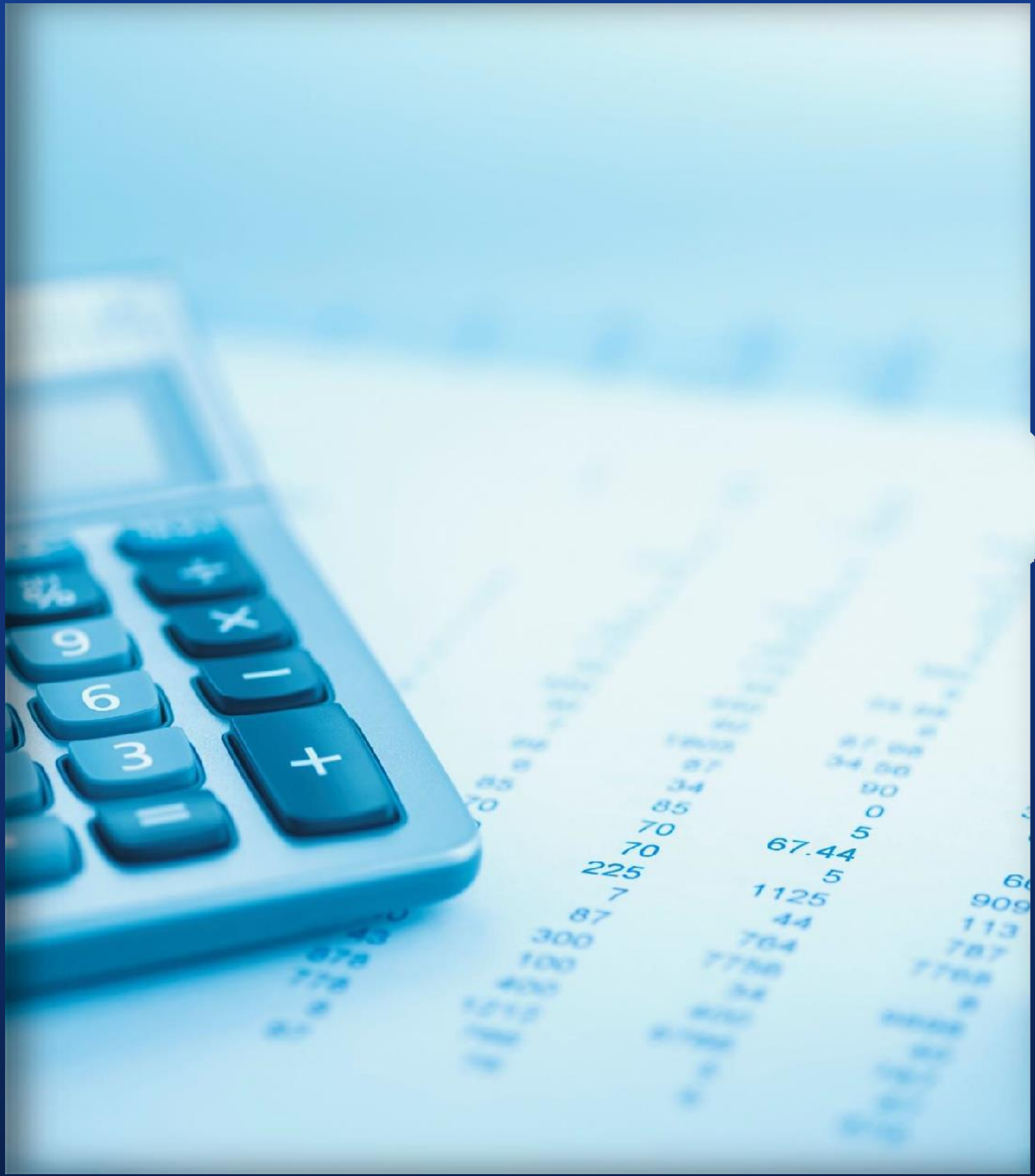
ADvTECH GROUP

A TREND OF CONSISTENT PERFORMANCE AND DELIVERY

ADVTECH INVESTOR DAY

AGENDA

1	**Welcome by Investor Relations Executive**	Sizwe Ndlovu
2	**ADvTECH Group overview and investment case**	Roy Douglas, CEO
3	**Q&A**	
4	**Site Visits**	

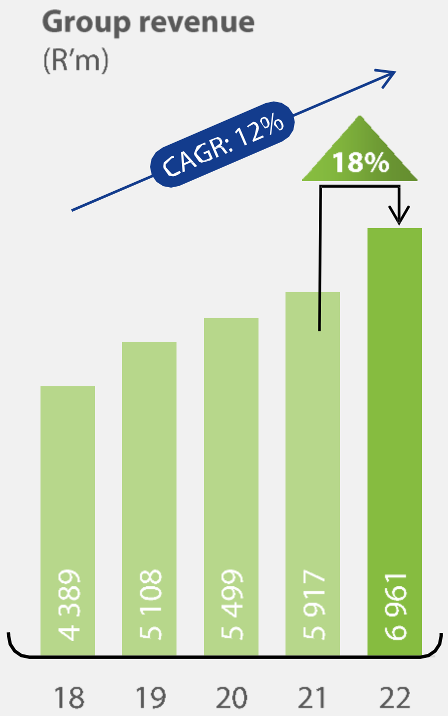


5 YEAR FINANCIAL REVIEW

5-YEAR REVIEW

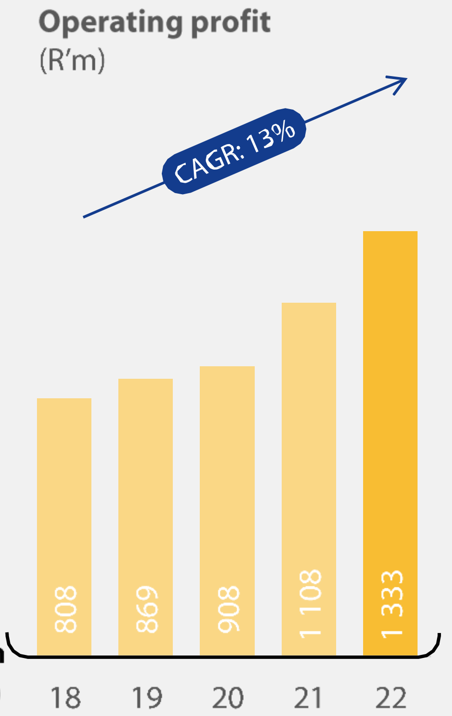
Consistent Performance

Revenue



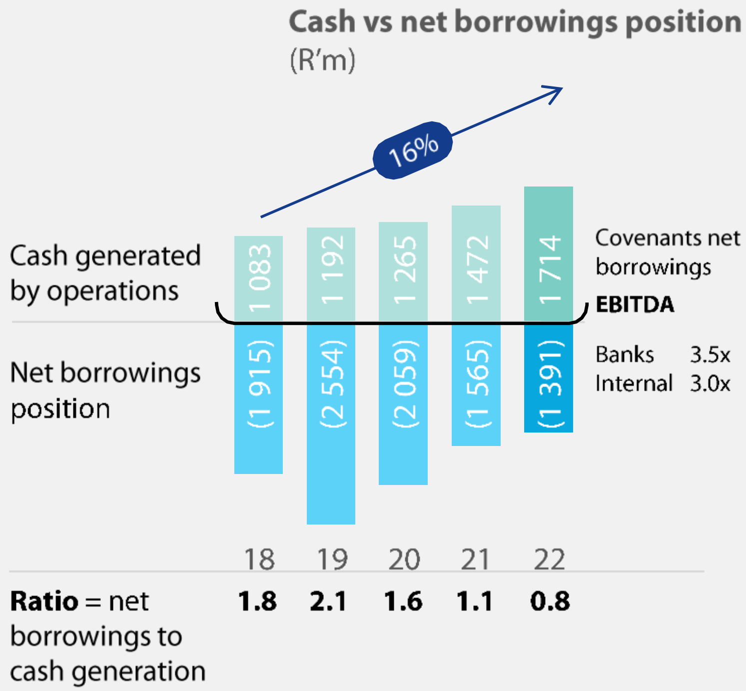
GROUP REVENUE grew by
18% to R7.0 billion
(2021: R5.9 billion)

Operating profit before interest and non-trading items



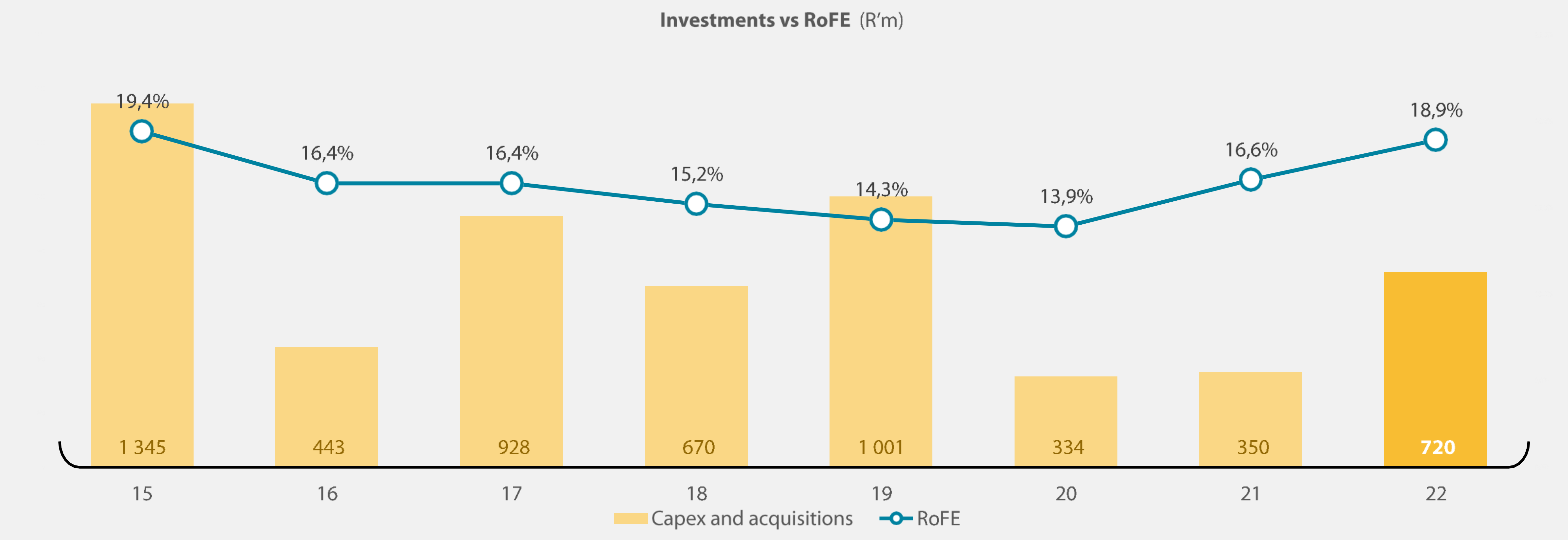
OPERATING PROFIT increased by
20% to R1 333 million
(2021: R1 108 million)

Cash vs Net borrowings position



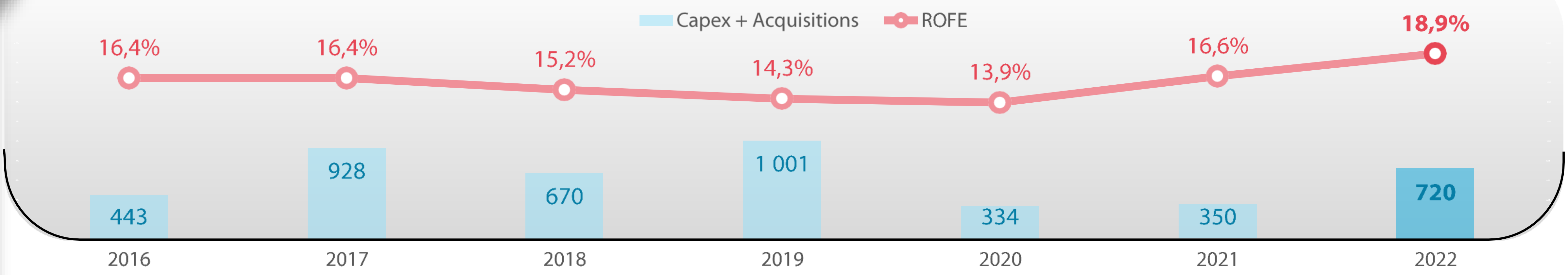
IMPROVING RETURN ON FUNDS EMPLOYED

Return on funds employed (RoFE)



IMPROVING RETURNS ON FUNDS EMPLOYED

ADvTECH GROUP



2016

Acquired:
Summit College (Rebranded Pinnacle College Kyalami)
Opened:
Pinnacle College Founders Hill

Acquired:
Capsicum Culinary Studio
Oxbridge Academy
Opened:
Rosebank College Polokwane Connected Campus

2017

Acquired:
Glenwood House
Greenwood Bay College
Elkanah House - Western Cape
Opened:
Pinnacle College Copperleaf

Acquired:
The Private Hotel School

2018

Acquired:
Makini schools
Opened:
Crawford International School Kenya

Opened:
RC Bloemfontein Connected Campus
RC Pietermaritzburg Connected Campus
RC Durban Mega Campus

2019

Opened:
The Bridge Assisted Learning School

Acquired:
IIE MSA (Monash SA)

2020

Opened:
Trinityhouse Glenvista
Pinnacle College Linden
Pinnacle College Waterfall

Opened:
Rosebank College Cape Town
Rosebank College Nelson Mandela Bay

2021

Investor Day 2023

Opened:
Evolve Online School

2022

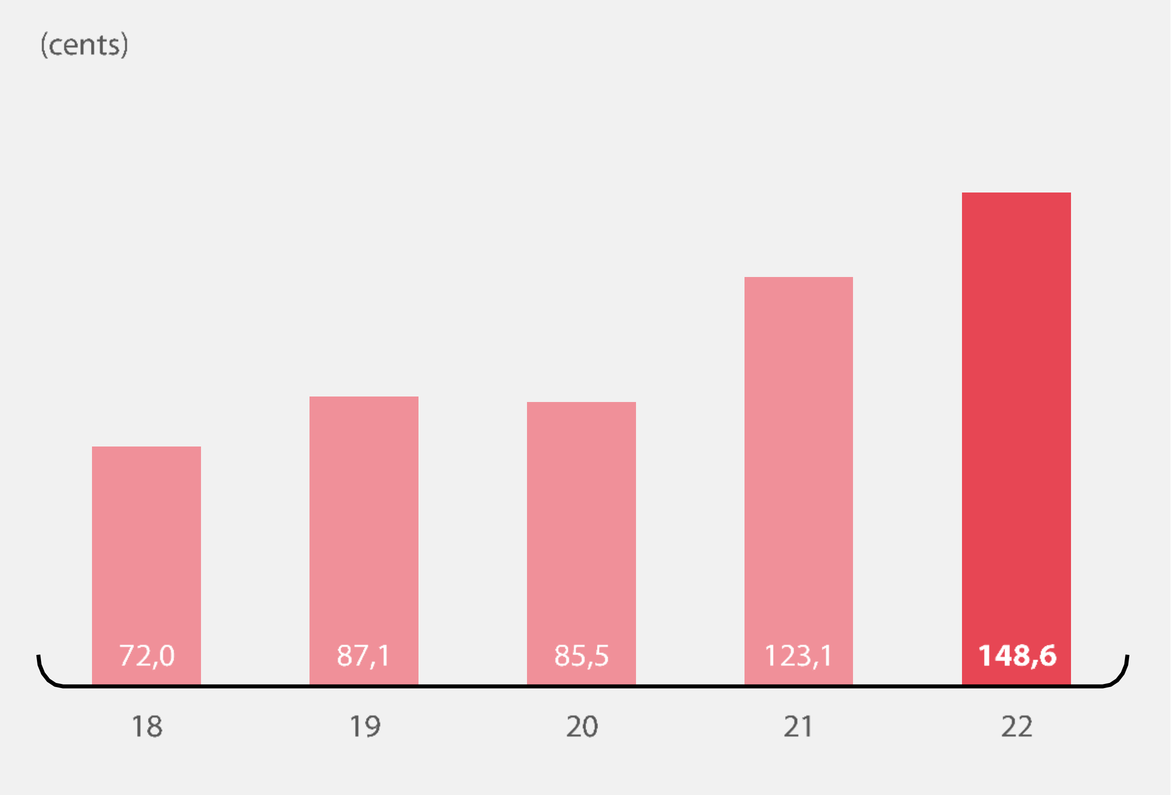
Opened:
Pinnacle College Raslouw

Schools
Tertiary

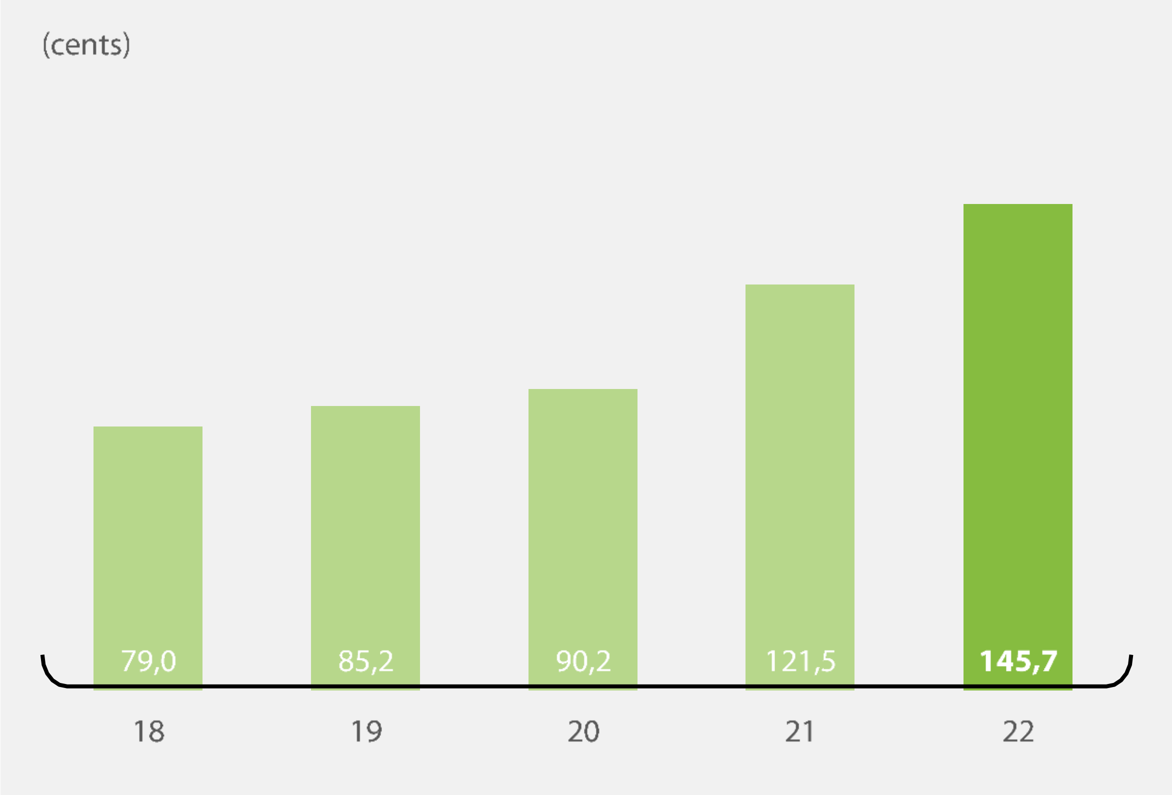
CONFIDENCE IN THE SUSTAINABILITY OF THE BUSINESS

Underpinned by strong cash generation and a sound balance sheet

Earnings per share

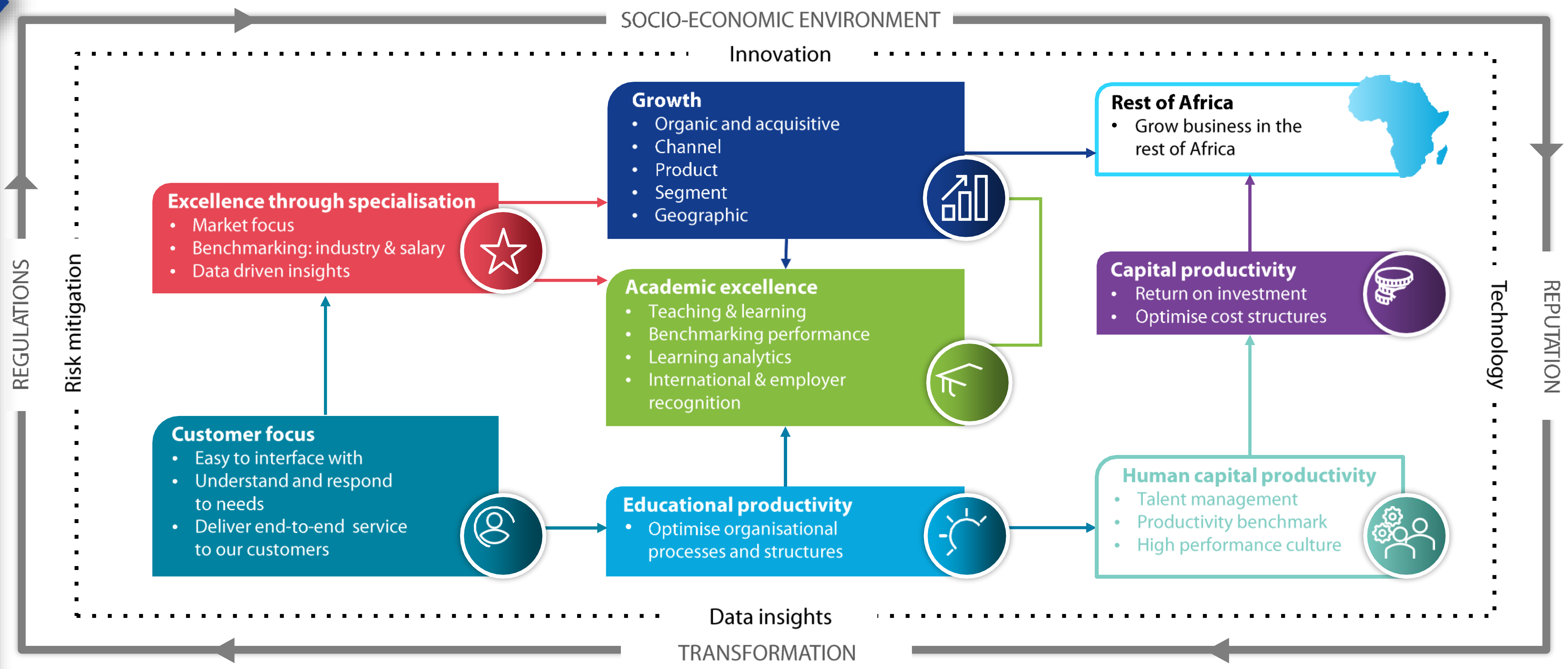


Normalised earnings per share



STRATEGIC OVERVIEW

OUR STRATEGIC OBJECTIVES



FACTORS AFFECTING DEMAND FOR QUALITY, PRIVATE EDUCATION

1 Growing demand for quality, private education

Public institutions continue to experience shortages of critical resources

Schools
From 2000 – 2022 the number of:

- Public schools: ▼16%
- Public schools student enrolments: ▲9%
- Independent schools student enrolments: ▲187%

Higher education institutions (HEIs)[1]
From 2012 – 2020, number of:

- Public HEIs student enrolments: ▲15%
- Independent HEIs student enrolments ▲106%

2 Enhanced quality of teaching

Teacher to student ratio:

- Public schools: 1:31
- Private schools: 1:16

South Africa ranked **3rd last** out of 64 countries for maths and science

Basic education – Grade 5s

37% - basic understanding of maths

28% - basic understanding of science

Higher education– undergraduate completion rates:

12% - computer science and information systems

13% - maths and statistics

17% - physical science

21% - engineering

3 Higher retention and matric pass rate

By 2022, out of 100 students from the grade 1 class of 2011:

- **66** reached matric
- **49** passed matric
- **24** obtained bachelor passes

Matric pass rates

ADvTECH IEB: **99.5%**
IEB: **98.4%**

ADvTECH DBE: **95.6%**
DBE: **80.1%**

Bachelor degree pass rates

ADvTECH IEB: **90.8%**
IEB: **89.3%**

ADvTECH DBE: **71.5%**
DBE: **26.7%**

4 Declining university subsidies

Education budget as % of national budget decreasing

- 2022/23: **20.1%**
- 2023/24: **19.8%**
- 2024/25: **19.7%**
- 2025/26: **19.6%**

- Education budget forecast to increase by 3.1%, well below inflation rate, resulting in reduced university subsidies
- Opportunity for ADvTECH Tertiary division to absorb excess demand

Source: Department of Basic Education/Stats SA\Sowetan article 1 March 2023 (data from 2019)/Trends in International Mathematics and Science Study (TIMSS) - 2019
1. Tertiary/universities

COMPREHENSIVE BRAND PORTFOLIO

ADvTECH GROUP

Schools division

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

Tertiary division

The Independent Institute of Education (IIE)

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

- Oxbridge Academy – effortless excellence in education
- Capsicum Culinary Studio

Resourcing division

- CA Global Africa Recruitment
- Network Contracting Solutions
- The Working Earth – Recruiting for your World
- Tech-Pro – Leaders in Supply Chain Recruitment
- Communicate Recruitment – Connecting Great People
- Network Recruitment
- africaHRsolutions

Inherent underlying demand for quality education

- SA driven by poor public offerings
- Africa: attractive growth prospects

Robust, flexible business model

- Ability to leverage scale
- Agile and responsive
- Multi modes of delivery
- Significant resource capability
  - People
  - Systems and technology
  - Intellectual property

Quality asset base

- Well established brand portfolio
- Significant free cash generation
- Sound balance sheet
- Good financial controls

ADvTECH subscribes to relevant ESG principles

OUR COMPETITIVE ADVANTAGE

UNLOCKING VALUE BY LEVERAGING OUR COMPETITIVE STRENGTHS

ADvTECH GROUP

Standardise

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

1st PHASE

Operational optimisation

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

2nd PHASE

Building a sustainable competitive advantage through leveraging unique competencies

Leader in teaching and learning:
- Teacher training and development
- Education Faculty: developing our own teachers
- Innovative remuneration and reward

Embedding technology for education:
- Integrating technology in teaching and learning
- Data driven insights
- Adaptive and personalised learning

Leveraging scale to deliver value:
- Unique advantage: integrated education business with schools and tertiary
- Systems capability and standardisation

3rd PHASE

OUR COMPETITIVE ADVANTAGE

ADvTECH GROUP

Ability to leverage scale

Continued growth in SA:

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

- Good growth opportunities in the rest of Africa
- Growing demand for quality education
- Have the experience, capability and scale to deliver
- Building track record

Progress to become the dominant Pan-African education business

OUR COMPETITIVE ADVANTAGE

1

Leader in teaching and learning

- Teacher & lecturer development programmes
- Research output & capacity building
- Education faculty – developing our own teachers
- Innovative remuneration and rewards

2

Embedding technology for education

- Integrating technology in teaching & learning
- Data driven insights
- Adaptive and personalised learning

3

Leveraging scale to deliver value

- Integrated education business in both schools and tertiary presents unique advantage
- Systems capability & standardisation

LEVERAGING THE STRENGTH OF A CENTRAL ACADEMIC TEAM

Multi-channel modes of delivery:

- Face-to-Face/ on campus
- Blended
- Online/ Distance

- Full-time
- Part-time

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

- Centralised Academic Team:
- Experts in teaching and learning practices
- Centralised quality assurance
- Research and scholarship
- Centralised programme and assessment development

SCHOOLS DIVISION

COMPREHENSIVE BRAND PORTFOLIO

ADvTECH GROUP

Schools division

Progressive / Modern	Traditional / Holistic	Specialised academic support and assisted learning	Mid-fee	Early childhood development	Online / homeschooling
Crawford International	TRINITYHOUSE Pre-Primary • Preparatory • High	THE BRIDGE ASSISTED LEARNING CENTRE; ABBOTTS COLLEGE HIGH SCHOOL	PINNACLE COLLEGES; Makini Schools Preschool | Primary | High	Junior COLLEGES EARLY LEARNING	evolve
27 Schools	20 Schools	8 Schools	47 Schools	5 Schools	3 Schools

Schools South Africa
- All brands, including premium brands have shown growth
- Continued to win market share in a tough operating environment

Schools in the rest of Africa:
- Strong enrolment growth with commitment to quality education and efficiency gains
- Confidence for future expansion

ACADEMIC RESULTS ACHIEVED IN SOUTH AFRICA

Outstanding results in line with promise of academic excellence

Independent Examination Board (IEB) results	Department of Basic Education (DBE) results	ADvTECH students
Matric pass rate ADvTECH IEB students **99.5%** IEB students **98.4%**	**Matric pass rate** ADvTECH DBE students **95.6%** DBE students **80.1%**	**2 distinctions** per candidate
Bachelor degree pass rate ADvTECH IEB students **90.8%** IEB students **89.3%**	**Bachelor degree pass rate** ADvTECH DBE students **71.5%** DBE students **26.7%**	**10% students** with 6+ distinctions

ACADEMIC RESULTS ACHIEVED – REST OF AFRICA

Outstanding academic delivery establishing ADvTECH's credentials

Gaborone International School

3 distinctions per candidate *

16% of the class achieved **'full house' A's**

Cambridge International students (A/AS Levels)

Crawford International

2 distinctions per candidate **

Crawford International

95% of the final year students completing their A-Level qualification at **Crawford International Kenya** accepted at **international universities** in the US, UK, Spain and Hong Kong

Pass rate **100%**

* GIS results aligned to South African Grade 11
** Crawford International School Cambridge International results aligned to South African "Grade 13"

ADvLEARN

ADVLEARN

Objectives

Implement an adaptive, AI digital learning platform into all ADvTECH SA schools within budget and approved timelines, with effect from October 2022 into 2023, and execute on the deliverables by the end of Q2 2023

Critical Success Factors

- Aligning of expectations and mobilisation of key stakeholders
- Capacity and capability to lead and implement the changes
- Measurement and communication of progress
- Ownership by management to implement the identified opportunities
- Agree on a measure to evaluate project success

Deliverables

1. To produce a robust implementation plan to ensure ADvTECH and ADvLEARN delivers a sustainable adaptive, AI digital learning platform from Q2 2023
2. 80% of schools using pilot form successfully by end Q2 2023
3. To ensure financial management of the projects according to the prescribed budgets

Scope

ADvTECH Schools division

Phase 1: South Africa

Phase 2: Rest of Africa

Business Case

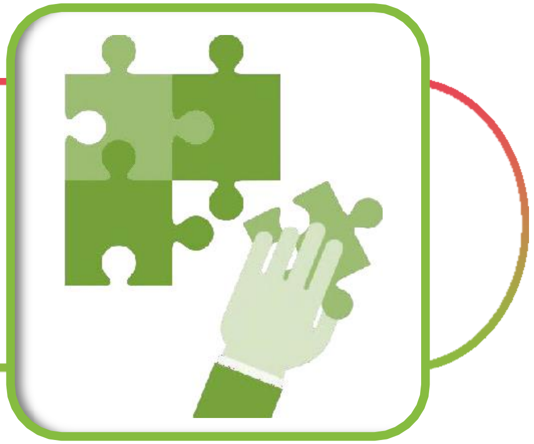
Implement a digital learning platform into all ADvTECH schools to align with the strategy of adaptive, tech enabled, personalized learning using Artificial Intelligence for competitive advantage and academic success.

THE PEDAGOGY

Personalised learning powered by artificial intelligence

Find gaps

- Continuous outcome-based assessment



Fill gaps

- Adaptive learning through generating personalised pathways
- Repetitive practice until concepts are fully understood
- Providing a platform for independent studying
- Enhanced class-time learning through adaptive teaching

THE METHOD

ADVLEARN

For teachers:

- Assist multiple students with the time and energy of providing individualised attention to a single student
- Tools identify gaps in students' understanding of various concepts instantaneously
- Teachers can refocus class-time to explain concepts students are not grasping
- Process known as **adaptive teaching**
- Easily identify struggling learners and which concepts require additional assistance

For students:

- Equips students with tools to take control of their learning and **study independently**
- Through the process of **adaptive learning**, students repeatedly practice the concepts not grasped, via pathways generated to reach academic success

SUPPORTING STUDENTS AND TEACHERS THROUGH ADAPTIVE LEARNING TECHNOLOGY

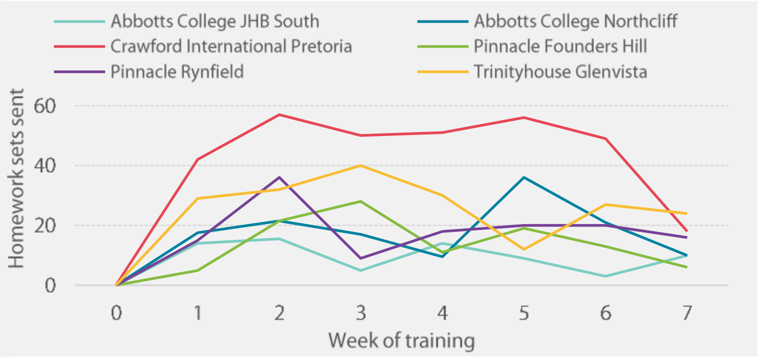
ADVTECH GROUP

Dashboard

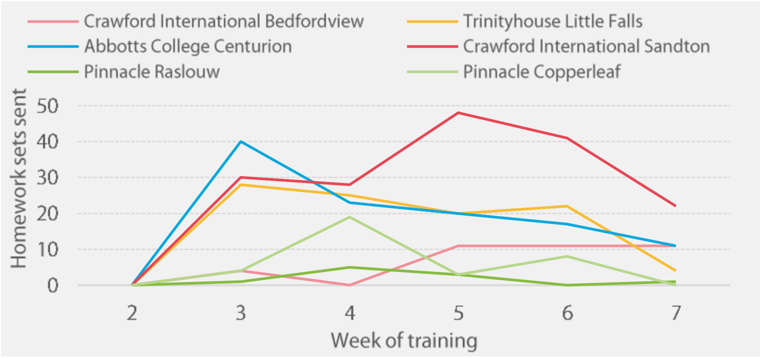
SUPPORTING STUDENTS AND TEACHERS THROUGH ADAPTIVE LEARNING TECHNOLOGY

Usage of the ADvLEARN platform over a 6-week period following the roll-out

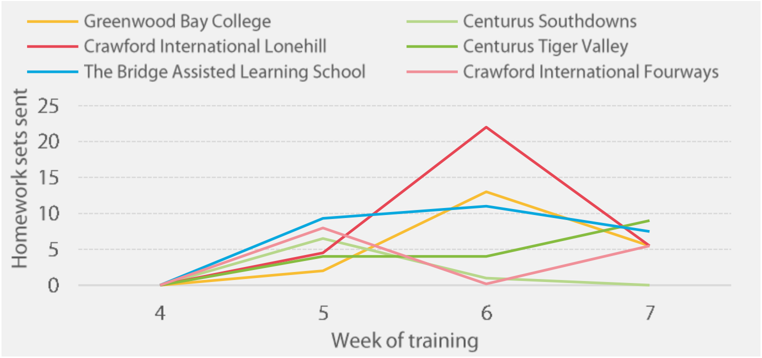
Week 1 Schools – Number of sets being sent



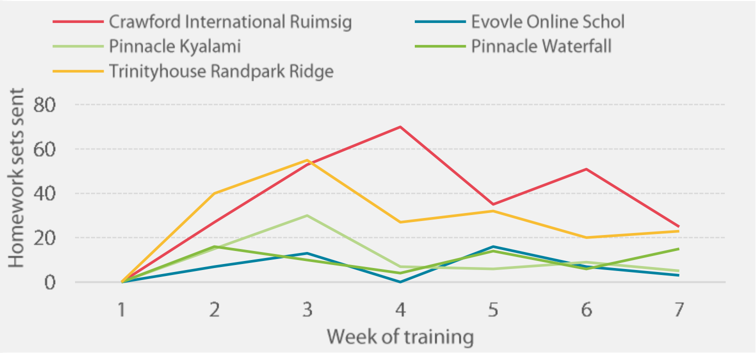
Week 3 Schools – Number of sets being sent



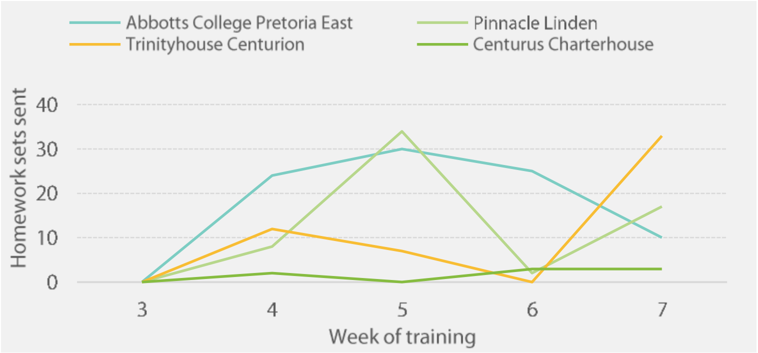
Week 5 Schools – Number of sets being sent



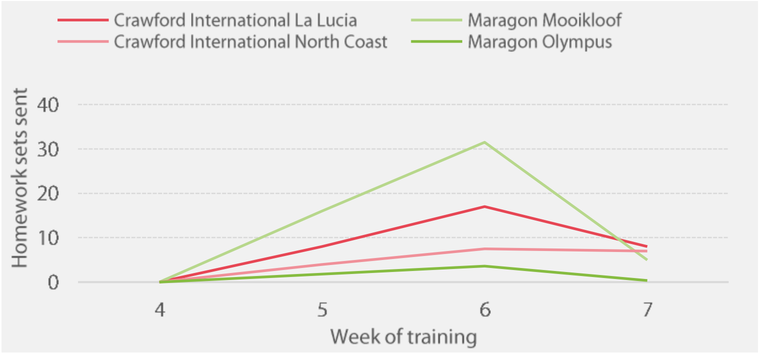
Week 2 Schools – Number of sets being sent



Week 4 Schools – Number of sets being sent



Week 6 Schools – Number of sets being sent



ABBOTTS COLLEGE - RONDEBOSCH

TERTIARY DIVISION

WELL ESTABLISHED BRAND PORTFOLIO

ADvTECH GROUP

Tertiary division

Varsity College / MSA	Rosebank College	Vega School	Capsicum Culinary Studio / School of Hospitality & Service Management	Oxbridge Academy
• Higher certificates • Diplomas • Degrees • Postgrad to masters • Face-to-face • Online • Blended • Part-time • 9 campuses	• Higher certificates • Diplomas • Degrees • Face-to-face • Online • Blended • Part-time • 9 campuses	• Higher certificates • Diplomas • Degrees • Postgrad to doctoral • Face-to-face • Online • Blended • Part-time • SLP • 4 campuses	• Vocational • Higher certificates • Diplomas • Advanced diploma • Degrees • 8 campuses	• Vocational • Higher certificates • Diplomas • SLP • Distance

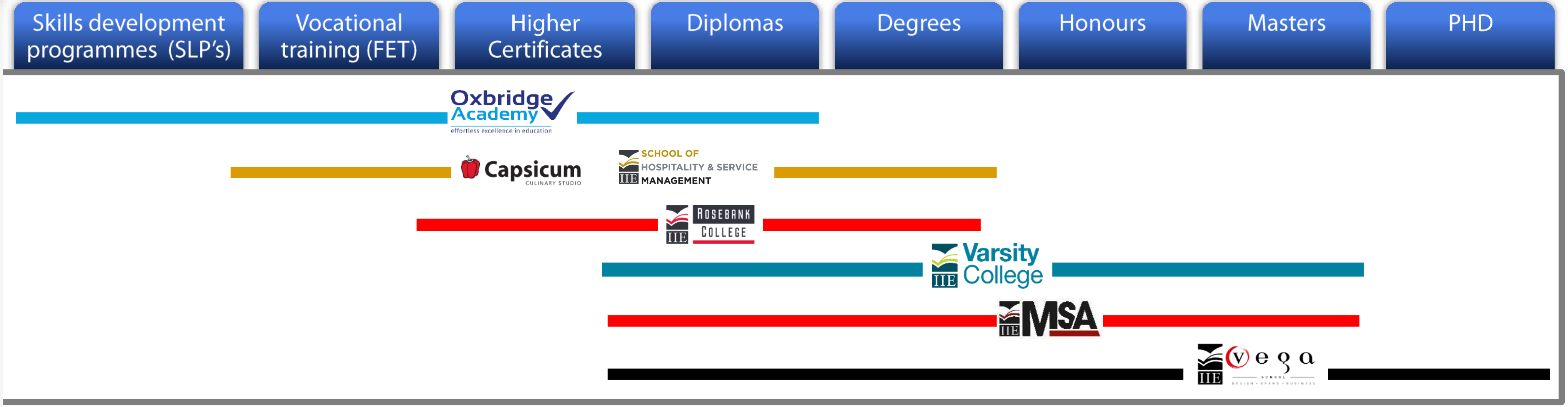
TERTIARY DIVISION / 'PRIVATE UNIVERSITY'

Faculties

THE INDEPENDENT INSTITUTE OF EDUCATION
IIE

- Faculty of Finance and Accounting
- Faculty of Commerce
- Faculty of Information and Communications Technology
- Faculty of Humanities and Social Sciences
- Faculty of Law
- Faculty of Education
- Faculty of Engineering, Science and Health

COMPREHENSIVE RANGE OF QUALITY QUALIFICATIONS



Multi-channel modes of delivery available any time & at any place

Pack & Post
- Oxbridge

Online
- Oxbridge
- Rosebank College
- Varsity College
- Vega
- IIE HSM

Part-time
- All brands

Blended
- Rosebank College
- Varsity College
- Vega

Full-time
- Capsicum
- Rosebank College
- Varsity College
- Vega
- IIE MSA
- IIE HSM

QUALIFICATION PIPELINE

ADvTECH GROUP

230 registered and accredited qualifications

7 Faculties

- Finance and Accounting
- Commerce
- Information and Communications Technology
- Humanities and Social Sciences
- Law
- Engineering and Health Sciences
- Education

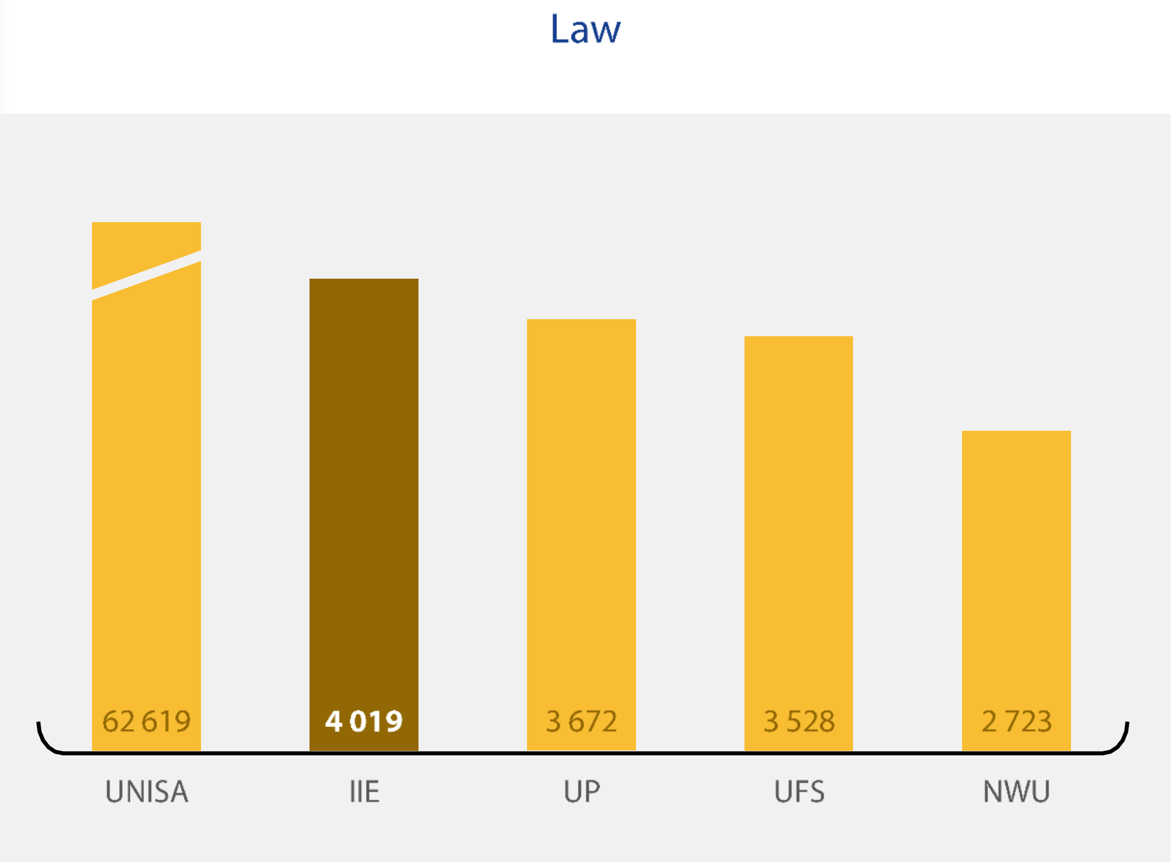
	National Certificates	Higher Certificate	Advanced Certificate	Diploma	Advanced Diploma	Degree	Postgraduate Diplomas	Honours	Masters	Doctorate	= Total
230 Accredited Programmes	75	35	3	34	3	42	15	14	8	1	230
Pipeline	9	2		2	4	11	11	1	8	1	49

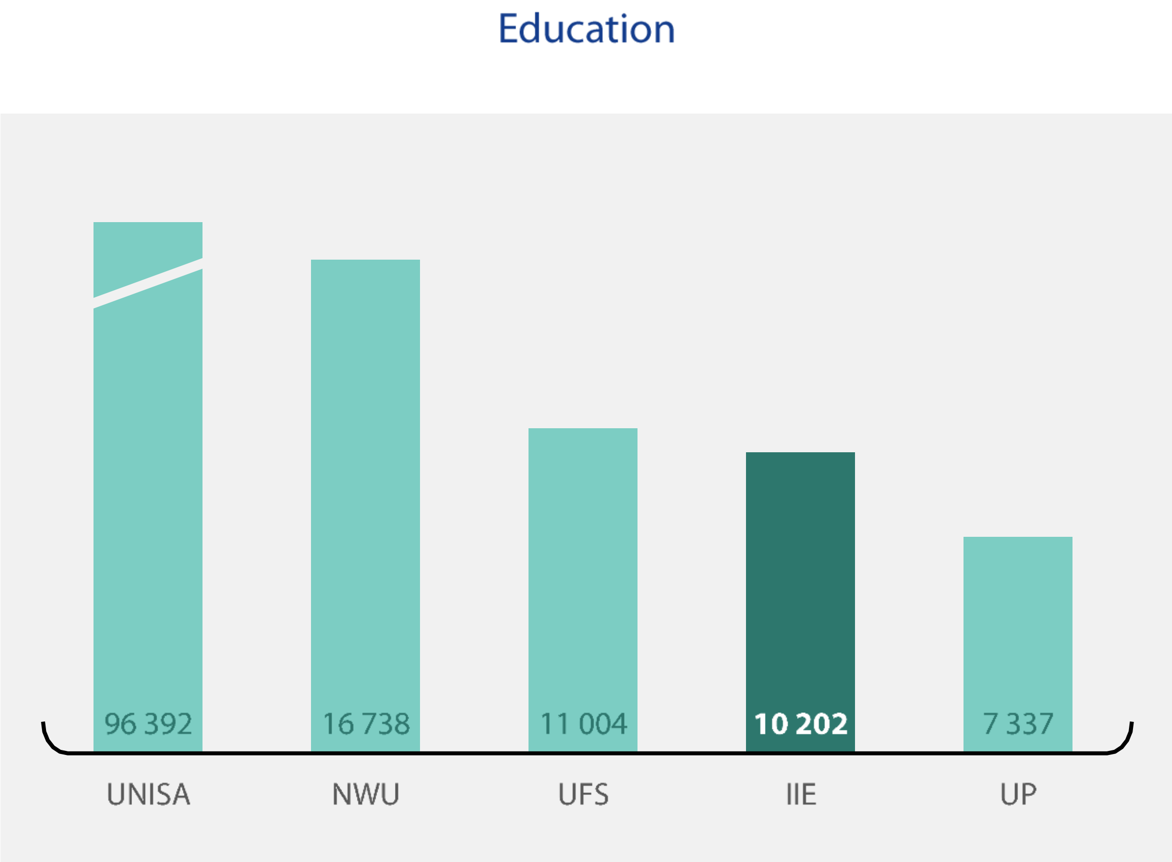
SA PUBLIC UNIVERSITIES SIZE AND SHAPE 2022

Source: DHET

SCALE OF OUR OPERATION

Faculties compared to SA Public Universities





Source: DHET

THE MINISTER OF HIGHER EDUCATION AND TRAINING PUBLISHED THE CRITERIA AMENDMENT ACT 2016

1 Draft criteria published

- Provides broad brand descriptors, lacks detailed criteria
- Challenging but positive stepping stone

2 Public comment

3 Gazette

ESTABLISHING SOUTH AFRICA'S LARGEST PRIVATE UNIVERSITY

- Well placed to meet the draft DHET institutional criteria released in 2022
- Ongoing strategic focus on and investment in University "pillars"
  - Teaching and learning
  - Research and community development
- Awaiting final institutional criteria for recognition and registration
- Students and staff will benefit from several opportunities currently only applicable to public universities

Teaching and learning

Research

Community engagement

Qualification scope and range

Internationalisation

Governance

NSFAS FUNDING

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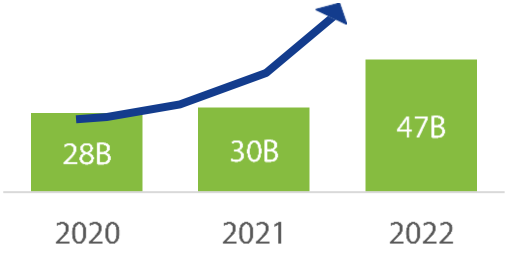
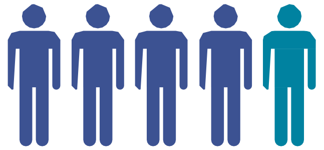
NSFAS Budget allocation is significant and growing



2030 NDP targets for student growth are ambitious

1 in 5 HE students are enrolled at a PHEI



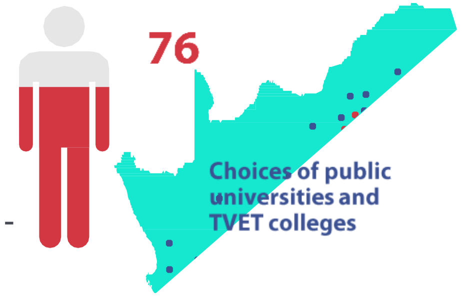
584,331+

Out of the **775 630** matric pupils in 2022, **278,815** students achieved a bachelor's pass, **197,357** achieved a diploma pass, and **108,159** achieved a higher certificate pass.

65.5%+

Almost two-thirds (65.5%) of students were enrolled in public and private HEIs. Enrolment at TVET colleges was (22.6%), and CET and private colleges made up (7.1% and 4.8%, respectively) (DHET;2021)

691000 current NSFAS beneficiaries



210,000

2022 FTEN enrolment in spaces in public universities is approximately 210,000 linked to the DHET enrolment plan.

Less than 10% of Africa's students are enrolled in higher education.

Average annual increase in bachelor passes (2011 → 2020)

7%

250 000 **IT** professionals

60 000 **Engineering** professionals

100 000 **Financial Services** professionals

300 000 **Healthcare** workers

400 000 **Educational** professionals

NSFAS FUNDING

The Power of a Public /Private Initiative

- Opening up NSFAS funding to all tertiary institutions will increase the number of students that are able to access higher education by providing additional capacity and allowing students the freedom of choice they are entitled to.

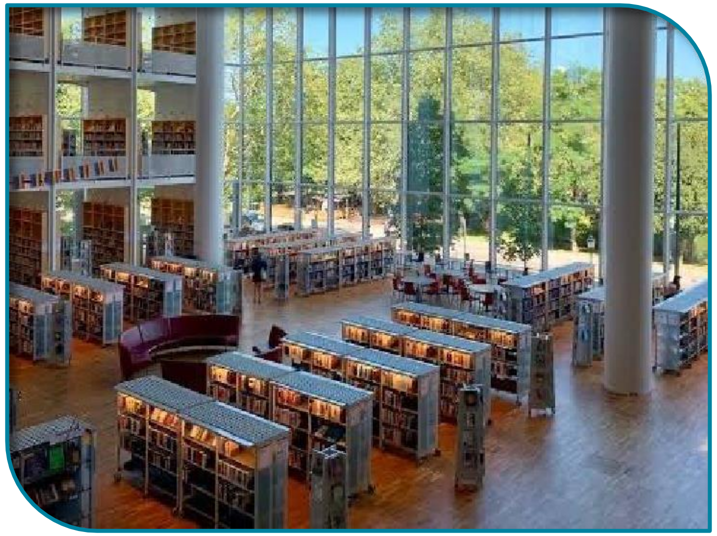
- Working with government through a powerful PPP will ensure NSFAS is able to benefit more students and create a vibrant young population with a broader spectrum of contributory skills. The business sector has recognised that private institutions have a proven track record in providing quality education at a more competitive price to public institutions … at scale.

ROSEBANK COLLEGE – JOHANNESBURG

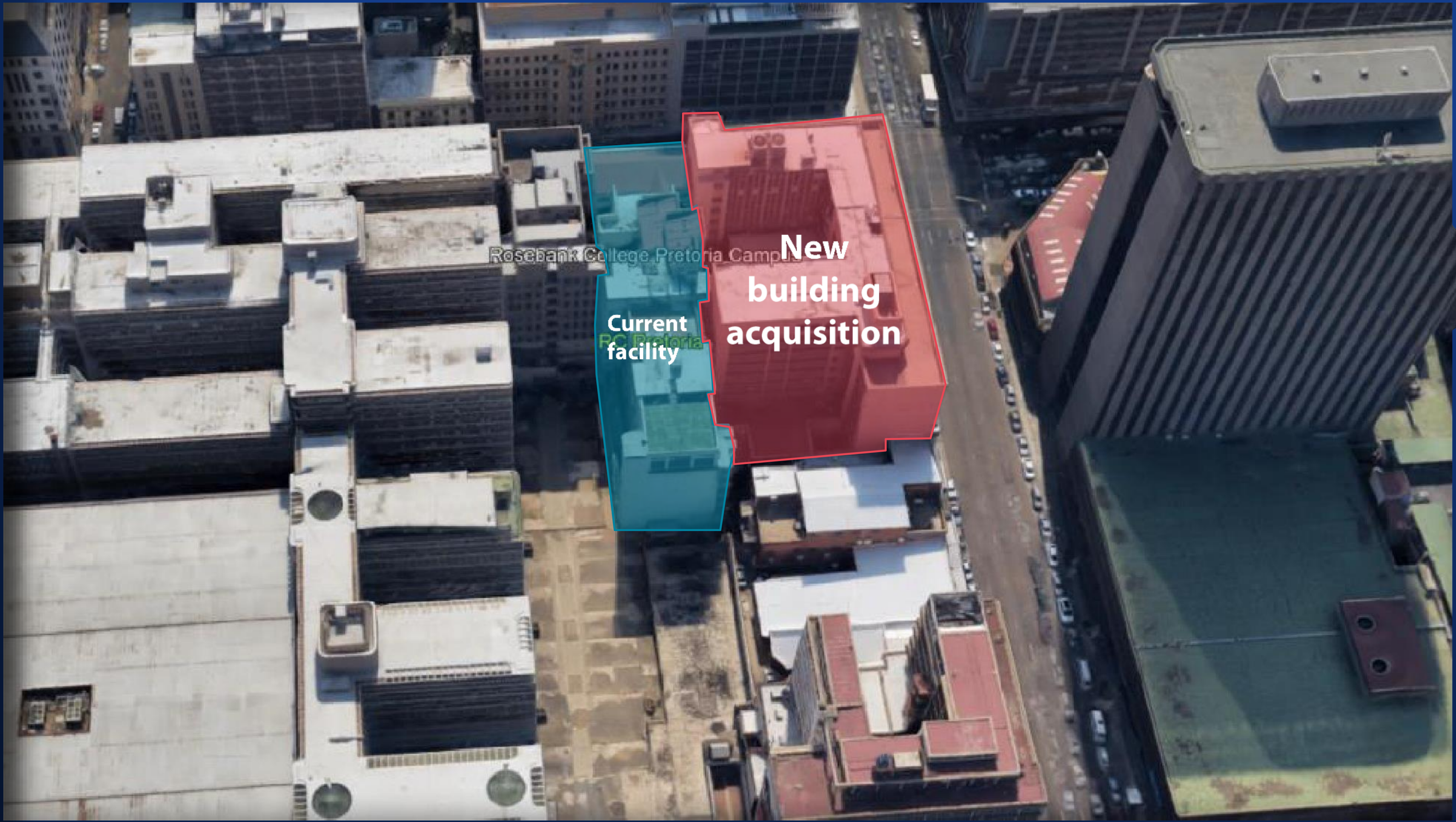
ROSEBANK COLLEGE – JOHANNESBURG MEGA CAMPUS

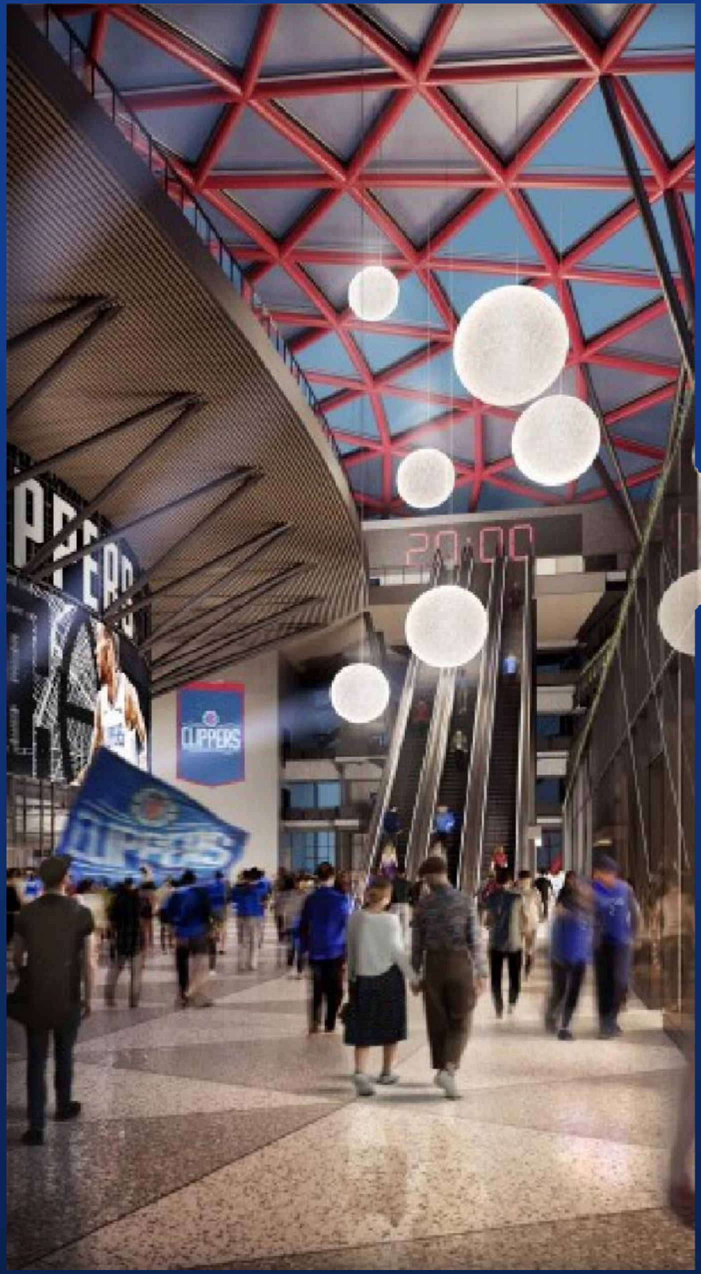
Largest number of enrolled students (+8 900) on a private HEI campus in SA

- Purchase of adjacent building to create a student precinct
- Planned upgrades to create a social environment where students can collaborate, learn and experience student life



ROSEBANK COLLEGE – PRETORIA



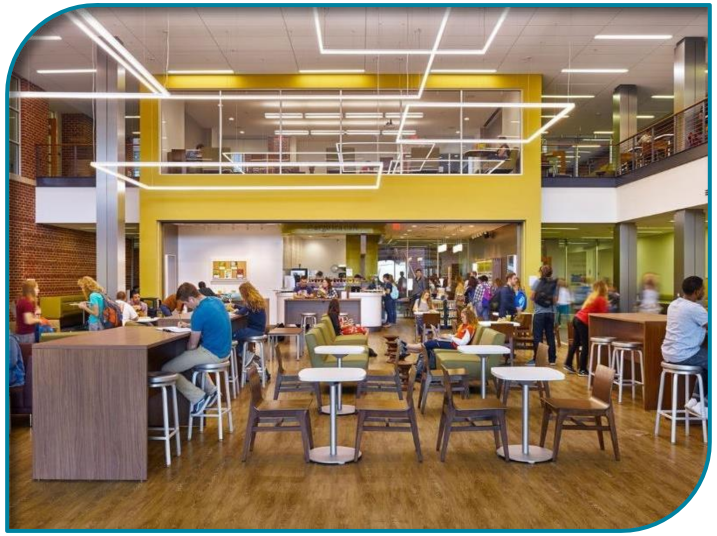


ROSEBANK COLLEGE – PRETORIA MEGA CAMPUS

ADvTECH GROUP

Created through merger of Sunnyside and CBD campuses

- Purchase of adjacent building to create a student precinct, with study, entertainment and collaboration spaces to enhance student life



VARSITY COLLEGE

VARSITY COLLEGE EXPANSION

- Expansion of both Pretoria and Waterfall campuses to expand space and provide enhanced student experience
- Maintained margin

VEGA – DE WATERKANT

REST OF AFRICA IS KEY GROWTH OPPORTUNITY

GROWTH POTENTIAL IS IN THE REST OF AFRICA

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Demographics

1. IMF forecasts Sub-Saharan GDP growth rate of 4.2% for 2024
2. Population is expected to double by 2050 to 2.4bn people
3. Increased urbanisation
4. Household incomes are expected to increase

Africa growth strategy mitigation of constrained SA market

Source: https://www.imf.org/en/Publications/REO/SSA/Issues/2022/04/28/regional-economic-outlook-for-sub-saharan-africa-april-2022; Caerus Capital: The business of education in Africa; https://www.imf.org/en/News/Articles/2023/04/14/pr23119-sub-saharan-africa-regional-economic-outlook-the-big-funding-squeeze

POTENTIAL IS IN THE REST OF AFRICA

ADVTECH GROUP

Opportunities in Ghana, Egypt, Uganda, Rwanda, Tanzania, Tunisia, Morocco and Ethiopia

Current footprint

Potential opportunities

AFRICA INVESTMENT STRATEGY

How we assess potential markets

Country assessment:

- Country risk / political stability
- Growth prospects
- Language barriers
- Culture
- Competitor landscape
- Regulatory risk and red-tape
- Customer affordability
- Currency risk

Assess each investment opportunity individually:

- Consider partnerships with established businesses
- Consider greenfield development

Scalability

Financial viability

Opportunity cost

BORROWING CAPACITY TO FUND GROWTH OPPORTUNITIES

Capacity

R3.5 billion

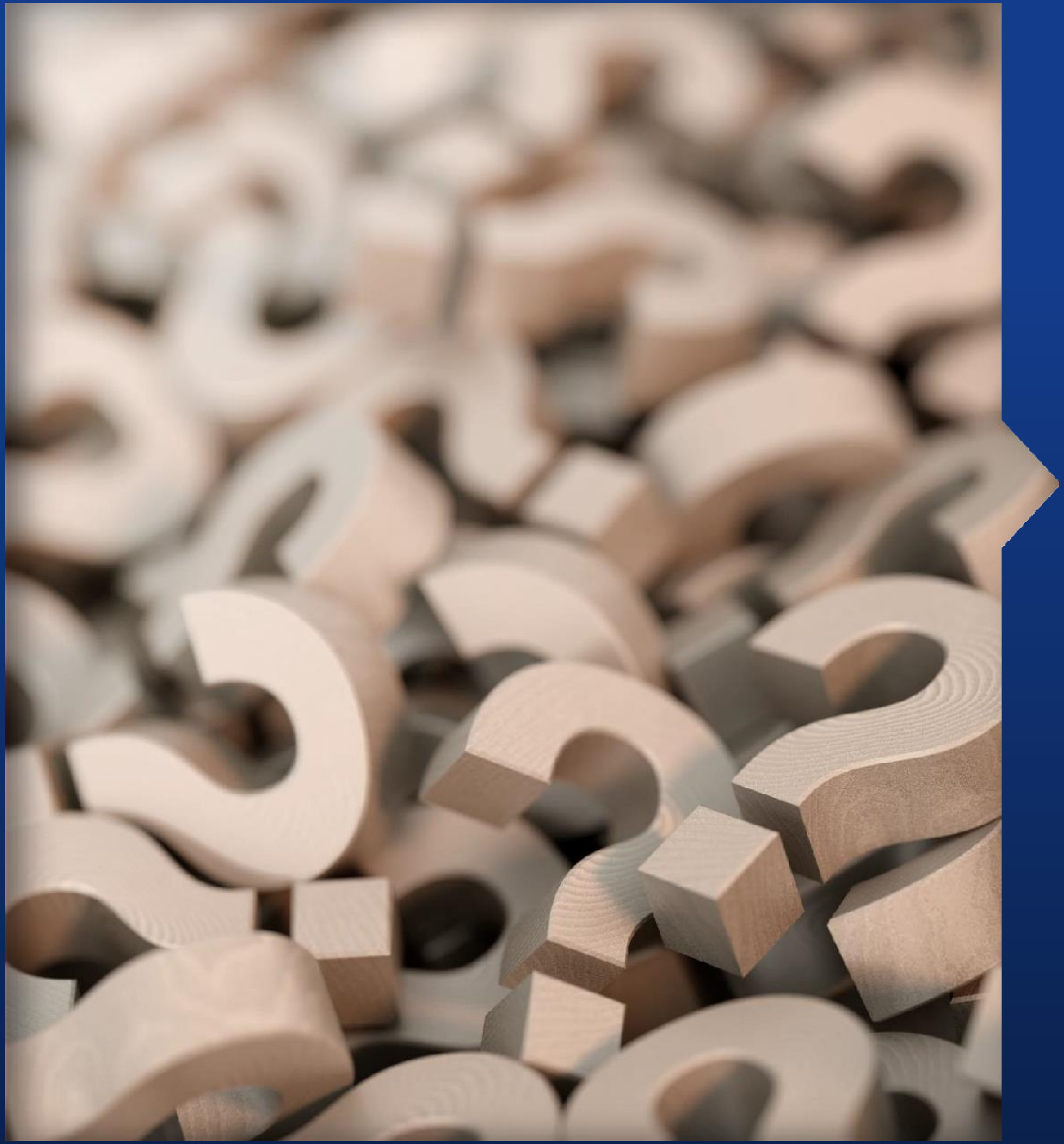
available whilst leaving sufficient head room

Priority focus areas:

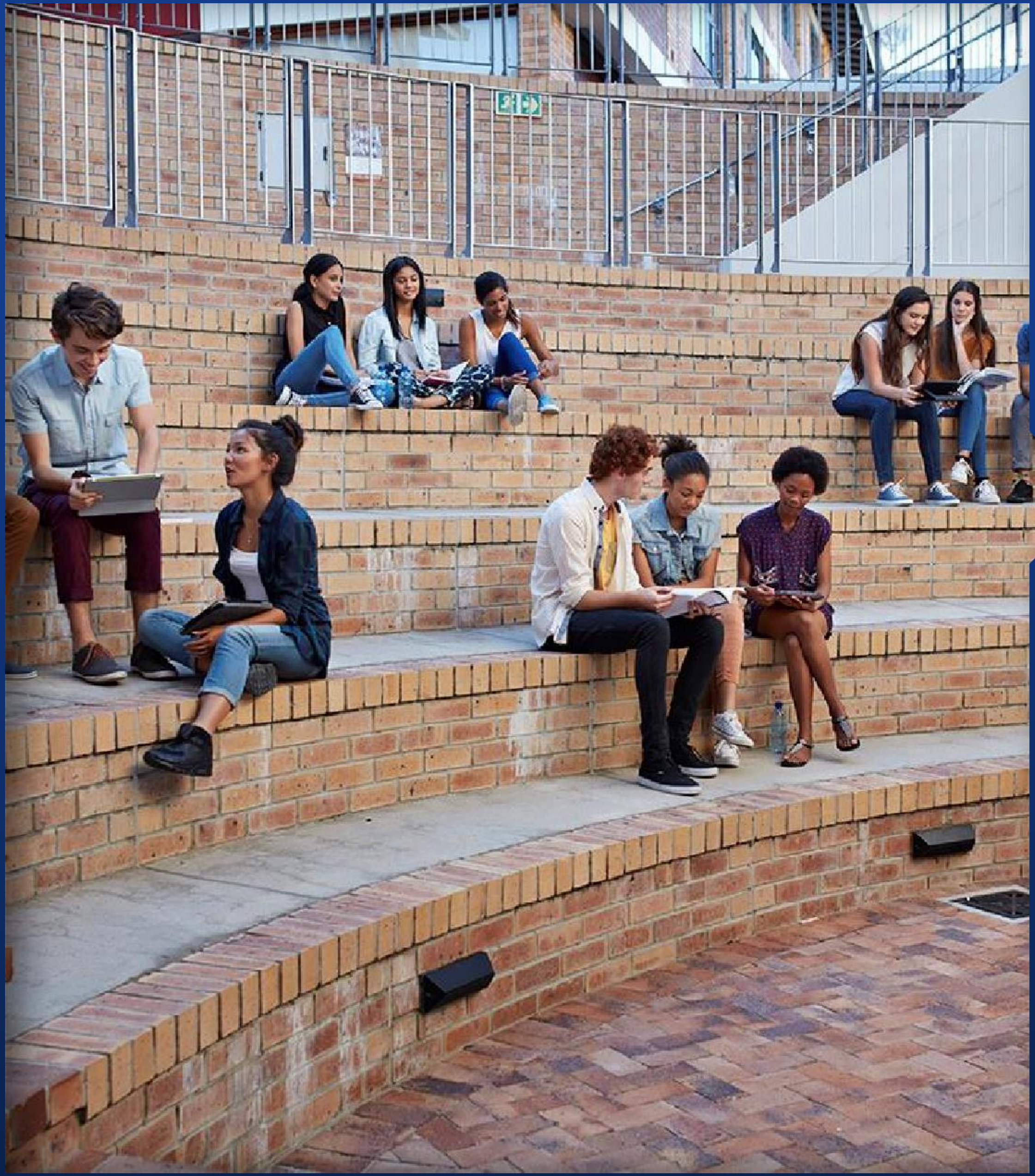
- Organic growth – All markets
- Inorganic growth – Africa then South Africa
- Any investment will required to meet appropriate hurdle rates within next 5 years
- Any excess or proceeds from material disposals will be considered for additional shareholder returns

CONCLUSION

INVESTMENT CASE



Q&A



SITE VISITS