **4 395** |

Nico de Waal’s director’s remuneration is paid to PSG Corporate Services Proprietary Limited of which he is a salaried employee.

Chris van der Merwe's other fees relate to restraint of trade fees which ended in April 2022.

Non-executive director’s fees are paid according to the director’s time of service and not per board meeting.

# Notes to the Annual Financial Statements

## 38. Financial instruments and risk management

**Categories of financial instruments**

**Categories of financial assets**

**Group - 2023**

| | Notes | Fair value through profit or loss R'000 | Amortised cost R'000 | Total R'000 |
|---|---|---|---|---|
| Other financial assets | 9 | 16 244 | - | 16 244 |
| Trade and other receivables | 8 | - | 195 787 | 195 787 |
| Cash and cash equivalents | 12 | - | 130 323 | 130 323 |
| | | **16 244** | **326 110** | **342 354** |

**Group - 2022**

| | Notes | Fair value through profit or loss R'000 | Amortised cost R'000 | Total R'000 |
|---|---|---|---|---|
| Other financial assets | 9 | 14 740 | - | 14 740 |
| Trade and other receivables | 8 | - | 160 822 | 160 822 |
| Cash and cash equivalents | 12 | - | 148 207 | 148 207 |
| | | **14 740** | **309 029** | **323 769** |

**Company - 2023**

| | Notes | Amortised cost R'000 | Total R'000 |
|---|---|---|---|
| Loans to related parties | 11 | 512 417 | 512 417 |
| Cash and cash equivalents | 12 | 15 132 | 15 132 |
| | | **527 549** | **527 549** |

**Company - 2022**

| | Notes | Amortised cost R'000 | Total R'000 |
|---|---|---|---|
| Loans to related parties | 11 | 604 797 | 604 797 |

# Notes to the Annual Financial Statements

## 38. Financial instruments and risk management (continued)

**Categories of financial liabilities**

**Group - 2023**

| | Notes | Amortised cost R'000 | Total R'000 |
|---|---|---|---|
| Trade and other payables | 17 | 142 632 | 142 632 |
| Loans from related parties | 16 | 96 | 96 |
| Borrowings | 15 | 237 | 237 |
| Lease liabilities | 4 | 115 013 | 115 013 |
| | | **257 978** | **257 978** |

**Group - 2022**

| | Notes | Amortised cost R'000 | Total R'000 |
|---|---|---|---|
| Trade and other payables | 17 | 24 884 | 24 884 |
| Loans from related parties | 16 | 96 | 96 |
| Borrowings | 15 | 68 | 68 |
| Lease liabilities | 4 | 169 780 | 169 780 |
| | | **194 828** | **194 828** |

**Company - 2023**

| | Notes | Amortised cost R'000 | Total R'000 |
|---|---|---|---|
| Trade and other payables | 17 | 540 | 540 |
| Loans from related parties | 16 | 7 201 | 7 201 |
| | | **7 741** | **7 741** |

**Company - 2022**

| | Notes | Amortised cost R'000 | Total R'000 |
|---|---|---|---|
| Trade and other payables | 17 | 750 | 750 |
| Loans from related parties | 16 | 7 201 | 7 201 |
| | | **7 951** | **7 951** |

## 38. Financial instruments and risk management (continued)

**Capital risk management**

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares for cash, sell assets to reduce debt, or increase borrowings. Based on the capital needs of the Group, debt funding arrangements (refer to Note 15) may be entered into to facilitate new developments and growth initiatives. In accessing debt funding, the Group's debt-to-equity ratio shall not exceed the target debt-to-equity ratio of 30%, excluding lease liabilities.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| | Notes | | | | |
| Loans from related parties | 16 | 96 | 96 | 7 201 | 7 201 |
| Borrowings | 15 | 237 | 68 | - | - |
| Lease liabilities | 4 | 115 013 | 169 780 | - | - |
| Trade and other payables | 17 | 142 632 | 24 884 | 540 | 750 |
| **Total borrowings** | | **257 978** | **194 828** | **7 741** | **7 951** |
| Cash and cash equivalents | 12 | (130 323) | (148 207) | (15 132) | - |
| **Net borrowings** | | **127 655** | **46 621** | **(7 391)** | **7 951** |
| Equity | | 1 862 202 | 1 881 702 | 1 498 848 | 1 575 886 |
| Gearing ratio | | 7 % | 2 % | (0,5)% | 1 % |

**Financial risk management**

**Overview**

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on loans to related parties, trade receivables, lease receivables, cash and cash equivalents and other financial assets.

Credit risk exposure arising on cash and cash equivalents and other financial assets is managed by the Group through dealing with well-established financial institutions with high credit ratings.

### 38. Financial instruments and risk management (continued)

In order to mitigate the risk of financial loss from defaults, the Group monitors trade receivable balances on a continuous basis. Trade receivables arise from transactions with students. At the start of the academic period, the student selects their payment plan (i.e., monthly, quarterly or in advance), students are monitored through the academic period to ensure that payments are being made as per agreed terms. Additional measures are taken where accounts are overdue such as contacting students to agree on payment plans. In order for a student to access their final results, graduate or re-register, their accounts are required to be up to date or a repayment plan is in place.

The customer base for students is large and widespread for outstanding fees at year end, and there is no significant exposure to a single debtor at year end. The ECL on trade receivables is calculated on a collective basis for all trade receivables as students are perceived to have a similar risk profile. This is because the majority of the Group's customer base are working adults. Where students are not working adults, working parents/guardians/sponsors are required to stand in as a co-principal debtor. Therefore, the Group views the risk profiles as similar.

The loss allowance has been determined based on the simplified model.

The credit risk for loans to related parties and lease receivables is considered to be low at year end (refer to Note 11). The counterparties have balances which are not past 30 days due and there are no other factors that have arisen indicating that there has been an increase in significant risk. Continuous engagement ensure timeous payments from counterparties. The Group therefore has assessed that these counterparties are able to meet their payment obligations and the expected loss allowance is immaterial.

Finance lease receivable is settled over a substantial period, and governed by a legal contract signed by the counterparty. All amounts at year end are not past due.

The maximum exposure to credit risk is presented in the table below:

| **Group** | | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|---|
| | Notes | **Gross carrying amount R '000** | **Credit loss allowance R '000** | **Amortised cost / fair value R '000** | **Gross carrying amount R '000** | **Credit loss allowance R '000** | **Amortised cost / fair value R '000** |
| Other financial assets | 9 | 16 244 | - | 16 244 | 14 740 | - | 14 740 |
| Lease receivables | 8 | 22 110 | - | 22 110 | 20 864 | - | 20 864 |
| Trade and other receivables (excluding lease receivables) | 8 | 337 195 | (163 518) | 173 677 | 272 929 | (132 971) | 139 958 |
| Cash and cash equivalents | 12 | 130 323 | - | 130 323 | 148 207 | - | 148 207 |
| | | **505 872** | **(163 518)** | **342 354** | **456 740** | **(132 971)** | **323 769** |

| **Company** | | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|---|
| | Notes | **Gross carrying amount R '000** | **Credit loss allowance R '000** | **Amortised cost / fair value R '000** | **Gross carrying amount R '000** | **Credit loss allowance R '000** | **Amortised cost / fair value R '000** |
| Loans to related parties | 11 | 512 417 | - | 512 417 | 604 797 | - | 604 797 |
| Cash and cash equivalents | 12 | 15 132 | - | 15 132 | - | - | - |
| | | **527 549** | **-** | **527 549** | **604 797** | **-** | **604 797** |

### 38. Financial instruments and risk management (continued)

**Liquidity risk**

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

At 31 December 2023, the Group has a revolving credit facility with Standard Bank and has not drawn down for the current year (2022: R nil) and has access to the remaining undrawn amount of R100 million (2022: R100 million) which was dawn down after year end. Refer to Note 15 for further information. The Company has access to additional resources within the Group to meet its cash obligations as they fall due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

**Group - 2023**

| | Notes | Less than 1 year R '000 | 1 to 2 years R '000 | 2 to 5 years R '000 | Over 5 years R '000 | Total R '000 | Carrying amount R '000 |
|---|---|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | | | |
| Lease liabilities | 4 | - | 18 022 | 23 974 | 10 423 375 | 10 465 371 | 80 298 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 17 | 142 632 | - | - | - | 142 632 | 142 632 |
| Loans from related parties | 16 | 96 | - | - | - | 96 | 96 |
| Borrowings | 15 | 237 | - | - | - | 237 | 237 |
| Lease liabilities | 4 | 37 566 | - | - | - | 37 566 | 34 715 |
| | | **180 531** | **18 022** | **23 974** | **10 423 375** | **10 645 902** | **257 978** |

**Group - 2022**

| | Notes | Less than 1 year R '000 | 1 to 2 years R '000 | 2 to 5 years R '000 | Over 5 years R '000 | Total R '000 | Carrying amount R '000 |
|---|---|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | | | |
| Lease liabilities | 4 | - | 48 075 | 48 245 | 10 429 347 | 10 525 667 | 127 455 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 17 | 24 884 | - | - | - | 24 884 | 24 884 |
| Loans from related parties | 16 | 96 | - | - | - | 96 | 96 |
| Borrowings | 15 | 68 | - | - | - | 68 | 68 |
| Lease liabilities | 4 | 50 041 | - | - | - | 50 041 | 42 325 |
| | | **75 089** | **48 075** | **48 245** | **10 429 347** | **10 600 756** | **194 828** |

### 38. Financial instruments and risk management (continued)

**Company - 2023**

| | Notes | Less than 1 year R '000 | Total R '000 | Carrying amount R'000 |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Trade and other payables | 17 | 540 | 540 | 540 |
| Loans from related parties | 16 | 7 201 | 7 201 | 7 201 |

**Company - 2022**

| | Notes | Less than 1 year R '000 | Total R '000 | Carrying amount R '000 |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Trade and other payables | 17 | 750 | 750 | 750 |
| Loans from related parties | 16 | 7 201 | 7 201 | 7 201 |

**Financing facilities**

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **Standard Bank revolving credit facility expiring December 2025:** | | | | |
| Available | 100 000 | 100 000 | - | - |

### 38. Financial instruments and risk management (continued)

**Foreign currency risk**

The Group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. The foreign currencies in which the Group deals primarily are US Dollars and Namibian Dollars. The risk associated with the Namibian Dollar is immaterial due to the exchange rate being 1:1 to the South African Rand. The risk to the US Dollar is managed through negotiation of exchange rates with suppliers or customers upfront where possible.

**Exposure in Rand**

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 2023 R '000 | 2022 R '000 | 2023 R '000 | 2022 R '000 |
| **US Dollar exposure:** | | | | | |
| **Current assets:** | | | | | |
| Trade and other receivables | 8 | - | 211 | - | - |

**Foreign currency sensitivity analysis**

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

**Group**

At 31 December 2023, if the Rand/Dollar exchange rate had been 10% (2022: 10%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been Rnil (2022: R0.02 million) higher and Rnil (2022: R0.02 million) lower.

**Company**

There is no foreign exchange currency risk for the Company at 31 December 2023 and 2022.

# Notes to the Annual Financial Statements

## 38. Financial instruments and risk management (continued)

**Interest rate risk**

Fluctuations in interest rates impact on the value of investments, cash and cash equivalents and financing activities, giving rise to interest rate risk.

The Group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders. The Group most significant interest-bearing financial assets are its investments in unit trusts and money market funds.

The most significant debt in the Group comprises of the Standard Bank revolving credit facility, whose interest is linked to the three-month JIBAR. The interest rate has been compared to rates available in the market and is considered to be favourable. The interest rate risk is managed through scenario planning of drawdowns, repayments and monitoring the JIBAR rate movements.

**Interest rate sensitivity analysis**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

**Group**

The impact on pre-tax profit in the year ended 31 December 2023, of a 25 basis points increase in the interest rate, would result in a net increase in profit of R0.1 million (2022: net decrease in profit of R0.1 million) for the Group. A 25 basis points decrease in the interest rate would have an equal, but opposite effect on profit or loss.

**Company**

The impact of an interest rate movement of 25 basis points would have had no significant change in pre-tax profit for the years ended 31 December 2023 and 31 December 2022.

At 31 December 2023, if share prices in the portfolio were 10% (2022: 10%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have increased or decreased with R1.6 million (2022: R1.4 million).

There is no price risk for the Company at 31 December 2023 and 31 December 2022.

# Notes to the Annual Financial Statements

## 39. Fair value information

**Fair value hierarchy**

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**Levels of fair value measurements**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2023<br>R '000 | 2022<br>R '000 | 2023<br>R '000 | 2022<br>R '000 |
| **Level 1** | | | | | |
| **Recurring fair value measurements** | | | | | |
| **Assets** | Note | | | | |
| **Financial assets mandatorily at fair value through profit or loss** | | | | | |
| Unit trusts | 9 | 16 244 | 14 740 | - | - |

## 40. Going concern

The Group has a strong balance sheet with no external funding (other than lease liabilities) and continues to generate strong profits and cash flows for the year ended 31 December 2023.

At 31 December 2023, the Company is in an accumulated loss position. The current assets exceed the current liabilities and the Company has access to additional cash resources within the Group to meet its cash obligations as they fall due in the next 12 months.

In assessing the ability of the Group and Company to continue as a going concern, management has considered the following:
- the Group and Company's ability to settle its obligations as they become due and payable in the next 12 months;
- the solvency and liquidity position of the Group and Company (including an assessment before and after any dividend declaration);
- the cash generation ability of the Group and Company, including a review of projected cash flows over the next 5 years; and
- the current and forecast debt utilisation of the Group and Company.

The Group has access to a revolving credit facility of R100 million, with an option to increase the revolving credit facility by an additional R100 million. At 31 December 2023, the Group has no external debt. In January 2024, the Group utilised the R100 million rolling credit facility to fund its acquisition of the additional shares in Milpark Education. The Group has also met all covenant requirements up to the date of the annual financial statement. Refer to Note 15 for the terms of the facility.

Based on the above the Board is satisfied that the Group and the Company are in a sound financial position and have adequate cash resources and access to borrowings to continue to operate as a going concern in the foreseeable future.

### 41. Events after the reporting period

**Appointment of CFO**

Effective 1 January 2024, Ishak Kula was appointed as the Group CFO.

**Milpark Education**

On 29 December 2023, the Group, through its wholly owned subsidiary STADIO Investment Holdings Proprietary Limited ("SIH"), entered into a sale of shares agreement with Newshelf 1404 Proprietary Limited, a wholly owned subsidiary of Brimstone Investment Corporation Limited ("Brimstone"), to purchase Brimstone's effective indirect 12.8% interest in Milpark Education, for a purchase consideration of R117.5 million. The effective date of the transaction was 31 December 2023. The purchase consideration was settled on 22 January 2024.

In January 2024, the Group purchased a further 0.7% interest from one of the other non-controlling shareholders for a purchase consideration of R6.1 million, which was settled later in January 2024.

The net result of these transactions leaves the Group with a net effective interest in Milpark Education of 83.9% as at the end of January 2024.

In order to finance these transactions, the Group utilised the R100 million rolling credit facility (RCF). Refer to Note 15 for the covenant details.

**Dividend**

On 18 March 2024, the Group declared a dividend of 10 cents per share (R85 million) from income reserves for the year ended 31 December 2023, which is payable 22 April 2024. The dividend amount, net of South African dividends tax of 20%, is 8 cents per share.

Save as set above, the directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

### 42. Restatement of Cash Flow

The Cash Flow Statement of the Company has been restated to reflect the dividends paid to the shareholders by Stadio Corporate Services Proprietary Limited acting on behalf of the Company. Due to the fact that the Company was able to direct the timing and amount of the dividends paid this is considered to be cash flow. This was omitted from the Company's cash flow in the prior year, as it was incorrectly viewed as a non-cash item.

| **Statement of Cash Flows** | **Audited 2022 R'000** | **Adjustment R'000** | **Restated 2022 R'000** |
|---|---|---|---|
| Loan repaid by related party | - | 39 975 | 39 975 |
| **Net cash from investing activities** | **-** | **39 975** | **39 975** |
| Dividends paid to shareholders | - | (39 975) | (39 975) |
| **Net cash used in financing activities** | **-** | **(39 975)** | **(39 975)** |

# Shareholders' Analysis

## 1. Distribution of shareholders

| Range of shareholding 2023 | Number of shareholders | % of shareholders | Number of shares '000 | % of issued shares |
|---|---|---|---|---|
| 1 - 10 000 | 19 018 | 88,2 | 21 181 | 2,5 |
| 10 001 - 100 000 | 2 109 | 9,8 | 61 468 | 7,3 |
| 100 001 - 1 000 000 | 357 | 1,6 | 97 950 | 11,6 |
| More than 1 000 000 | 88 | 0,4 | 666 207 | 78,6 |
| | **21 572** | **100,0** | **846 806** | **100,0** |

| Range of shareholding 2022 | Number of shareholders | % of shareholders | Number of shares '000 | % of issued shares |
|---|---|---|---|---|
| 1 - 10 000 | 22 262 | 88,9 | 24 960 | 2,9 |
| 10 001 - 100 000 | 2 290 | 9,2 | 65 707 | 7,7 |
| 100 001 - 1 000 000 | 393 | 1,6 | 109 804 | 12,9 |
| More than 1 000 000 | 85 | 0,3 | 649 821 | 76,5 |
| | **25 030** | **100,0** | **850 292** | **100,0** |

| Public and non-public shareholding 2023 | Number of shareholders | % of shareholders | Number of shares '000 | % of issued shares |
|---|---|---|---|---|
| Public shareholders | 21 556 | 99,9 | 589 867 | 69,7 |
| Non-public shareholders | 16 | 0,1 | 256 939 | 30,3 |
| **Where non-public shareholders consist of:** | | | | |
| PSG Alpha Investments Proprietary Limited | 1 | - | 145 868 | 17,2 |
| BBBEE Private Placement (consisting of 483 individuals) | 1 | - | 33 780 | 4,0 |
| Brimstone Investment Corporation Limited | 1 | - | 43 565 | 5,1 |
| STADIO Khulisa Student Share Scheme (consisting of 2 955 graduates) | 1 | - | 790 | 0,1 |
| Directors (including prescribed officers and subsidiary directors) | 12 | 0,1 | 32 935 | 3,9 |
| | **21 572** | **100,0** | **846 806** | **100,0** |

| Public and non-public shareholding 2022 ^ | Number of shareholders | % shareholders | Number of shares '000 | % of issued shares |
|---|---|---|---|---|
| Public shareholders | 25 014 | 99,9 | 594 139 | 69,9 |
| Non-public shareholders | 16 | 0,1 | 256 153 | 30,1 |
| **Where non-public shareholders consists of:** | | | | |
| PSG Alpha Investments Proprietary Limited * | 1 | - | 145 868 | 17,2 |
| BBBEE Private Placement (consisting of 483 individuals) | 1 | - | 33 780 | 4,0 |
| Brimstone Investment Corporation Limited | 1 | - | 43 565 | 5,1 |
| STADIO Khulisa Student Share Scheme (consisting of 2 077 graduates) | 1 | - | 647 | 0,1 |
| Directors (including prescribed officers and subsidiary directors) | 12 | 0,1 | 32 290 | 3,8 |
| | **25 030** | **100,0** | **850 292** | **100,0** |

* In addition to the shares held by PSG Alpha Investments Proprietary Limited, the PSG Group has a 3,3% shareholding through another entity.

^ The 2022 shareholder analysis was represented to exclude the STADIO Incentive Trust from the analysis as these shares are considered treasury shares of the Group.

# Shareholders' Analysis

**2. Major shareholders**

The following shareholders have a holding of greater than 5% of the issued shares of the Company:

| 2023 | Number of shares '000 | % of shares held |
|---|---|---|
| PSG Alpha Investments Proprietary Limited | 145 868 | 17,2 |
| Coronation Fund Managers Limited | 140 588 | 16,6 |
| Brimstone Investment Corporation Limited | 43 565 | 5,1 |

| 2022 | Number of shares '000 | % of shares held |
|---|---|---|
| PSG Alpha Investments Proprietary Limited | 145 868 | 17,2 |
| Coronation Fund Managers Limited | 136 620 | 16,1 |
| Brimstone Investment Corporation Limited | 43 565 | 5,1 |
| JF Mouton Familietrust, its subsidiaries and a joint venture | 43 438 | 5,1 |

On 12 September 2022, PSG Group Limited (through PSG Alpha Investments Proprietary Limited) unbundled 25.16% of the Company’s total issued share capital, to PSG Group shareholders (PSG Restructuring).