

ANNUAL INTEGRATED REPORT

CURRO



2022



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Curro
Heritage
House

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73 047



Number of learners

78



Number of campuses

182



Number of schools

791 043



Building size (m²)

582



Land size (ha)

Figures as at 20 February 2023



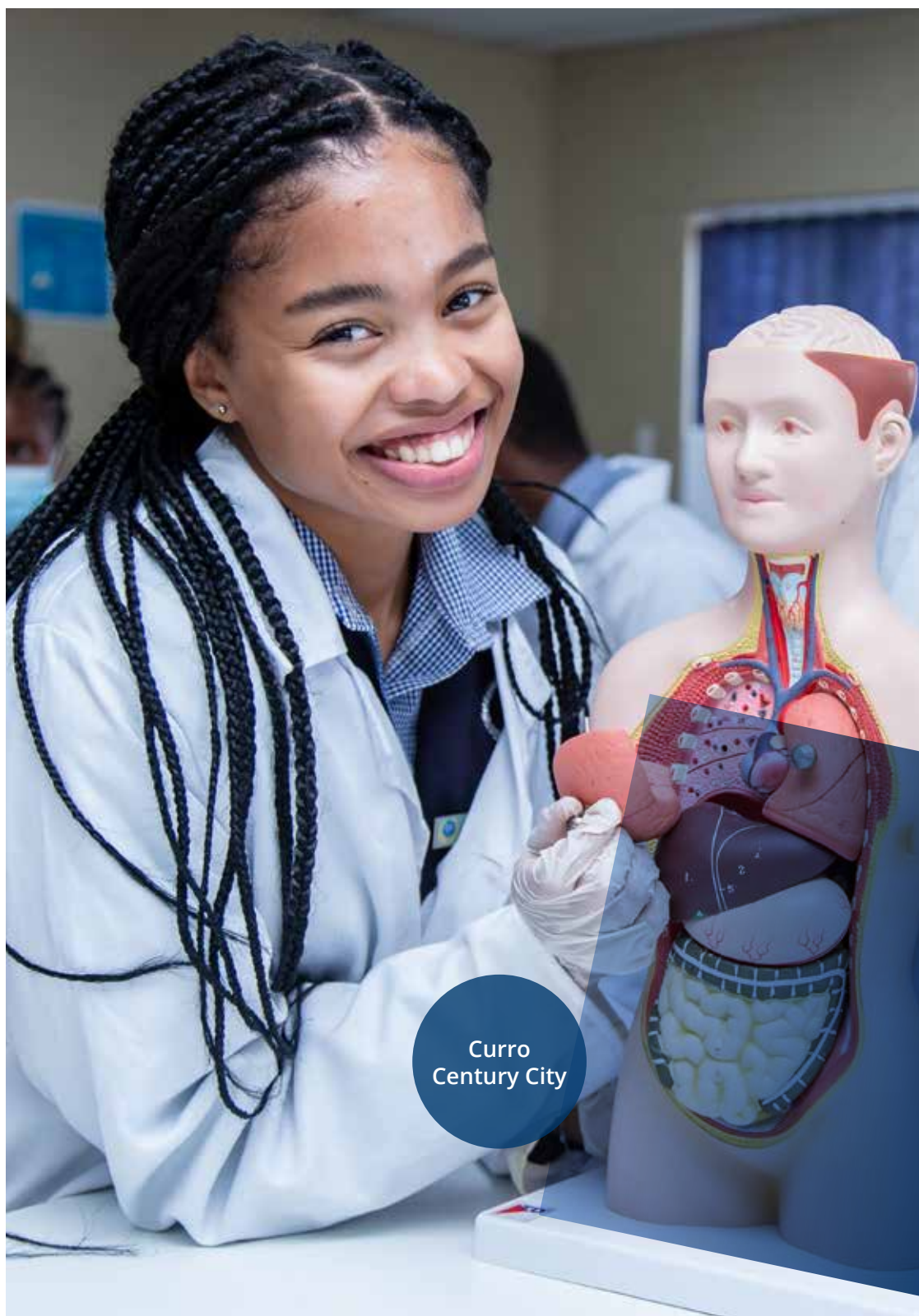


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ABOUT THIS REPORT

Curro
Bankenveld





Introduction

Welcome to the 2022 annual integrated report ('the report') of Curro Holdings Limited ('Curro'). Curro is pleased to present this report, which provides a comprehensive overview of its strategy, activities, practices, progress, financial and non-financial information for the year ended 31 December 2022.

As one of the leading education providers in Southern Africa, Curro is proud to cover all relevant aspects of their operations in this report. The company has maintained the same scope and boundary as previous years, ensuring consistency and transparency in its reporting.

Curro believes that providing a wide range of information is crucial to giving the shareholders and stakeholders a deeper understanding of the company. The company has ensured that there has been no material restatement of information provided in earlier reports, ensuring the accuracy and integrity of the information presented.

This report has been carefully crafted to cater to the interests of Curro's stakeholders, including shareholders, funders, regulators, employees, parents, guardians, suppliers, and community members. It is understood that some stakeholders may require more in-depth information, and they are invited to contact Curro directly or visit the website, www.curro.co.za, for further details.

Curro is committed to transparency and accountability, and this report forms part of a suite of reports available on the website. Curro encourages stakeholders to read this report in conjunction with other reports available online to gain a complete picture of the company's performance and direction.

Thank you for taking the time to read this annual integrated report, and know that Curro looks forward to continuing to deliver high-quality education services to its communities.

Frameworks and assurance

This report adheres to a set of robust reporting principles, which were guided by several international standards and guidelines. These include the International Financial Reporting Standards ('IFRS'), the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV'), guidelines of the International Framework for Integrated Reporting, and aspects of the Global Reporting Initiative's sustainability reporting guidelines.

Furthermore, this report conforms to the statutory and reporting requirements of the South African Companies Act, Act No. 71 of 2008, as amended ('Companies Act'), and the Listings Requirements of the JSE Limited.

The board of directors holds responsibility for this report and has ensured that the disclosures presented in this report are material, accurate, and balanced. In addition, external assurance was sought from various sources for certain aspects of the reporting process.

For further information about Curro's reporting principles, please contact Burtie September, Chief Financial Officer ('CFO'), on +27 21 979 1204.

Approval of the 2022 annual integrated report

The Curro board of directors acknowledges its crucial responsibility to ensure the integrity of this report. It is firmly believed that this report effectively addresses the material aspects of the business and represents a fair and accurate depiction of the integrated performance of the group.

After careful review and consideration, the board has approved the 2022 annual integrated report for publication. This report will provide stakeholders with valuable insights into Curro's operations, progress, and prospects.

On behalf of the board

SL Botha
Chairperson of the board

JP Loubser
Chief Executive Officer



2

ORGANISATIONAL OVERVIEW

Curro
Academy
Clayville



2.1 PROFILE OF CURRO

Curro Holdings Limited ('Curro') is a JSE-listed organisation committed to providing high-quality education to learners from the early childhood development phase to Grade 12. The group of schools was established in 1998 with a vision to make independent school education accessible to more learners throughout Southern Africa. This has been achieved by developing, acquiring, and managing independent schools in South Africa as well as other targeted markets on the African continent.

The company is proud to offer an innovative, relevant and accessible curriculum within an ethical, balanced, and learner-centred environment. Curro takes pride in its excellent academic record and ongoing curriculum development, as well as the arts and culture offering through Curro Create and a comprehensive sports programme, delivered by Curro Sport, available to all learners. High school learners are empowered to extend their subject choices regardless of the physical offering due to Curro Choice (a wider subject choice offering) implemented in 2021.

Curro believes that quality education is crucial in developing quality leaders and responsible citizens who will have a positive impact on the economy, environment, and society. As of 20 February 2023, Curro is present across 78 campuses (182 schools) with 73 047 learners.

Key highlights of its journey since inception can be found on pages 18 to 21 of this report. Curro also offers a variety of ancillary services that vary between schools, including boarding, aftercare, cafeterias, school transport, and activity centres.

Curro provides relevant, quality education to its learners and believes that they will emerge as future leaders and responsible citizens.



2.2 GENERAL

2.2.1 Schooling models

Curro's nine schooling models consist of Curro Preschools, Curro Schools, Curro Academy Schools, Curro Select Schools, Curro Assisted Learning, Curro DigiEd Schools, Curro Private College, Meridian Schools and Curro Online.

Schooling model	Maximum class size	Average monthly school fees	Product offering
CURRO PRESCHOOLS	Class size is dependent on the age groups of the children, however a maximum of 25 children per class is prescribed.	R4 588	Curro Preschools provide a unique and carefully designed curriculum with a focus on the Early Learning and Development Areas ('ELDAs') for preschool children. Our free-standing preschool, Curro Rosen Castle, caters for children from the age of three years (Group 3) to Grade R. Preschools that form part of a full campus accommodate children from three years (Group 3) to five years old (Group 5). Certain preschools have facilities that can accommodate up to 300 children.
CURRO SCHOOLS	25 learners	R5 864	Curro Schools accommodate learners from age three years (Group 3) to Grade 12. They are co-ed and some schools are parallel medium (Afrikaans and English) from Group 4 to Grade 9, and dual medium from Grade 10 to Grade 12. At the end of Grade 12 the Independent Examinations Board ('IEB') examination is written. Curro Schools offer an enriched curriculum for academic excellence, which includes a digital wider subject choice offering to enable FET phase learners to elect subjects that are not offered at their specific school.
CURRO ACADEMY SCHOOLS	35 learners	R3 642	Curro Academy Schools offer quality education to learners from Grade RR (age five) to Grade 12, with some also providing education for preschool children. These co-ed and single-medium (English) schools have learners write the National Senior Certificate ('NSC') exam, with a focus on academic excellence and a cost-sensitive model to ensure affordable fees. The curriculum includes a digital wider subject choice offering for FET phase learners to elect subjects not offered at their school. Curro Academy Schools also provide a range of sports and cultural activities in which learners can participate.
CURRO SELECT SCHOOLS	25 learners	R6 612	Curro Select Schools are institutions that have been acquired by Curro Holdings and provide exceptional facilities and a rich history. Despite being owned by Curro, these schools maintain their established identities and values. Curro Select Schools cater to learners from three months to Grade 12, and they take the IEB or Cambridge examination at the end of their studies. The Curro Select Schools' curriculum includes a wider subject choice offering, which allows FET phase learners to choose subjects not offered at their specific school, all taught in English. These schools take great pride in their academic and extramural achievements.
CURRO ASSISTED LEARNING	Small, focused classes	R7 451	Curro's Assisted Learning schools offer academic intervention to learners from Grade 1 to Grade 12, with a focus on personalised teaching styles and classes to cater to individual needs. The schools follow a CAPS-aligned curriculum, allowing learners to study the same syllabus as mainstream schools, and aim to prepare learners for successful academic outcomes while also encouraging them to achieve their personal goals. At the end of Grade 12, learners write the NSC examination. The schools prioritise the holistic development of learners, ensuring they receive a high-quality education that supports their growth and progress.

Schooling model	Maximum class size	Average monthly school fees	Product offering
CURRO DIGIED SCHOOLS	Mostly class-independent	R3 043	Curro's DigiEd Schools offer a cutting-edge, digitally focused education to learners in Grades 8 to 12, depending on the school and with higher grades being phased in annually. These schools leverage a modern, technology-rich learning environment, enabling learners to write their NSC examination at the end of Grade 12. The schools make use of leading international e-learning tools and implement a project-based deep-learning programme that emphasises Science, Mathematics and Technology to enhance the curriculum.
CURRO PRIVATE COLLEGE	Class-dependent	R5 867	Curro Private College is an institution that provides extended learning opportunities to Grade 10 learners, who will be assessed through the National Certificate Vocational ('NCV') examination at the end of Grade 12. The NCV is a high-standard, skills-focused qualification that is structured to provide learners with a Grade 9 pass with expertise in various areas. The NCV programme not only equips learners with the necessary knowledge in their field of specialisation, but also provides them with valuable skills and work experience.
MERIDIAN SCHOOLS	35 learners	R3 010	Meridian Schools are educational institutions that offer learning opportunities for learners up to Grade 12, with one school also accommodating preschool children. These schools are co-educational and use English as the medium of instruction, with learners writing the NSC examination at the end of Grade 12. The schools follow a cost-sensitive model to provide affordable school fees while still maintaining academic standards and delivering the Curro curriculum. The curriculum also includes a digital wider subject choice offering, enabling FET phase learners to select subjects not offered at their specific school. Additionally, Meridian Schools offer a variety of focused sports and cultural activities. The management of Meridian Schools is a joint venture between Curro Holdings, Old Mutual, and the Public Investment Corporation.
CURRO ONLINE	25 learners	R4 597	Curro Online is an innovative virtual learning programme designed to cater for learners from Grade 4 to Grade 12, providing teacher-guided education from the comfort of their homes through digital platforms. The programme is presented by dedicated teachers, ensuring the best possible quality education is offered. The school fees include all live lessons and support materials, as well as all required software licences, making it an easy-to-follow and cost-effective option for parents. Curro Online's modern and tech-savvy approach, coupled with small class sizes, fosters a sense of independence and responsibility in learners, while equipping them with the necessary skills for the future workplace.

2.2 GENERAL

2.2.2 Segmentation of monthly fees paid

Curro is committed to providing quality independent education to as many learners as possible. In recognition of the economic challenges facing families, Curro has established a proportionate system of learners per school-fee bracket, based on average monthly school fees. This ensures that education is accessible to a wide range of families, regardless of their financial situation. Curro's proportion of learners per school-fee bracket (average monthly school fees per grade) is as follows:



2.2.3 Curro's ethos and values

Curro's values are grounded in four key principles that inspire the group's mission to create a space where learners can flourish.

These principles are as follows:

- Child-friendliness
- Positive discipline
- Christian values (ethics and morals)
- Creative thinking

By embracing these principles, Curro provides a holistic education that promotes individual growth and development. The group's name, 'Curro,' meaning 'I run' in Latin, reflects the idea that learners can progress at their own pace and according to their unique aptitude, attitude, and talents.

These principles form the bedrock of Curro's ethical standards and are embedded in the group's code of ethics, codes of conduct, good citizenship, and related policies.

At Curro, the belief is that by nurturing these values in staff, the company can help learners to become confident, responsible, and successful individuals who are equipped to make a positive impact on the world.

2.2.4 Curriculum approach

Curro schools are committed to innovation in teaching and learning, utilising technology to continuously improve the education offered to the learners. It is understood that the key to successful learning is the alignment of the taught curriculum with the written curriculum, which serves as the backbone of Curro's academic offering.

The company's curriculum strategy is regularly reviewed and enhanced at strategy board meetings, where progress on strategic initiatives aimed at providing an even better educational experience for the learners are monitored.

Curro follows its own internally developed (in-house) preschool curriculum which focuses on developing the physical, social and emotional well-being of children while providing a strong foundation for their future education. This practical framework facilitates both adult-facilitated and self-directed learning, preparing children for a bright and successful future.

2.2.5 Academic performance

Curro's mission is to shape the future by nurturing and developing well-rounded individuals who are capable of serving society at all levels. With a firm belief that education is the key to unlocking one's potential, Curro strives to provide learners with the necessary skills and knowledge to succeed in the workplace and beyond.

At Curro, inclusivity is of great importance, and the school system is designed to cater to the unique needs of each individual learner. Curro recognises that self-actualisation occurs at different stages in a person's life, and the school system is equipped to accommodate learners with different learning challenges.

Through a dedicated and dynamic approach to education, Curro is committed to nurturing the next generation of leaders and professionals who will make a positive impact on society. With a focus on developing young adults with a broad range of skills and abilities, Curro aims to shape the future and make a meaningful contribution to the world.

In 2022, a total of 3 438 (2021: 3 075) learners wrote the Grade 12 examinations (IEB, NSC or Cambridge, as relevant). For the 2022 academic year, Curro's IEB schools had an overall pass rate of 98.6% for its Grade 12 learners. The results showed that 84.3% of learners achieved university exemption and 10.0% an A average. The number of candidates with an average of C or above was pleasing at 67.3%.

The Grade 12 pass rate for all Curro's NSC schools in 2022 was 94.1% and 83.6% of candidates achieved university or diploma exemptions.

Refer to the following tables for more details on academic performance in 2022, including statistics on university and diploma exemptions and the percentage of learners who achieved distinctions and an average of more than 60.0%.

	Number of learners	Pass rate	IEB		
			University exemption	Learners with an A average	Average > 60%
2022	1 893	98.6%	84.3%	10.0%	67.3%
2021	1 774	98.6%	83.7%	10.8%	69.5%
2020	1 525	99.5%	85.8%	10.7%	70.5%

IEB: Independent Examinations Board

	Number of learners	Pass rate	NSC*		
			University or diploma exemption	Learners with an A average	Average > 60%
2022	1 431	94.1%	83.6%	2.4%	38.7%
2021	1 218	93.0%	82.3%	2.6%	37.9%
2020	1 058	95.0%	85.9%	2.5%	38.9%

NSC: National Senior Certificate

*Meridian Schools, Curro Academy Schools and Curro Assisted Learning

	Number of learners	Pass rate	CAMBRIDGE**		
			University exemption	Learners with an A average	Average > 60%
2022	114	94.7%	52.6%	13.1%	52.6%
2021	83	96.4%	57.8%	21.7%	61.1%
2020	133	99.3%	60.2%	15.8%	43.6%

** Windhoek Gymnasium

2.2 GENERAL

2.2.6 Curro's journey

1998

Curro is founded with
28
learners in the vestry
of a church

1999

Construction of
the first campus
in Durbanville
(Curro Durbanville)
commences

2006

Curro has
approximately
900
learners

2007

Curro Langebaan
campus opens
Curro has
approximately
1 000
learners

2009

Curro has
approximately
2 000
learners
Paladin Capital, a
subsidiary of the PSG
Group, acquires a 50%
stake in Curro for
R50 million

2008

Opening of the
third campus in
Hazeldean, Pretoria
(Curro Hazeldean)
Curro has more than
1 600
learners

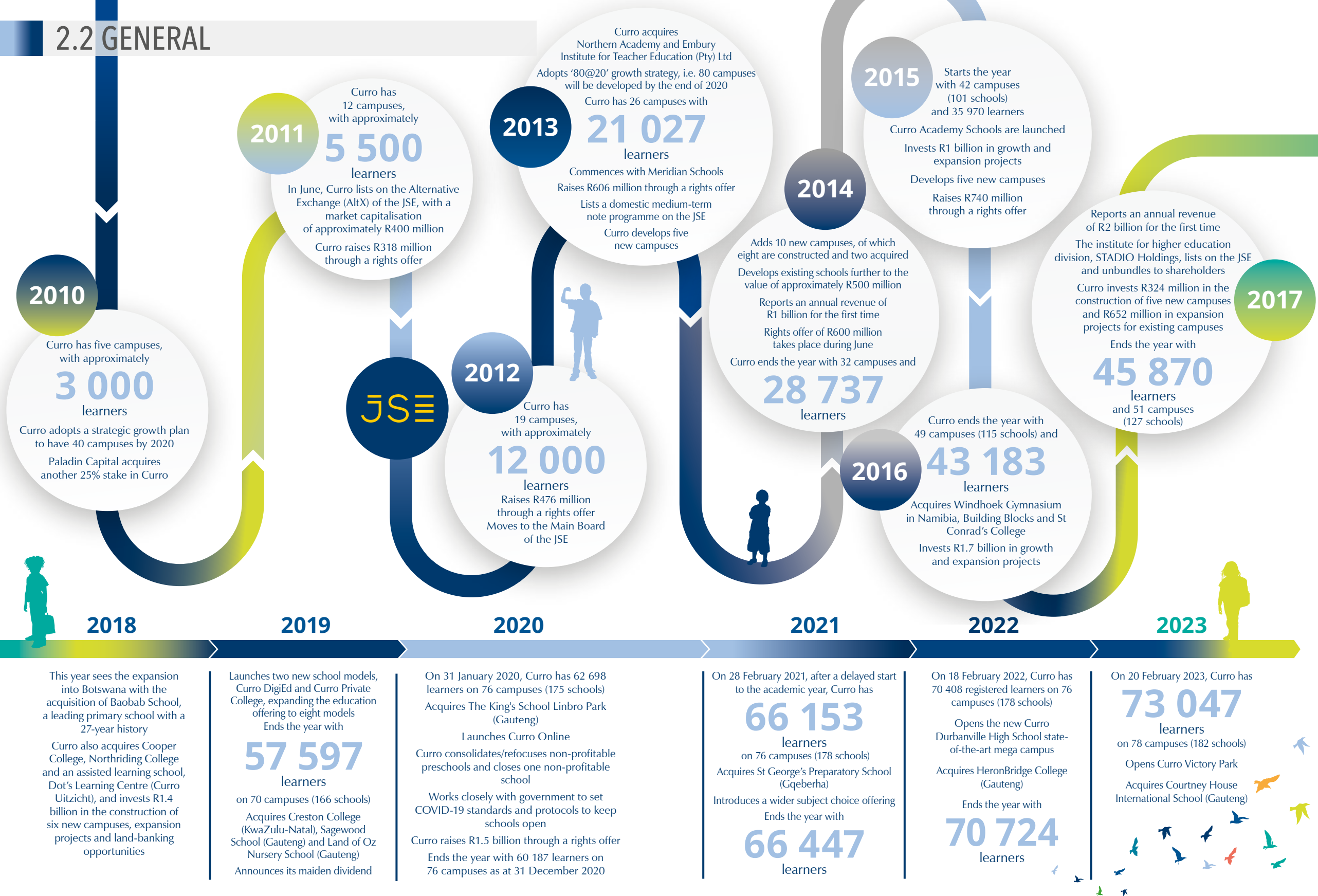


PSG GROUP LIMITED

CURRO



2.2 GENERAL



2.3 GEOGRAPHIC FOOTPRINT BY CAMPUS



1	Botswana	Baobab School	40	Gauteng	Cooper College (Johannesburg North) Courtney House International School Curro Academy Clayville Curro Academy Mamelodi Curro Academy Parkdene (Boksburg) Curro Academy Pretoria Curro Academy Protea Glen Curro Academy Riverside Curro Academy Savanna City Curro Academy Soshanguve Curro Academy The Blyde Curro Academy Wilgeheuwel Curro Aurora (Randburg) Curro Bryanston Curro Chartwell Curro Douglasdale Curro Edenvale Curro Fourways Curro Hazeldean (Pretoria) Curro College Hazeldean (Pretoria East) Curro Helderwyk (Brakpan) Curro Jewel City Curro Krugersdorp Curro Midrand Halfway Gardens Curro Midrand Sagewood Curro New Road Curro Oakdene Curro Rivonia Curro Roodeplaat Curro Serengeti (Kempton Park) Curro Thatchfield (Centurion) Curro Victory Park Curro Vanderbijlpark Curro Waterfall HeronBridge College Meridian Cosmo City Northriding College (Roodepoort) The King's School Linbro Park Waterstone College (Johannesburg South) Woodhill College (Pretoria)
2	Eastern Cape	Curro Westbrook St George's Preparatory School			
1	Free State	Curro Bloemfontein			
6	KwaZulu-Natal	Creston College (Port Shepstone) Curro Heritage House (Durban) Curro Hillcrest Curro Salt Rock (Ballito) Grantleigh (Empangeni) St Dominics Newcastle Curro Heuwelkruin (Polokwane) Northern Academy I (Polokwane) Northern Academy II (Polokwane)			
3	Limpopo	Curro Bankenvel Curro Nelspruit Curro Secunda Meridian Karino (Nelspruit) Curro Academy Mbombela Curro Academy Mahikeng Curro Klerksdorp Meridian Rustenburg			
5	Mpumalanga	Curro Kathu Curro Academy Sandown (Table View) Curro Brackenfell Curro Burgundy Curro Century City Curro Delft Curro Durbanville Curro Foreshore Curro George Curro Hermanus Curro Langebaan Curro Mossel Bay Curro Rosen Castle Curro Somerset West Curro Uitzicht Meridian Pinehurst			
3	North West				
1	Northern Cape				
15	Western Cape				
1	Namibia	Windhoek Gymnasium			

2.4 KEY STATISTICS

Number of campuses

	Jan 2019	Jan 2020	Feb 2021	Feb 2022	Feb 2023
Meridian and Curro Academy Schools	18	20	20	20	19
Curro, Curro Preschools, Curro Select Schools and other	49	52	52	52	54
DigiEd Schools	1	4	4	4	5
Total	68	76	76	76	78

Number of learners

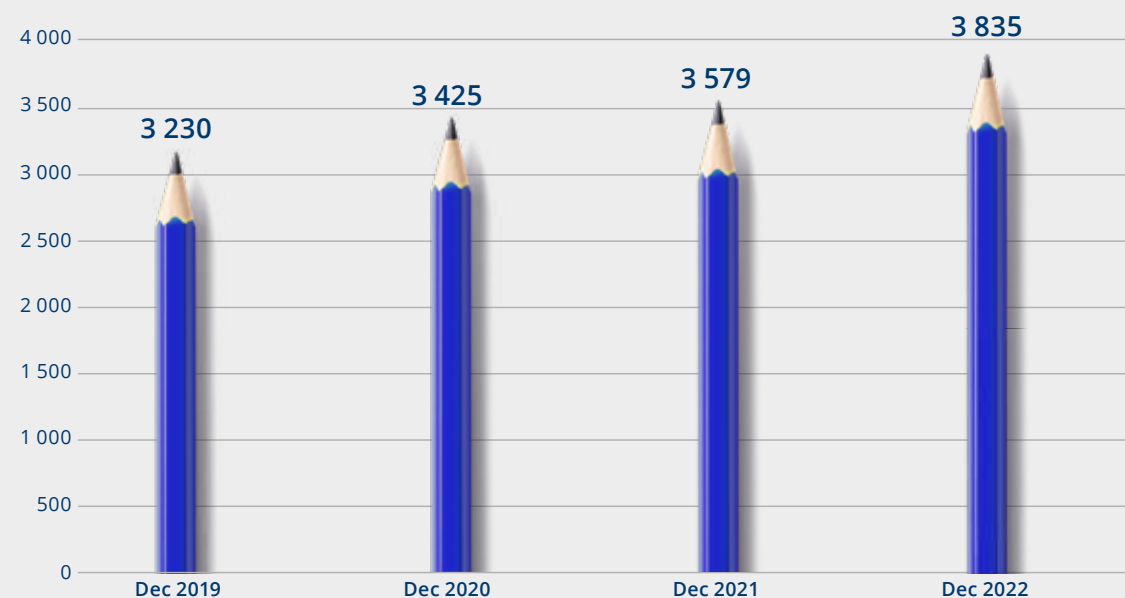
	Jan 2019	Jan 2020	Feb 2021	Feb 2022	Feb 2023
Meridian and Curro Academy Schools	17 512	20 379	22 405	24 027	23 849
Curro, Curro Preschools, Curro Select Schools and other	39 721	41 792	42 337	44 145	46 262
DigiEd Schools	43	527	1 411	2 236	2 936
Total	57 276	62 698	66 153	70 408	73 047

Learner demographics – 2022

White
19.3%

Black
80.7%

Number of teachers



2.5 GROUP FINANCIAL PERFORMANCE REVIEW

Key performance indicators for the years ended 31 December

	2016	2017	2018	2019	2020	2021	YOY growth	2022	CAGR
Profitability									
Revenue (R million)	1 714	2 098	2 496	2 944	3 094	3 543	17%	4 156	16%
Employee costs (R million)	936	1 107	1 290	1 569	1 567	1 830	12%	2 054	14%
EBITDA (R million)	377	472	627	693	686	789	17%	926	16%
Recurring profit attributable to ordinary shareholders (R million)	172	209	248	212	179	245	35%	330	11%
Recurring headline earnings per share (cents)	43.9	48.1	60.1	50.0*	38.0	40.9	35%	55.4	4%
EBITDA margin	22%	23%	25%	24%	22%	22%		22%	
Statement of financial position									
Total assets (R million)	7 321	8 085	9 165	10 485	11 114	11 552	6%	12 264	9%
Interest-bearing liabilities (R million)	1 624	2 342	2 853	3 680	2 953	2 840	14%	3 247	12%
Equity (R million)	4 964	4 996	5 272	5 416	6 766	7 100	2%	7 256	7%
Net asset value per share (cents)	1 222	1 213	1 277	1 312	1 132	1 189	3%	1 224	–
Capital investment									
Total capital investment (R million)	1 700	1 192	1 373	1 246**	650	929		1 115	

* Adjusted for the bonus element contained in the rights issue.

** Figure adjusted from R1 285 million previously reported to exclude the other investing activities, which represent the net flows into money market funds during the year.

When a learner grasps an idea, their faces light up with excitement. A teacher's greatest satisfaction is when learners fully comprehend or succeed in attempting a task.

– Cooper College

VALUE ADDED

Curro continues to provide value to stakeholders, balancing its strategies with respect to social responsibility, sustainability and responsible citizenship, as can be seen in the value distribution statistics below.

Value distribution
(R million)

2022

2021



Distributed to employees

69%
2 022*

67%
1 801*



Distributed to providers of capital

10%
307

9%
242



Value reinvested

2%
72

3%
90

Value distribution
(R million)

2022

2021



Distributed to social responsibility

5%
137

6%
151



Distributed to government

5%
141

4%
98



Value retained

9%
271

11%
303

* Excludes Skills Development Levy ('SDL') and Unemployment Insurance Fund ('UIF') contributions that are included in figures relating to 'Distributed to government'.

2.6 GROUP HIGHLIGHTS 2022

Business operations

- Curro's weighted average number of learners for the year ended 31 December 2022 increased by 6.4% to 70 724 (2021: 66 447) and the group had 73 047 registered learners on 20 February 2023.
- The group's focus remains on cost management and the optimisation of specific efficiencies.
- The group acquired HeronBridge College and the school was successfully onboarded during 2022.
- The year saw the continued growth of the Curro DigiEd model with Curro Foreshore moving to a bigger facility, the expansion of Curro Jewel City and Curro Delft, and the launch of Curro Victory Park in Randburg at the beginning of 2023.
- The closure of the Meridian Newcastle campus was completed without incident. All learners were successfully placed in nearby public schools. Most staff members found other employment within the Curro group or elsewhere.

Curriculum

- Curro's matric class of 2022 recorded an exceptional 98.63% pass rate for the 2022 academic year. This achievement is based on the performance of its 1 893 learners from 34 Curro schools who wrote the Independent Examinations Board (IEB) exams in 2022. The IEB's national average for 2022 is 98.42%. Nine top achievers each secured a spot on the IEB's Outstanding Achiever's list. Learners who made it on to this prestigious IEB list have all achieved within the top 5% in six or more subjects and scored a rating level of seven in Life Orientation. Among the learners are Isabella Campbell from HeronBridge College who obtained nine distinctions, Natasha Honey from Curro Hazeldene who achieved eight distinctions and Mohamed Ismail Salejee from Curro Heritage House who also obtained eight distinctions as well as 99% for Mathematics.
- In addition, 12 other Curro learners received recognition as part of the IEB's Commendable Achievements, meaning they've achieved within the top 5% in five subjects and scored a rating level of seven in Life Orientation.
- In terms of the National Senior Certificate ('NSC') we are satisfied with a 94.1% pass rate (higher than our achievement of 93.1% in 2021 and better than the national average of 80.1%) and a 55.8% bachelor's degree ('DB') pass (2021: 56.2%). The national DB pass rate is 38.4%.
- In 2022, 124 candidates of the Ruta Sechaba Foundation had celebrated a 100% pass rate with 216 subject distinctions.
- Curro makes further progress towards having fewer classrooms and more versatile 'open spaces'. Following the launch of Curro Durbanville's multifunctional open spaces, schools such as Curro Edenvale, Curro

Thatchfield, Curro Roodeplaat and Curro Academy Protea Glen follow suit.

- More than a thousand teachers travelled to two provinces respectively to attend Curro's **Inspire Curriculum Conference**. Executive heads, heads of high school and primary school and subject heads were convened to listen to 30 inspirational speakers across various subjects.
- Curro's Learner Support Unit ('CLSU') is established to provide much-needed structure and support to teachers to accommodate learners with barriers to learning and development. CLSU focuses on four areas, i.e.: awareness, professional help and support, implementation strategies and tools, and research, monitoring and development.

Sport and culture

- The resumption of sports and cultural activities were welcomed enthusiastically. Schools participated eagerly in district, regional and national sports and cultural contests.
- Curro handpicked seven cricket coaches to attend what is known as 'the MBA of cricket coaching programmes', i.e., the CoachED Global Level 3 certification course.
- Curro remains exceptionally proud of the achievements of our learners and our staff which was exemplified by Lyndal Robertson, a talented and dedicated teacher from Curro Edenvale, being selected to be the first-ever female on the African continent to officiate at the World Cup Indoor Hockey.
- In 2022, Curro Sport hosted 12 Curro Cup tournaments (12 different sporting codes), with 1 392 learners playing in the under 13 and under 19 boys' and girls' soccer event, the biggest school's soccer tournament in South Africa.
- Curro Sport launched its YouTube channel where all the Curro Cup events were livestreamed. 270 518 views were recorded.
- Curro sponsored and hosted the two biggest under 18 junior tennis tournaments (J1 and J2) in Africa, which were held at Curro Hillcrest in KwaZulu-Natal.
- Curro eSports continues to grow from strength to strength with gaming titles including Minecraft (squads and duos), DOTA 2 and CS:GO. All Curro schools who participate in eSports were supplied with eSports networks which include LIVA LABS with hosting ports. Sponsorship from Acer enabled the building of Curro's own tournament gaming platform and all games are livestreamed on twitch.tv.
- Curro has a strong sponsor presence at the Wines2Whales ('W2W') and the ABSA Cape Epic events. In 2022 Curro sponsored a full scholarship from Grades 1 to 12 for the winners of the Exxaro category in both these events. Five teams (parent and staff) represented the Curro brand in the W2W and finished the race with great pride.

- 2022 saw the continuous development and capacity building of arts and culture at Curro through Curro Create with 12 training workshops being held in 2022, reaching hundreds of learners and teachers.
- The five base Curro Create projects being Curro Arts Superhero ('CAS'), the #Straight2Camera Monologue Festival, the annual Curro Create National Youth Theatre Festival ('CCNYTF'), the Advanced Mentorship Programme ('AMP') and the Kryptonite Concerts ('KrypCon') were delivered successfully in 2022 enjoying a record learner-number participation of 12 044.
- Curro remains proud that they are able to provide employment to some of South Africa's finest performing-arts professionals. During 2022, 91 industry professionals worked with Curro through its various projects meaning that Curro's learners are able to work with and learn from the finest that South Africa has to offer.
- Two full Kryptonite productions were held in Cape Town and Gauteng respectively and continue to be a highlight on the Curro calendar where the extraordinary talent of Curro's learners is celebrated.
- Curro's Grade 12 Drama learners were mentored by renowned South African actors Stian Bam and Penny Youngleson which involved 154 learners and 22 Drama teachers.
- 2023 will see the expansion of the Curro Create offering with the introduction of Curro Create Classroom that will, through a series of workshops, assist with curriculum support to all Drama teachers within the group.



Curro
Roodeplaat

2.6 GROUP HIGHLIGHTS 2022

2.6.1 Community outreach

Curro holds a steadfast commitment to making a positive impact in the lives of others. With every passing year, Curro prioritises extending a helping hand to those in need, and actions speak louder than words. It is with great pride that the company shares the efforts of parents, guardians, learners, and staff who have dedicated their time, energy, and resources towards assisting their communities in 2022. It is believed that by coming together and working towards a common goal, a better world can be created for all. During the 2022 academic year, Curro schools participated in many community outreach projects. These included, but were not limited to, the following:

- Celebrating Mandela Day by giving time and donations at various events and fundraising initiatives
- Collecting and distributing food, clothing and other essential items to various non-profit organisations and communities in need, from children's homes for children with learning challenges to care centres for the elderly
- Special festive season collections
- Collecting and distributing supplies for animal welfare organisations
- Environmental projects such as beach and river clean-ups
- Celebrating and thanking local community services – from neighbourhood watch teams to healthcare workers

Curro takes immense pride in the remarkable dedication and effort that schools put towards serving their communities. The belief is that each act of kindness and generosity not only benefits those in need, but also provides learners with a valuable opportunity to develop empathy and compassion towards others. By actively engaging with the challenges faced by most, the company is able to cultivate a spirit of social responsibility and a deeper understanding of the world around it. At Curro everyone is committed to fostering a generation of individuals who are aware, caring and invested in creating a better future.



Curro Oakdene collected a large supply of blankets in support of Mandela Day.



Curro Academy Soshanguve gave back to the community by not only visiting an organisation for people with disabilities, but also assisting with cleaning, painting and donating food parcels and other supplies.



Curro Academy Mahikeng's Grade 5 learners collected supplies for and visited the local SPCA.



Curro Academy Riverside participated in the Santa ShoeBox drive and filled three large industrial trolleys with gift boxes for the children.



Meridian Karino ran a drive for feminine products and with the assistance of the parents, they donated a total of 500 feminine products to two feeder schools in the local township.



Baobab School's middle phase held a market day in October as part of their community service. The funds raised were used to gift supplies and stationery to the Dyslexia and Social Support Services Botswana.

2.6 GROUP HIGHLIGHTS 2022

Curro Durbanville participated in the Jars of Hope campaign, filling 470 jars to provide a wholesome meal for 1 700 people.



Curro Rivonia ran a drive for the Teddy Bear Clinic, an organisation that supports children who have suffered abuse. The school gathered a very generous donation from parents and learners.



Curro Vanderbijlpark collected winter clothes and blankets for the children in the Vanderbijlpark foster-care system.



Waterstone College spent time at the Hope Village in Eikenhof. The learners helped weed a vegetable garden where vegetables are grown to supply food for babies at the Door of Hope house for babies.



Curro Hermanus supported the Change4Change project in association with the NID (National Institute for the Deaf). They filled boxes with change to make a change in someone's life.



2.6 GROUP HIGHLIGHTS 2022

2.6.2 The Ruta Sechaba Foundation

Life-changing opportunities

Curro is proud to share the remarkable work of the Ruta Sechaba Foundation in this report.

The Ruta Sechaba Foundation is a public benefit organisation that is dedicated to providing life-changing opportunities to qualifying learners. Established in 2016 with the PSG Group BEE Education Trust as its initial donor, the foundation has since established numerous corporate partnerships that have helped to bring its vision to life. Working closely with companies to identify and support talented learners, the Ruta Sechaba Foundation has grown into a powerful and highly successful programme, providing scholarships, bursaries, and awards to over 515 learners in the 2022 academic year alone at Curro and Curro-managed schools. With 124 candidates writing the Grade 12 final year examination, the results speak for themselves, with over 216 subject distinctions achieved. The bachelor's degree ('BD') pass rate, a university entrance qualification, stands at an impressive 91%, with only eleven candidates passing with a diploma.

Curro supports the Ruta Sechaba Foundation and remains committed to helping talented learners achieve their full potential, creating a brighter future for all.

Ruta is proud to share some of its partnerships below:

- The Ruta Sechaba and KFC partnership formed in 2021, with the KFC Ikusasa Lethu scholarship programme continuing for the 2023 academic year, adding KFC-identified learners year on year to give more opportunities to deserving learners.
- Jones & Wagener continues their commitment to adding seven new learners to its list in 2023. The company also committed to funding the 2023 university fees of their beneficiaries currently completing their Grade 12 year, and continues to fund one of the beneficiaries studying third-year medicine.
- Capitec has increased its 2023 beneficiary list by adding 15 new learners.
- The Alexandra Education Committee and Reatile have both added more learners to their 2023 academic beneficiary list, giving more learners the opportunity to succeed.
- In addition, PSG, the founding donor, has added 136 learners to its 2023 beneficiary list.
- The foundation has also onboarded two new donors, namely Exxaro and the Jannie Mouton Foundation. Exxaro will be funding 20 learners at Meridian Karino and Northern Academy and will cover 100% of school and boarding school fees; including all academic costs. They have committed to a nine-year programme adding 20 Grade 8 learners each year for five years until they reach a beneficiary list of 100 learners.
- The Jannie Mouton foundation has partnered with the Ruta Sechaba foundation by adding 62 new learners to its newly formed beneficiary list.

Each year Curro follows the progress of their Ruta Sechaba candidates who continue to impress and inspire with their excellence. Curro is particularly proud of the Grade 12 candidates who achieved exceptional results in the 2022 academic year.

Companies who would like to make a real difference in South Africa within an existing well-established and successful programme, can contact the Ruta Sechaba Foundation by visiting www.rutasechaba.org.

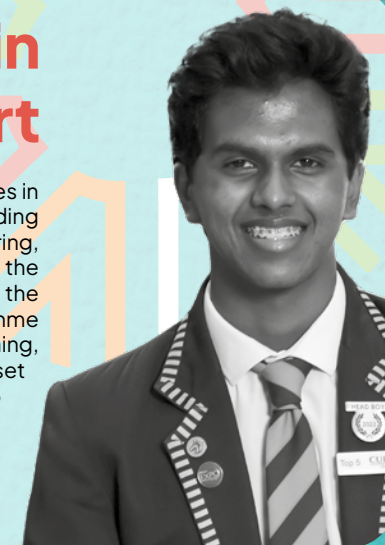


**RUTA SECHABA
FOUNDATION**

- Class of 2022
- Curro Durbanville
- Grade 12 average: 89.42%
- Bachelor's degree pass
- 7 distinctions
- Sponsor: PSG

Dashayin Gilbert

Dash would like to study abroad and has applied to several universities in the UK, Canada and America for degrees related to his interests, including aeronautics and astronautics, mechanical and aerospace engineering, motorsport engineering, and aerodynamics engineering. He finds the opportunity to participate in the 'Formula Student' programme to be the most exciting aspect of studying engineering abroad. This programme allows universities from all over the world to compete by designing, building, and racing their own open-wheeled race cars, following a set of regulations similar to Formula 1 but on a smaller scale. Dash plans to dedicate most of his time to this programme in the upcoming years. Intakes are generally later this year, so he is still awaiting responses from universities.



- Class of 2022
- Curro Academy Pretoria
- Grade 12 average: 88.14%
- Bachelor's degree pass
- 7 distinctions
- Sponsor: Reatile

Tsakane Koko

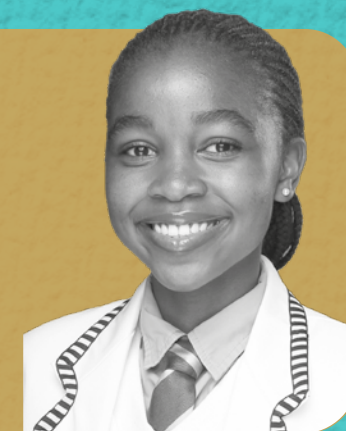
Tsakane is studying mathematical statistics at the University of Pretoria and she hopes to transfer to actuarial science in the second year, since she has her sights set on becoming an actuary or quantitative analyst in the future.



- Class of 2022
- Meridian Cosmo City
- Grade 12 average: 86.86%
- Bachelor's degree pass
- 5 distinctions
- Sponsor: Reatile

Unathi Sizo Nkosi

Unathi is currently busy with her Bachelor of Pharmacy at the University of the Witwatersrand and has been approved by NSFAS for funding. She says she would like to study medicine at some point so that she can work for Doctors Without Borders.



2.7 CURRO'S INVESTMENT CASE



Curro
Heritage
House

Why invest in Curro?

Curro generated significant growth momentum whilst establishing its large network of schools and a powerful brand in education, led by an experienced and talented team. Financial returns for the group are driving higher as more families opt for its high-quality education.

1. Profound impact on the future

Curro believes that the purpose of education is to empower all learners and staff to achieve their full potential as individuals and members of society. This is reflected in its brand promise, in which the company promises that it will provide 'Quality education for future leaders'. The business has grown significantly over the last decade in this noble quest.

2. Strong demand and potential for the product

The public sector in South Africa has a significant backlog in the provision of schooling. New government schools are required in rural and underdeveloped areas, where parents often cannot afford to pay school fees. As it is unlikely that the private sector will get involved in these areas, this is where the greatest need exists.

Newly developed middle- and upper-income residential areas seldom receive a new government school, despite ongoing urbanisation. Consequently, this huge demand puts significant pressure on capacity at existing schools in urban areas, resulting in rising class sizes in government schools.

Curro believes the above-mentioned challenges provide positive dynamics for the independent-school sector to grow significantly. There is estimated potential for an additional 0.9 million learners to attend independent schools, implying that up to 600 new independent school campuses of 1 500 learners each may need to be established, regardless of future population and economic growth.

3. Competitive advantages

Learners are usually loyal to the schools they attend, and Curro has developed significant competitive advantages, with the most notable being as follows:

- A trusted and credible brand with a track record of academic excellence since 1998.
- Models for quality independent schooling at different price levels with tailored facilities.
- A holistic offering in terms of curriculum, culture and sport.
- A robust and seamless digital tuition offering, with proven success during the Covid-pandemic-related school closures which disrupted contact teaching.
- Efficient campus design, development and funding methodology.
- A maturing portfolio of cash-generative schools. The start-up phase of a new school requires substantial financing given the high fixed cost component, and it may take up to five years to generate free cash flow and up to ten years for a school to mature.

4. Strong predictability in the business model, a high proportion of annuity income and high cash generation

- A school is a very predictable business. Once enrolled, a large proportion of learners will attend the same school throughout their school career.
- Schools are very cash generative, with a predominance of annuity income. School fees are paid annually or monthly.
- Costs are mainly fixed and predictable for a year and for future years, with salaries and facility costs (municipal rates, electricity and water) comprising approximately 75% of expenses.
- Schools are operationally geared; therefore the majority of costs are fixed or semi-fixed, which means that with every additional learner a larger proportion of revenue will have an impact on profit. This positive operating leverage will be a key driver of future profitability as schools gradually trade closer to their capacity.

5. Curro is the market leader

As of 20 February 2023, Curro had 73 047 learners – almost double the number of school learners than the second biggest for-profit independent school group.

- Curro has 78 campuses with 182 schools.
- Globally, Curro is among the 10 largest for-profit school groups based on learner numbers.
- Curro has invested R12.9 billion to date to establish its large national network of schools.
- The potential market expands due to Curro's range of products across different price points.
- Curro provides independent schooling for as low as R2 290 per month, which compares very favourably with former model C government schools.
- 49% of Curro's learners on average pay less than R5 000 per month for schooling, with 24% paying less than R3 500 per month.

6. Significant skills and experience

- Curro has a specialist and experienced management team with a proven track record of value creation.
- The group invests significant resources in developing 21st-century teaching methodologies that adapt to the way children learn in our society today and embrace digital solutions.
- Development of curriculum support materials that are used in all its schools.
- Curro's experienced in-house design and project management team applies a standard costing approach at scale that is meaningfully more cost-effective than comparable projects in the sector. This enables Curro to charge lower school fees to generate similar returns on investment than other players in the industry.

7. Disciplined capital allocation and geared for growth

- Curro's market share represents only approximately 4.9% of the total current estimated market, and 11.2% of the recorded independent school learners in South Africa.
- Curro currently utilises 64.6% of eventual capacity in the J-Curve for 2022, implying a revenue growth potential of 40% (based on 90% of eventual capacity filled), with lower requirements for additional capital investment (compared to historical) or increased operational expenses. This will accelerate margin and yield for the business.
- Curro has funders who are supportive of its growth aspirations.
- The company will not develop new greenfield schools, unless the business case is compelling. Acquisitions will be considered only when they complement the current offering. Curro will focus on existing capacity in the foreseeable future and fill up the present schools.

Market information

Global indicators

UNESCO statistics for 2020 indicate that South Africa remains far behind in terms of global averages for enrolment in private institutions.

	Percentage of enrolment in pre-primary education in private institutions (%)	Percentage of enrolment in primary education in private institutions (%)	Percentage of enrolment in secondary education in private institutions (%)
South Africa	6	5	5
World	36	19	27
Lower middle-income countries	26	27	40
Middle-income countries	35	20	29

Localised market information	Number of learners (million)	As % of total
Total number of learners in South Africa ¹	17.6	-
Total number of learners in school in South Africa (Grades R to 12) ²	15.0	
Assumed midpoint of number of learners who can afford some form of independent schooling	1.5 ³	10% - 14%
Number of learners in independent schools in South Africa	0.6 ²	4%
A possible additional market potential (midpoint)	0.9	6%

References

¹ Ages 3 to 18 UNESCO.

² South African Government <https://www.gov.za/about-sa/education>

³ Number of learners who can afford some form of independent schooling based on:

- the number of taxpayers earning > R350 000 per annum (88% between ages 25 and 55 years) – 1.3 million (Ref: SARS) and
- the number of medical aid beneficiaries aged 5 to 18 years – 1.8 million (Ref: JP Morgan)

2.8 SHAREHOLDER STATISTICS

Share price history
Curro Holdings Limited (COH)



Shareholder structure*



*As of December 2022

Listing information

JSE share code	COH
Sector	Retail
Subsector	General retailers




Stock exchange performance

For the years ended 31 December	2014	2015	2016	2017	2018	2019	2020	2021	2022
Market price – high (cents)	3 095	5 999	5 800	5 092	4 373	2 923	1 839	1 310	1 450
Market price – low (cents)	2 405	2 715	3 500	3 387	2 251	1 581	469	902	805
Market price – close (cents)	2 900	5 779	5 020	4 240	2 551	1 770	948	1 245	900
Market price – average (cents)	2 679	3 788	4 339	4 319	3 057	2 221	999	1 136	1 025
Volume of shares traded (million)	26	39	98	107	71	62	125	87	235
Value of shares traded (R million)	709	1 485	4 162	4 523	2 207	1 354	1 167	972	2 240
Volume/weighted average number of share (%)	8	11	25	26	17	15	27	15	39
Market capitalisation (R million)	9 442	20 623	20 439	17 473	10 512	7 294	5 669	7 445	5 382
Price earnings ratio at year end	171	205	114	88	42	23	19	30	15






2.9 CAPITAL RESOURCES

Curro has several key resources at its disposal with which it creates value for all its stakeholders.

	INPUTS	ACTIVITIES
 <p>Financial capital</p>	<p>Curro's financial inputs come from the below:</p> <ul style="list-style-type: none"> • Equity financing • Internally generated cash flows • Debt funding 	<p>The group uses its financial capital to:</p> <ul style="list-style-type: none"> • maintain and improve existing campuses; • develop new campuses; • acquire schools; • develop new and enhance existing curriculums; • cover its operating costs, and • invest in the continuous training and development of its teachers and support staff. <p>Curro successfully completed the refinancing of its existing debt facilities for an aggregate amount of R3.3 billion which included a flexible revolving credit facility of R800 million to fund its future expansion plan insofar as it may exceed operating cash flows generated.</p>
 <p>Productive/Manufactured capital</p>	<p>Curro's campuses, curriculum and teachers form the heartbeat of its productive capital. Growing its resources of productive capital requires the investment of financial capital.</p>	<p>In 2022 Curro invested R1.1 billion as follows:</p> <ul style="list-style-type: none"> • R284 million on acquisitions of new land, buildings and schools acquired • R45 million on back-up power and metering solutions • R542 million to expand capacity in classrooms and facilities in existing schools • R244 million on refurbishment, maintenance and replacement of assets and curriculum.
 <p>Human capital</p>	<p>Human capital inputs are as follows:</p> <ul style="list-style-type: none"> • Skilled and experienced teachers across the various Curro schooling models with the ability to engage their learners in all domains of learning • Appointment of motivated and competent teaching, administrative and support staff • Centralised office staff to provide essential shared services to schools to enable them to focus on education 	<p>Curro invests financial capital to employ and develop human capital through the below:</p> <ul style="list-style-type: none"> • Continuous professional development • The provision of appropriate remuneration, incentives and an employee retention scheme • Internship programmes for various occupations, including IT, marketing, finance and teaching • Continuous development of a culture of strength-based leadership in all Curro schools through ongoing development coaching initiatives • Keeping its employees safe and healthy by ensuring that its facilities comply with the Occupational Health and Safety Act, No. 85 of 1993, as amended ('OHASA') and other regulations, inter alia COVID-19 requirements and restrictions

OUTPUTS	OUTCOMES	
<p>Curro has shareholders' equity of R7.3 billion with net debt of R3.1 billion.</p> <p>During the 2022 financial year the group generated cash flow from operations of R800 million.</p> <p>Net finance costs to providers of capital was R208 million.</p> <p>Curro paid a final dividend of 11.08 cents per share from income reserves for the year ended 31 December 2022.</p>	<p>Curro has 78 campuses (February 2022: 76 campuses) and 182 schools (February 2022: 178 schools).</p> <p>The group acquired one campus and closed one during the period.</p>	<p>Further information is available in the financial review on pages 68 to 77.</p>
<p>Curro has R12 billion of non-current assets, with replacement and market values thereof which are estimated to be between R2.5 billion and R3 billion higher, respectively.</p> <p>Curro has 78 campuses across Southern Africa. These campuses are currently operating at 72.3% of built capacity and 64.6% of eventual capacity.</p>	<p>The quality and uniqueness of its campuses, continuous design and development of its curriculum and the holistic learner-centred offering (in terms of the balance between academics, sport and culture) are key differentiators for Curro's business. The group is focused on the ongoing development thereof.</p>	<p>Further information is available in the financial review on pages 68 to 77.</p>
<p>As at 31 December 2022, Curro had 6 557 employees, which included 3 835 teachers. The number of employees increased by an average of 4% per year since 2018, mainly due to organic and acquisitive growth.</p> <p>The average learner-teacher ratio of 18 contributes to productive capital in the education of Curro's learners.</p> <p>During the 2022 financial year, Curro invested R2 054 million in the remuneration of its employees which includes the cost of a share incentive scheme to incentivise and retain key employees and management.</p> <p>Curro awarded bursaries to 50 staff members towards BEd degrees and Postgraduate Certificates in Education ('PGCE'). Curro also registered 8 interns in educational psychology in 2022.</p>	<p>Curro's teachers are the primary interface with its learners and parents, and their motivation and competence are key determinants of the group's future success and sustainability.</p> <p>The outcome of the efforts of Curro's human capital investment is seen in the local and international success of the growing alumni base.</p> <p>The Curro Curriculum Management and Delivery ('CCMD') division ensures that Curro's teachers receive continuous training and development.</p> <p>Through STADIO Higher Education, teachers can continue their tertiary education, which is sponsored by Curro.</p> <p>The investment in human capital has a positive impact on Curro's productive capital and nurtures its intellectual capital.</p>	<p>The detailed demographics of Curro's employees are contained on page 63 of this report.</p> <p>The remuneration policy and implementation reports are contained on pages 94 to 106.</p>

2.9 CAPITAL RESOURCES

	INPUTS	ACTIVITIES
 <p>Intellectual capital</p>	<p>Curro's intellectual capital includes its:</p> <ul style="list-style-type: none"> • brand and related reputation; • information and technology systems; • curriculum development and ongoing enhancement; • investment in governance structures to ensure that it maintains best-practice corporate governance, and • the ability to ensure that its campuses are all aligned with the group's strategic objectives and business model. 	<p>The ongoing development and maturity of IT governance processes have been evident in:</p> <ul style="list-style-type: none"> • the regular use of an IT governance framework; • the annual review of the IT strategy to align it with Curro's strategy; • the ongoing review and consideration of audits (conducted internally through Curro's outsourced internal audit, and externally through its external audit function); • the routine consideration of IT governance matters on the agendas for the audit and risk committee and related board meetings, and • the embedding of appropriate IT governance practices in day-to-day operations.
 <p>Social and relationship capital</p>	<p>Curro actively manages stakeholder relationships on which the business depends.</p> <p>These include:</p> <ul style="list-style-type: none"> • parents and learners; • employees; • communities; • business partners, and • government regulators. 	<p>Through its focus on responsible marketing practices in the group and aligned with its responsible marketing policy, every school has at least one upliftment project relevant to the community in which the school is located.</p> <p>These projects help to educate its learners and staff to be responsible corporate citizens. Projects typically involve the learners, parents, employees and, where relevant, the companies that sponsor projects. Curro also contributes financially to these projects.</p> <p>Parent representation is formalised through Representative Parent Committees ('RPCs') at school level. The RPC enables and strengthens communication to the benefit of the school and its learners.</p>
 <p>Environment</p>	<p>Although the impact of Curro's operations on the environment is relatively low, the group continuously focuses on minimising negative effects on the environment.</p>	<p>Curro currently has a number of ongoing initiatives such as the following:</p> <ul style="list-style-type: none"> • The installation of water and electricity metres to measure consumption • The use of rainwater storage solutions for irrigation purposes • The annual measurement of Curro's carbon footprint • Digitisation opportunities that reduce the need for paper consumption

OUTPUTS	OUTCOMES	
<p>Curro has an ongoing drive to improve its information and technology systems to support 21st-century teaching and learning and increase the capacity of its corporate systems.</p> <p>Curro has access to highly skilled architects and a business improvement team to ensure it is on par with the latest global design and development trends to contribute to the learning environment.</p>	<p>The skills of Curro's management team allow it to take advantage of growth opportunities. The executive management team has solid experience and a significant knowledge base in selecting, developing and managing schools.</p> <p>The company's commitment to best-practice corporate governance strengthens Curro's brand and reputation. The credibility of the Curro brand is invaluable and Curro relies on its employees to represent and protect the brand.</p>	
<p>Curro contributed R137 million to corporate social investment and bursaries for the year ended 31 December 2022.</p> <p>The group regularly engages with the members of executive councils ('MECs'), departments of education and Umalusi to discuss developments in education and suggest ways in which the independent sector can assist the government.</p>	<p>Measured and constructive contributions have been made to worthy projects in the society in which Curro operates its schools.</p> <p>Curro's marketing and communication activities reflect respect for the relationship between school, parent and child, with due care taken in terms of imaging and references to individual learners, their parents and other stakeholders in Curro's environment.</p> <p>Marketing elements are designed to be appropriate and consistent to appeal to parents and potential learners; they emphasise the benefits of Curro's offerings across all their pricing models, including the academic offer and local campus design, without exaggeration and false promises.</p> <p>The company places significant value on the goodwill created between itself and its involvement in the surrounding communities, as it aims to create longstanding relationships in these areas.</p>	
<p>Curro measures outcomes through the annual calculation of the carbon footprint as well as through reporting to the carbon disclosure project ('CDP'), where risks and opportunities have been identified and quantified.</p> <p>The company has established niche targets and KPIs linked to a Sustainability Linked Loan.</p> <p>The company also uses the Task Force on Climate-related Financial Disclosures ('TCFD') framework to identify climate-related risks and opportunities, quantify and report on key outcomes.</p>	<p>The measurement and benchmarking of electricity and water resources allow better insights into consumption and drive reduction initiatives and education interventions on campuses.</p> <p>Curro will continue to invest in back-up power solutions in 2023 to mitigate operational risk and to reduce energy dependency and cost over the long term.</p>	<p>Details pertaining to sustainability and ESG can be found on pages 64 to 67 of this report.</p>

2.10 STAKEHOLDER ENGAGEMENT

The long-term sustainability of Curro is intricately linked to the quality of its relationships with its stakeholders. As such, the group places a strong emphasis on actively engaging with stakeholders to gain a deeper understanding of their concerns and to consider their input. Curro strives to address these concerns and input as comprehensively as possible, in order to foster positive and productive relationships.

The tables below provide an overview of Curro's stakeholders and the issues raised by them on occasion. Various stakeholder groups are identified, as well as some of the most pertinent issues raised and Curro's corresponding responses. The group believes that this engagement and transparency is crucial in maintaining and improving stakeholder relationships.

Stakeholders

Clients (learners and parents)	Curro recognises that its teachers, parents, guardians and learners are the primary stakeholders in the group, and as such, great importance is placed on daily, weekly, monthly and termly engagement opportunities. Curro utilises a range of teaching methods and communication programmes that align with 21st-century teaching and learning methodologies, ensuring that engagement is effective, relevant, and meaningful. The group's corporate communication programme serves as a valuable tool for parents and learners, providing localised and school-specific updates related to the Curro curriculum, sports, and cultural activities. Furthermore, Curro encourages the establishment of Representative Parent Committees ('RPCs') at its schools, which serve as a means of maximising engagement between the group and its clients, including learners, parents and guardians. These committees provide an important platform for feedback, suggestions, and input from our clients – enabling the group to continually improve and strengthen its relationships with all stakeholders. Curro believes that effective and meaningful engagement is crucial to building sustainable and positive relationships with its stakeholders.
Regulators	Engagement with regulators takes place in the formalised education management structure. Dedicated Curro staff communicate and engage with the regulators, including the Department of Basic Education, Umalusi (the council for quality assurance in education and training), the IEB, town councils and municipalities. Natasha Mkhize leads the group's efforts in terms of stakeholder relationship management and is also responsible for the Ruta Sechaba Foundation.
Investors and funders	Curro's chief executive officer ('CEO'), deputy chief executive officer ('Deputy CEO') and chief financial officer ('CFO') engage in continuous communication with investors, ensuring that it remains transparent and responsive to specifically identified needs and concerns. As part of this engagement, Curro holds formal meetings annually, providing an opportunity to share updates on its progress and performance, as well as to address any questions or concerns that may arise. Additionally, Curro has established a programme through which investors and funders are invited to visit our schools on a prearranged basis. A number of targeted investor days were hosted in 2022.
Employees	Curro understands that employees are the most valuable part of what makes the business successful. More details are provided on how Curro engages with its employees on page 40.
Communities	Curro recognises and celebrates the communities in which it operates. This is evidenced by its contribution of R137 million to corporate social investment and bursaries for 2022. The Ruta Sechaba Foundation continues to grow from strength to strength. Refer to pages 34 and 35 for information on Ruta Sechaba.

Current issues and responses

Areas of interest	Stakeholder	Curro's response
What is Curro's expansion strategy?	Shareholders and analysts	Curro's ability to provide high-quality education at a value-for-money cost has positioned the organisation to take advantage of the ongoing demand for educational services in Southern Africa, indicating potential for expansion. Accordingly, the company's primary focus is on maximising the capacity of existing schools to accommodate this demand. In pursuing growth opportunities, Curro is concentrating its efforts on investing capital in existing schools for maintenance and expansion purposes. Acquisitions, will be considered selectively, based on yield-enhancing potential and attractive entry multiples. The organisation's deep understanding of the business, economic, and cultural landscape in Southern Africa enables it to evaluate potential opportunities effectively and pursue those that align with its strategic objectives. Overall, Curro's commitment to expanding its reach while maintaining its standards of quality education remains a top priority. Curro's prudent approach to expansion ensures a sustainable and strategic growth trajectory for the benefit of its stakeholders.
Does Curro comply with the prerequisites of the Curriculum Assessment Policy Statements ('CAPS') on teacher-learner ratios and the criteria of sound school governance, leadership and management?	Umalusi	<p>Curro has a close relationship with Umalusi who is mandated for the accreditation of private institutions offering qualifications on the General Education and Training Qualifications sub-framework. Umalusi accredits independent schools offering the National Curriculum Statement ('NSC') and private colleges offering the National Certificate Vocational ('NCV'). Umalusi-accredited Curro independent schools joined the elite group of 835 accredited independent schools. Out of the 835 accredited schools 59 of the schools are Curro schools. They can proudly display their Umalusi-accreditation certificates. The concept of excellence in schools is non-negotiable. Curro strives to attain all its objectives, has its schools accredited with Umalusi, and reports to Umalusi on areas that still need to be developed in the group's newly built schools.</p> <p>Curro Academy Sandown (Grades 1 to 7), Curro Academy Riverside (Grades 1 to 12), Curro Academy Wilgeheuwel (Grades 1 to 12) and Curro Rivonia (Grades 1 to 7) received full accreditation during 2022. The following schools applied for an extension of scope and received full accreditation from Grades 1 to 12: Curro Century City, Curro Secunda and Curro Salt Rock (previously Curro Mount Richmore). Curro Academy Sandown, Curro Westbrook and Curro Rivonia applied for an extension of scope during 2022 to receive accreditation from Grades 1 to 12. They will receive their visits during 2023 and the results of their applications will be available in 2024.</p> <p>Meridian Cosmo City and Curro Academy Clayville obtained the required percentage of SACE teacher registrations and submitted their improvement plans in 2022. Curro Waterfall also submitted an improvement plan. The improvement plans are still to be reviewed by the Umalusi council and the results will be made available to the schools later in 2023.</p> <p>The following schools will receive their exclusive online reviews for accreditation during 2023: Curro Academy Mamelodi (Grades 1 to 7), Curro Academy Mbombela (Grades 1 to 9), Curro Academy Parkdene (Grades 1 to 9), Curro Academy Protea Glen (Grades 1 to 9), Curro Academy Savanna City (Grades 1 to 9), Curro Durbanville High School (Grades 8 to 12), Curro Edenvale (Grades 1 to 9), Curro Foreshore (Grades 8 to 12), Curro Krugersdorp High School (Grades 8 to 12), Curro Uitzicht High School (Grades 8 to 12), Curro Vanderbijlpark (Grades 1 to 12) and Northriding College (Grades 1 to 9).</p> <p>Umalusi is also the body responsible for the quality assurance and assessment of the Grade 12 NSC exam.</p>

2.10 STAKEHOLDER ENGAGEMENT

Areas of interest	Stakeholder	Curro's response
Is the general quality of Curro's infrastructure in line with industrial standards?	Municipalities	Curro's dedicated infrastructure development team maintains regular engagement with local municipalities to discuss the impact of its campus development on the surrounding environment. Through ongoing communication, mutual planning takes place to ensure that the development aligns with the local authorities' building requirements, including approved building plans, and that occupancy certificates are obtained for all Curro buildings. As part of its commitment to sustainable business practices, Curro is focused on integrating climate-related considerations into its operations as it works towards energy independence. Curro has installed smart utility metres at all campuses to accurately track energy consumption and reduce its carbon footprint. Curro intends to report on its carbon-emission forecast to demonstrate its progress towards a more sustainable future.
What is Curro's debt structure?	Shareholders and analysts	The current debt/equity ratio is 43% net debt to equity. The group's medium-term approach to debt is conservative in the current economic circumstances. Capital investment greater than the free cash generated from operations will be funded by debt in the foreseeable future as Curro expands capacity and pursues growth opportunities.
What is Curro's policy regarding a suitable debt/equity ratio?	Funders	The current debt/equity ratio is 43% net debt to equity. The group's medium-term approach to debt is conservative in the current economic circumstances. Capital investment greater than the free cash generated from operations will be funded by debt in the foreseeable future as Curro expands capacity and pursues growth opportunities.
Complying with key covenants: <ul style="list-style-type: none"> • Net debt to EBITDA ratio of not more than 4 times (excluding Meridian) • Interest service coverage ratio of 2.5 times (excluding Meridian debt) • Loan to value ratio of at least 1.3 times 	Funders	Curro complied with its covenants for the 2022 year, and as at 31 December 2022: <ul style="list-style-type: none"> • Net debt was at 3.2 times EBITDA; • Curro's interest service coverage ratio stood at 5.2 times, and • the loan-to-value ratio was 2.4 times (gross debt) and 2.5 times (net debt).
Is my child receiving quality education?	Parents	Curro's commitment to providing quality education is demonstrated through its written curriculum, which is taught by qualified teachers accredited with the South African Council for Educators ('SACE'). The teachers undergo continuous development through a combination of the STADIO School of Education and the CCMD division, led by experienced teachers. Curro has implemented a system of standardised testing throughout its schools to ensure consistent quality in educational delivery and to provide excellence for all learners. Along with its innovative and relevant curriculum, Curro offers the rapidly increasing impact of Curro Create (focused on its arts and culture offering) and the expansion of Curro Sport (including eSports), available to all learners from Grade 4. Curro's brand, its long-standing track record and its excellent matric results support confidence in its quality service offering.

Areas of interest	Stakeholder	Curro's response
Are we receiving a written curriculum that is still relevant?	Learners	Curro's CCMD division conducts continuous research on curriculum innovation, regularly communicating best practices to its employees and providing them with training to implement new written curricula. Curro's tech-focused DigiEd schooling model (launched in 2019), continues to place a strong emphasis on Mathematics, Science, Coding and Robotics, with lessons delivered electronically via a tailored digital platform.
What can Curro do to ensure a safe and stable working environment?	Teachers	Curro has various security protocols that endeavour to keep its campuses safe. The group protects its teachers' rights by means of service contracts, which are regulated by labour law. Curro believes in continuous professional development in order to enhance every employee's chances of getting promoted.
Does Curro's supplier application process provide everyone with a fair chance?	Suppliers	The group utilises a number of contractors to build its schools. Every supplier in South Africa and abroad is welcome to approach Curro to be considered for future contracts. A rigorous tender process is in place to ensure fairness in contract allocation.
Do all Curro schools comply with the prerequisites of local government?	Departments of education	Independent schools must be registered with the local departments of education. These departments have specific criteria and Curro adheres to these criteria. The process of registering an independent school takes time and in many cases the operator must first construct an appropriate building and appoint qualified teachers before the registration process can be concluded.
Is the company committed to transformation?	Government	Curro is committed to employing and developing a skills base that represents the demographic profile of its learner base, of which 80.7% was black and 19.3% was white for 2022. The company has an employment equity plan on which it reports annually. Refer to page 63 for employee statistics. The company has a social, ethics and transformation committee that oversees transformation in the organisation. The report from the social, ethics and transformation committee chairperson can be found on page 62 of this report.
Is Curro JSE-compliant?	JSE Limited	Curro's JSE equity and debt sponsor and corporate advisor, PSG Capital, monitors its compliance regularly in order to help ensure compliance with the JSE Limited Listings Requirements. In accordance with the JSE Limited Listings Requirements, the board submits its annual compliance certificate timeously.
How does Curro protect its organisation from the communication of incorrect facts?	Media	Where possible, Curro provides statements to the media so that any doubt regarding the accuracy of reporting is minimised. Curro has an open relationship with the media and provides updates whenever it communicates financial and academic results. All other media enquiries are handled efficiently through a centralised email address (engage@curro.co.za), to which all media enquiries can be channelled for response.
How does Curro keep its stakeholders informed?	All stakeholder groups	The company believes in the transparent, concise and timely dissemination of relevant information to all stakeholders. The regulatory requirements regarding the dissemination of information are observed. In addition, reputational risks relating to published information regarding the business are managed and continuously reduced to ensure that the Curro image and brand are protected.

2.10 STAKEHOLDER ENGAGEMENT

Areas of interest	Stakeholder	Curro's response
What are Curro's policy and principles regarding remuneration?	Shareholders	Curro has provided details regarding its remuneration policy and implementation report on pages 94 to 106.
What will the future development pace of Curro be?	Shareholders and analysts	In future, Curro will prioritise increasing capacity utilisation at existing schools. Judicious greenfields in high-growing areas and attractive acquisitions will still be considered albeit at a slower pace than in the past. There is no specific set target on the number of new campuses for the foreseeable future. The business is focused on enhancing its return to shareholders.
Why are Curro's clients coming to them?	Parents	Curro's clients are looking for quality, balanced education by a recognised brand in a safe and secure environment that is convenient overall at a value-for-money cost.
How sustainable are school-fee increases?	Shareholders, analysts and parents	Over the long term, school fees will trend towards inflation. Fees are, however, considered individually on a per-model, per-school and per-grade basis, depending on the facilities and investments made, competition and absolute levels of current fees. Curro believes that on average a short- to medium-term margin of 2% between inflation and school-fee increases can be maintained.
Will Curro achieve an acceptable return on capital invested?	Shareholders and analysts	Curro has a long-cycle business, where it can take a school between five and ten years to reach a utilisation of more than 80%, and substantial capital investment is required in the early stages ahead of eventual cashflows generated at capacity. At maturity Curro makes an average IRR of between 20% and 25%. Curro expects its return on capital invested to improve as its capacity utilisation of existing assets accelerate.
What is the size of the land bank?	Shareholders and analysts	Curro has total land banked at a cost of R226 million for future use.
What is the status on Meridian?	Shareholders and analysts	With the implementation of various strategies – both financial and operational – Meridian's EBITDA increased by 5% in 2022 from the prior year and 13% from the 2019 financial year. This is encouraging for future growth and improved returns.
How does Curro address the risk of communicable diseases?	All employees and learners	Curro recognises the serious impact of any communicable disease. The company provides detailed communication to all stakeholders to inform and educate them on how to prevent anyone from contracting a disease (both internally and externally on relevant social media platforms). Contingency plans are in place to isolate and prevent further spread should a school be affected, and this would be done in collaboration with the South African Department of Health. Management review and implement best practice and regulated interventions and protocols.



Curro
Fourways



3

ACCOUNTABILITY

Curro's primary leadership responsibility rests with its board of directors. For detailed information on the board's role, responsibilities and powers, and the length of service, refer to pages 82 to 90.

Curro
Oakdene



3.1 BOARD OF DIRECTORS

Key: ◇ Independent non-executive chairperson | * Independent non-executive director
 Δ Executive director | § Non-executive director



**SL (Santie)
Botha** ◇

BEcon; BEcon (Hons)

Santie is the chairperson of Famous Brands Ltd and Capitec Bank Holdings Ltd. She has a wide range of knowledge and experience in different sectors, ranging from fast-moving consumer goods ('FMCG'), where she started her career in Unilever and worked in various roles in both Durban and London, UK (1987 to 1996), banking (executive director: ABSA Bank, 1996 to 2003) and telecommunications (executive director: MTN, 2003 to 2010). Santie was named Business Woman of the Year 2010. She was the chancellor of Nelson Mandela University from 2011 to 2017.



**JP (Cobus)
Loubser** Δ

CA(SA)

Cobus was appointed to the role of Chief Executive Officer of Curro Holdings Limited from 1 January 2023, having previously served as the CFO and an executive director of Curro since 1 January 2021. He started his career at KPMG Inc., served as the financial manager of Virgin Active SA for 4 years, and held the CFO position for 10 years at Holdsport Limited until it was acquired by Long4Life Limited in 2017. He left his position as CEO of Long4Life's Sport and Recreation division at the end of 2020 to join Curro.



**M (Mari)
Lategan** Δ

BA; BA Hons (Journalism); MBA

Mari has an MBA from Stellenbosch University's Business School and an Honours in Journalism. She has been an executive at Curro for more than six years and a non-executive director for Meridian Schools for more than four years. She established Curro Create, Curro's national creative initiative. Prior to Curro, she founded a strategic business and communications consultancy and was a publisher at Media24. Mari was appointed as Deputy CEO in January 2023.



**BC (Burtie)
September** Δ

CA (SA)

Burtie is a chartered accountant who completed his SAICA articles at Deloitte, Cape Town before joining Deloitte's office in Indianapolis in the USA on a secondment. He worked at South African Breweries as a management accountant at one of its largest distribution centres in South Africa before he was employed as a senior accountant at Woolworths Financial Services. He joined Curro as group financial manager in 2016 and was appointed CFO in January 2023.



**TP (Themba)
Baloyi** *

Henley Executive MBA, ACIS, ND CMA

Themba was appointed as an independent non-executive director to the Board from 1 November 2020. He studied and completed Cost and Management Accounting, Corporate Governance through ICOSA and has an Executive MBA from Henley Business School (UK). He completed business leadership studies through Gordon Institute of Business Science, University of Cape Town- Graduate School of Business and Duke University (US). Themba is an innovative and entrepreneurial business leader who founded Discovery Insure Ltd ('Discovery Insure'), a short-term insurance company launched in 2011. The Discovery Insure work propelled him to win the 2018 CNBC Africa All Africa Business Leaders 'Entrepreneur of the Year Award'. He was honoured as a 2015 World Economic Forum Young Global Leader. He is a Fellow of the Aspen Institute Global Leadership Network and is a board member of CalgroM3 Holdings, and the Allan Gray Orbis Foundation, amongst others.



**ZN (Nan)
Mankai** *

CA(SA); MBA

Nan was appointed as an independent non-executive director to the Curro board from 10 August 2018. She currently chairs the Curro audit and risk committee. Nan is at present a Senior Investment Manager at the Mineworkers Investment Company. Nan's experience has been in private equity and investment management, having worked for private equity funds and built on balance sheet portfolios for corporates. Her recent experience also includes involvement in project finance and infrastructure investment opportunities and overseeing the internal audit function. Nan has extensive experience in serving on boards and on audit and social and ethics committees.

3.1 BOARD OF DIRECTORS



**PJ (Piet)
Mouton[§]**

BCom (Mathematics)

Piet is the Chairman of PSG Group Ltd and serves as a non-executive director on the boards of various companies, including Capitec Bank Holdings Ltd, PSG Konsult Ltd and Zeder Investments Ltd. He has served in the investment and financial services industries since 1999.



**Prof. SWF
(Sibongile)
Muthwa^{*}**

BA (SW) (Fort Hare); BA (SW) Hons (Wits); MSc (SPPDC); PhD (London)

Sibongile has international leadership and management experience in the non-government, development and public sectors, and also in academia. Currently she is the Vice-Chancellor of the Nelson Mandela University. Between 2004 and 2010, Sibongile served as the director general of the Eastern Cape Provincial Government. She is the current Chair of Universities South Africa (USAf), a membership organisation representing the 26 South African Public Universities.

She also chairs the Ministerial Task Team on Sexual Harassment and Gender Based Violence and Harm in SA Universities; and is a member of the Human Resource Development Council of South Africa. Sibongile is also a board member of the Nelson Mandela Bay Business Chamber and chairs its governance committee.



**DM (Douglas)
Ramaphosa^{*}**

MA (Social Sciences); Programme for Executive Development (Institute of Management Development)

Douglas has more than 35 years of business experience at an executive management and board level. He is currently chairman of IRCA (Pty) Ltd, serves on the Board of Curro, and is chairman and founder member of investment companies such as Mnotho Group and Chakula Wote Africa. Douglas served as a non-executive director for EnviroServ, Wildlife and Environment Society of South Africa ('WESSA'), STADIO and also served at a senior executive level for corporations including Altron, Transnet, ABSA and Anglo American. He was CEO of Bytes Healthcare Solutions, managing director of Bytes Specialised Solutions, and served on the boards of Anglo American (SA), Eskom Enterprises and was chairperson of Rotek Industries.

Key: ◇ Independent non-executive chairperson | * Independent non-executive director
△ Executive director | § Non-executive director



**Dr CR (Chris)
van der Merwe[§]**

B.Prim (Ed), US; B.Ed, UNISA; M.Ed (cum laude), US; D.Ed, US

Chris has extensive knowledge and experience in the independent school and tertiary sectors. He founded Curro in 1998 and in 2011, under his leadership, the company was listed on the JSE. Chris served as CEO until June 2017 when he stepped down, unbundled the Embury Institute for Higher Education, a teachers' college, from Curro and then listed STADIO, an independent provider of tertiary education on the JSE in October 2017.

He served STADIO as CEO until the company delivered on the promises of its pre-listing statement and stepped down in March 2020. He currently also serves on the boards of Curro and STADIO as a non-executive director.



**AJF (Andries)
Greyling[△]**
CA(SA)

Andries was Curro's CEO from 1 July 2017 until 31 December 2022. He started his career as audit manager at KPMG Inc. and subsequently held financial positions at several companies. In 2000, he joined the International Colleges Group of Media24 Ltd, as financial director, and was subsequently promoted to financial director of Educor (Pty) Ltd (Educor). In 2007, when Naspers Ltd disposed of Educor, including its interest in Curro, Andries acquired a shareholding in Curro and joined the company as financial director. In 2011, Andries's role changed to that of chief operating officer.

3.2 CHAIRPERSON'S REPORT

Unwavering commitment to quality education

Curro's unwavering commitment to providing quality education and the continued investment in the group's infrastructure and people has enabled the group to overcome the challenges posed by the Covid-19 pandemic and emerge as a stronger, more resilient company. The group has delivered strong results for the financial year ended 31 December 2022.

The above achievements make us proud to be celebrating Curro's 25th year of existence, as well as the 25th year of our Curro Durbanville flagship school in 2023.

The Ruta Sechaba Foundation has made significant progress in its efforts to improve access to education for learners from disadvantaged backgrounds. Through its bursary and scholarship programmes, Ruta Sechaba has awarded to date, over R90 million in financial assistance to 600 learners across Curro schools. We will be monitoring our learners' progress with interest during the coming year. Curro has continued to work closely with government and other stakeholders to explore more ways in which we can contribute to the transformation of South Africa's education system.

Looking ahead, we remain optimistic about the future of Curro and the role it can play in shaping the education landscape in South Africa. We believe that there are significant growth opportunities in the education sector, particularly in the middle-income market where there is strong demand for quality education that is accessible and affordable.

To capitalise on these opportunities, Curro will continue to focus on maximising the use of its capacity, improving infrastructure, and investing in its staff.

I am pleased to report that Curro has continued to deliver strong financial results in the past year. The group's growth strategy is working, and it is well positioned to take advantage of the evolving trends in the education industry. The dividend declared of 11.08 cents was 35% higher than in 2021.

One of the biggest trends we are seeing globally is the move towards personalised learning. This is an approach to education which recognises that every learner is different and learns in their own way. Personalised learning uses technology to deliver tailored instruction to each learner based on their individual needs, interests, and learning styles. Curro is embracing this trend by investing in digital learning tools that help teachers personalise their lessons to enable our learners to learn at their own pace.

Overall, Curro is well positioned to capitalise on these trends in the education industry. The group's growth strategy is focused on expanding its reach and delivering high-quality education to more learners in Southern Africa.

Our online learning platforms have been improved to provide a seamless learning experience for our learners, while our digital tools have been expanded to include AI-powered adaptive learning systems that provide personalised learning pathways for individual learners.

At the same time, our focus remains on providing well-rounded education that includes a range of extramural activities. Curro has expanded its sports facilities and programmes, as well as its arts and cultural offerings, to ensure that learners have access to a variety of activities that complement their academic pursuits.

Finally, we are committed to being environmentally conscious and have implemented several green initiatives across our campuses, as we continue to work towards energy independence throughout the group.

I would like to thank Curro's executive management team for their dedication, focus and commitment to all the stakeholders and for ensuring that the way forward will be a positive and well-considered one to ensure that the group continues to grow in the interest of all its stakeholders.

A special word of thanks to Curro's employees, clients, parents, learners and business partners for their support and commitment to the continued success of the group as we continue the journey.

I would also like to express my appreciation to our shareholders for their continued support and confidence in our business. Together, we will continue to build a bright future for Southern Africa's children.



Santie Botha
Chairperson of the Board



3.3 CEO REPORT

A future abound with opportunities

Curro has a profound mission: to make independent school education accessible to more learners in Southern Africa.

Our skilled and experienced management teams lead a large network of schools. Our tailored school models are relevant to different markets and provide access to education at different price points. Our digital solutions have been developed to support and personalise the academic journey of our learners.

Today, Curro is a powerful brand in education and a force for good in Southern Africa.

Financial results

Curro built significant growth momentum in its twin quest to offer education opportunities to more learners at an attractive return for shareholders.

In the eleven years since its listing in 2011, Curro grew from 12 campuses to 78 campuses, with learners increasing from 4 200 to over 73 000 at the beginning of 2023 and turnover exceeding R4.1 billion in 2022.

Curro's recurring headline earnings for the year ended 31 December 2022 of R330 million was 35% higher than the previous year (2021: R245 million).

Curro's historic learner growth and continued strong enrolment in 2022 and 2023 confirm a sustained flight to the quality education offered by the group. However, the prevailing economic circumstances are causing financial distress amongst consumers. We monitor this closely and our management teams have been very disciplined and responsible in their debt-collection processes, albeit with a dampening effect on overall learner growth.

Curro demonstrated its resilience in 2022 as evidenced by the 1% improvement in return on capital employed for the year, despite testing economic conditions. We expect this growth momentum to continue and for shareholder returns to keep increasing.

A real sense of community

Curro is delighted that our school communities flourished again in 2022 with enthusiastic participation in the full range of extramural activities.

Sporting and cultural activities on our campuses bring communities and learners together and create a dynamic environment where learners thrive. We emphasise a holistic approach to education that encourages the learning of a breadth of skills. Learners who can work collaboratively with strong communication skills, who use the opportunity to practise critical thinking skills and who are creative innovators, will be highly valued citizens and leaders in the future.

We honour our teachers and support staff for their passion, kindness, creativity and dedication to excellence in all aspects of school life, which ensure a great learner experience at Curro.

Good matric results

The group's academic faculty is extremely proud of the results of the matric class of 2022, noting the disruptive conditions that they have had to work within since the start of the COVID-19 pandemic. Personalised learning, efficient accountability systems and a strong focus on strategic interventions contributed to the success.

Our matric learners who wrote the IEB examinations in 2022 recorded an exceptional 98.6% pass rate for the 2022 academic year. The achievement is based on the performance of 1 893 learners across the group of 34 campuses nationwide.

Our matric learners who wrote the National Senior Certificate (NSC) produced a 94.1% pass rate for the 2022 academic year. The achievement is based on the performance of 1 431 learners across the group's Curro Academy, Meridian and Curro Assisted Learning independent schools who wrote the NSC exams in 2022.

Curro's innovative strategies, together with the superb commitment of teachers and parents, underpinned the impressive results achieved by diligent and ambitious learners.

Prospects

We are firmly focused on achieving the operating leverage available in our business model. This means driving up operating profit by growing revenue at an improving operating margin. We expect to increase free cash flows by containing capital investment as we fill existing available built capacity within our portfolio.

Curro's different school models are efficient and scalable to optimise service and profitability and we are well on track to expand education opportunity at an increasing yield to shareholders.

We are inspired by the children of Southern Africa and are excited about a future abound with opportunities!



Cobus Loubser
Chief Executive Officer



3.4 STRATEGIC REVIEW AND OPERATING CONTEXT

Curro operates in a market sector with substantial potential for growth and profitability, which at the same time presents significant barriers to entry. Taking advantage of the growth potential in the group's target market requires substantial investment and long-term planning. The business model is predictable and cash-generative, with a strong annuity income base. For more details regarding its competitive advantage and the market size and potential, refer to the Curro investment case section of this report on pages 36 and 37.

The risks relevant to the business range from reputational to curriculum, investment, financial, information technology, people management ('HR'), safety and local and international economic risks. The details on the likelihood of these risks occurring and actions taken to mitigate them are set out in the risk management review section of this report on pages 78 to 80.

Within this operating context, Curro has set a series of long-term strategic objectives and has attached key measurables to each of these objectives. The table below provides details of these objectives and of the initiatives in place to achieve them.

Theme	Priorities	Key performance indicators	Outcomes
Managing stakeholder value <i>Curro is focused on driving shareholder returns higher.</i>	<ul style="list-style-type: none"> Generating attractive returns for shareholders. Being a responsible corporate citizen. Creating a stable and inviting workplace for employees. Communicating regularly with Curro's key clients and stakeholders. 	<ul style="list-style-type: none"> Increasing return on capital employed and return on equity. Increasing the share price and dividends paid. Offering bursaries to talented, less-privileged learners and optimising the partnership with the Ruta Sechaba Foundation. Delivering dynamic and inviting cost-efficient school campuses. Establishing a Representative Parent Committee ('RPC') at every school. Producing a range of publications with messages relevant to the needs of key stakeholders. 	<ul style="list-style-type: none"> Curro's recurring headline earnings per share increased by 35% and its Return on Capital Employed increased to 6% for 2022 (2021: 5%). Curro paid a final dividend of 11.08 cents per share from income reserves for the year ended 31 December 2022. Curro started 2023 with 182 schools, across 78 campuses. A significant investment was made in the acquisition of new schools and further development of existing campuses. In 2022, Curro contributed R137 million to corporate social investment and bursaries. At the start of 2022, the Ruta Sechaba Foundation fully or partially sponsored just over 500 learners of which 124 completed Grade 12. The 2023 academic year sees 630 learners receiving Ruta Sechaba scholarships. Weekly, monthly and termly publications are distributed to stakeholders.
Developing and maintaining a unique customer service <i>Customer service is the primary priority throughout the various touchpoints in the group.</i>	<ul style="list-style-type: none"> Adopting a customer-centric approach, with a specific focus on customer relationships. Effectively marketing and communicating Curro's offer to build brand awareness and a customer-centric positioning. Enhancing networking among parents, learners and teachers and building thriving communities around schools. Conducting, analysing and responding to regular client surveys. Providing appropriate supporting infrastructure to manage schools through information and technology systems. 	<ul style="list-style-type: none"> Emphasising open-door policies from executive heads and teachers to enhance accessibility. Conducting regular and relevant surveys among parents, learners and staff. Promoting prominent advertising actions relevant to each individual campus (includes digital marketing and awareness and other forms of marketing and advertising). Monitoring social media postings to detect challenges and opportunities to refine and improve customer experiences. Hosting a variety of leagues, competitions, tournaments, concerts and social events at schools. Formulating an information and technology strategy based on the strategic direction of the group. 	<ul style="list-style-type: none"> In addition to the identified key performance indicators, a centralised contact point (engage@curro.co.za) provides further customer service support and allows attentive engagement with customers, independent from a school. There is a dedicated call centre with customer agents to assist with enrolment and transfer administration. Formal customer surveys are completed and speed to respond where action is required. Comprehensive staff training is conducted regularly to ensure excellent academic, sports and culture customer service. The main information and technology focus area remains the proactive technological support of the Curro business case. Stakeholder service level agreements are aligned with the business objectives. Curro added functionality to its in-house school management system and improved its data warehouse and data analysis to aid forecasting and decision making.

Theme	Priorities	Key performance indicators	Outcomes
Driving sustainable growth <i>Relentless focus on operational excellence and discerning opportunities.</i>	<ul style="list-style-type: none"> Delivering the concept of affordable independent school education. Securing enough school-zoned even for future developments. Setting realistic annual business targets. Conducting ongoing research regarding actionable acquisitions. Proactively securing sufficient financing. Attracting and retaining quality teachers and other key employees. 	<ul style="list-style-type: none"> Driving operating margin higher through higher fee income at a reducing associated operating cost. Using capital investment and an effective marketing strategy to expand existing schools to their maximum designed capacity. Maintaining and developing Curro's tiered fee approach, with different fees across grades and across school brands and models. Considering attractive acquisition opportunities. Implementing an appropriate capital strategy to fund growth. Ensuring that a dynamic recruitment and recognition and reward strategy is in place. 	<ul style="list-style-type: none"> The average fee per learner across the portfolio increased by 10.4% at the beginning of 2023 (2022: 5.8%), taking into account the effect of grade and brand mix. On a like-for-like basis, excluding new schools and strategic initiatives, schools increased their EBITDA margin by approximately 1.6% in 2022. Curro Online currently has more than 600 learners enrolled. The Built Capacity utilisation increased from 70.3% to 72.3%. One acquisition was made in 2022 and one in 2023, whilst one school was closed at the end of 2022. The group refinanced its long-term debt and implemented new bullet loan facilities repayable in four and five year's time of R2.5 billion and a flexible revolving credit facility of R800 million. This will fund its future expansion plans insofar as it may exceed operating cashflows generated. On 31 December 2022, R418 million of the revolving facility was unutilised.
Transformation management <i>Curro should be a preferred employer for exceptional teachers.</i>	<ul style="list-style-type: none"> Ensuring that all Curro schools strive to become demographically representative. 	<ul style="list-style-type: none"> Being intentional and actively involved at school level to drive Curro's transformation agenda. Delivering on the B-BBEE strategy and plan. Delivering on the approved employment equity plan. Being responsibly aligned with the public education sector. Employing mechanisms at schools to promote a culture of open feedback and performing regular climate studies among employees at schools. 	<ul style="list-style-type: none"> Curro understands that education plays an important role in empowering individuals and redressing the inequalities of the past. The transformation committee advises and provides the board with appropriate recommendations and is fully incorporated into the social and ethics committee. Refer to pages 88 and 89 for more information pertaining to the committee and to pages 62 and 63 for more on the group's transformation journey. Curro established diversity and transformation committees at schools to drive initiatives. These committees meet on a termly basis. All committees are required to submit a transformation and diversity plan that outlines annual goals. These goals are assessed annually and solutions on how to remedy goals not achieved are put in place for the following year.
Curriculum innovation <i>Learners are entitled to the best possible tuition.</i>	<ul style="list-style-type: none"> Conducting ongoing research and development to pursue best practices and to keep Curro's service competitive. 	<ul style="list-style-type: none"> Ensuring that the Curro Curriculum Management Department ('CCMD') is focused on literacy and numeracy development, coding activities, further development of Curro's IT curricula, systemic testing of systems, Mathematics teaching methodologies, Science and Technology education, Engineering, and Entrepreneurship as subjects. 	<ul style="list-style-type: none"> Curro introduced a wider subject choice offering in 2021 which allows learners to choose from a wider range of subjects than those physically available at the school from its appointed teachers. This offering expanded further in 2022 and more than doubled into 2023. Content for these subjects is delivered digitally and facilitated by subject specialists. All high schools (NSC and IEB schools) are now running a synchronised timetable to offer wider subject choices as part of the normal curriculum programme. The research and significant development work by the CCMD and Curro's IT teams offers powerful edutech solutions to support academic outcomes and excellence.

3.4 STRATEGIC REVIEW AND OPERATING CONTEXT

Transformation journey

Curro remains committed to transformation as a critical business practice to ensure sustainability and to make a meaningful contribution to the country. We continue to make good progress in this regard through targeted programmes for staff and learners that continued throughout the financial year.

Curro's focus remains on the improvement of employment equity targets, with the group committed to diversity and the need for employees to be representative of South African demographics.

A B-BBEE audit was completed pursuant to section 13G(2) of the Broad-Based Black Economic Empowerment Act. Curro has achieved a level 8 compliance and its B-BBEE compliance certificate has been published and is available on the company's website at www.curro.co.za. An announcement has been released on the Stock Exchange News Service of the JSE ('SENS') in accordance with the JSE Limited Listings Requirements.

For more information, visit www.curro.co.za.

Report of the social, ethics and transformation committee

The social, ethics and transformation committee is established in terms of section 72(5) of the Companies Act and addresses issues as outlined in regulation 43 of the Companies Regulations, 2011, and those highlighted in King IV. The committee acts under the requirements of the Act and a charter that is approved by the board.

The committee comprises two independent non-executive directors and the chief executive officer, and its meetings are attended by appropriate members of management by invitation. The committee is chaired by an independent non-executive director.

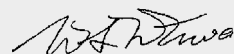
During the year under review the committee met on two occasions. The committee considered and approved the company's people management strategy and relevant reports, reviewed and considered the B-BBEE codes and the levels and targets of compliance, and addressed the company's talent and skills-development initiatives.

The company's ongoing transformation strategy was again considered and approved. The board approved the transformation charter, which the committee had recommended to it for approval. The King IV disclosure register was considered and approved by the committee and published on Curro's website. The company's approach to corporate social responsibility issues, its community outreach projects and relevant communication strategies were considered.

The work of the Ruta Sechaba Foundation was monitored and appropriate improvements recommended. These issues are reported upon elsewhere in this annual integrated report.

An outline of the work performed by the committee will be provided to shareholders at the forthcoming AGM.

The social, ethics and transformation committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.



Prof. SWF Muthwa

Chairperson: Social, ethics and transformation committee

Employee statistics as at 31 December 2022

	Race						
	Black		White		Total		
	M	F	M	F	M	F	Total
Executive	1	2	5	1	6	3	9
Senior management	21	24	94	86	115	110	225
Middle management	48	80	125	309	173	389	562
Total management	70	106	224	396	294	502	796
Employee category %	8.8	13.3	28.1	49.7	36.9	63.1	100.0
Total management %	1.1	1.6	3.4	6	4.5	7.7	12.1
Skilled, technically and academically qualified employees	391	1 031	352	2 001	743	3 032	3 775
Semi-skilled and discretionary decision-making employees	162	747	35	256	197	1 003	1 200
Unskilled and defined decision-making employees	389	390	1	6	390	396	786
Total non-management	942	2 168	388	2 263	1 330	4 431	5 761
Employee category %	16.4	37.6	6.7	39.3	23.1	76.9	100.0
Total non-management %	14.4	33.1	5.9	34.5	20.3	67.6	87.9
Total employees	1 012	2 274	612	2 659	1 624	4 933	6 557
Total employees %	15.4	34.7	9.3	40.6	24.8	75.2	100.0

Employee statistics as at 31 December 2021

	Race						
	Black		White		Total		
	M	F	M	F	M	F	Total
Executive	2	1	5	1	7	2	9
Senior management	20	24	83	46	103	70	173
Middle management	37	72	90	322	127	394	521
Total management	59	97	178	369	237	466	703
Employee category %	8.4	13.8	25.3	52.5	33.7	66.3	100.0
Total management %	1.0	1.6	2.9	6.0	3.9	7.6	11.5
Skilled, technically and academically qualified employees	354	861	381	1 987	735	2 848	3 583
Semi-skilled and discretionary decision-making employees	146	724	34	253	180	977	1 157
Unskilled and defined decision-making employees	352	348	3	4	355	352	707
Total non-management	852	1 933	418	2 244	1 270	4 177	5 447
Employee category %	15.6	35.5	7.7	41.2	23.3	76.7	100.0
Total non-management %	13.9	31.4	6.8	36.5	20.7	67.9	88.6
Total employees	911	2 030	596	2 613	1 507	4 643	6 150
Total employees %	14.8	33.0	9.7	42.5	24.5	75.5	100.0

Notes:
M = Male
F = Female

3.5 SUSTAINABILITY

Curro carried out a comprehensive assessment to determine any shortcomings and provoke introspection and self-evaluation, resulting in a heightened level of consciousness concerning Environmental, Social and Governance ('ESG') reporting and the company's preparedness for ESG.

Curro recognises the importance of ESG alignment and has continued its environmental sustainability efforts in the current year. Since 2019, Curro has been submitting climate change data to the CDP, a not-for-profit charity that runs the global disclosure system for investors, companies and regions to manage their environmental impacts.

Curro remains committed to improving its environmental sustainability performance and has implemented the following initiatives:

- Fostering a culture of sustainability and reducing Curro's ecological footprint
- Incorporating principles and understanding of sustainability into teaching, student learning, research, consultancy and community engagement
- Incorporating environmental sustainability key performance metrics alongside other key performance indicators of Curro

To achieve these objectives, Curro is taking the following actions:

- Promoting, developing and adopting environmentally sustainable practices
- Upholding the highest standard of governance
- Ensuring alignment with social practices in keeping Curro's employees and learners healthy and safe
- Being a responsible and inclusive employer and client
- Engaging with all Curro stakeholders on sustainability issues
- Ensuring alignment of the organisational core values with the United Nations Sustainable Development Goals ('UN SDGs')

Curro recognises that there is still much to learn and achieve, but is committed to continually improving its sustainability performance and contributing to a sustainable future.

The table below sets out the 17 UN SDGs on the far right and describes Curro's contributions towards achieving those goals:

Environment (E)

Although Curro's operations is of low environmental impact in comparison with other sectors, it continues to focus on preventing or minimising negative effects on the environment.

Curro's actions to consider and mitigate its environmental impact are summarised herein.

Significant activities and considerations in the group's transitioning journey are provided in the additional information section on pages 65 to 67.

Electricity

- Minimising and monitoring activities to continuously maintain and improve electricity efficiency
- Electricity efficiency, reducing natural resource dependence and affect Greenhouse Gas ('GHG') emission reduction
- Incorporating alternatives such as renewable energy to replace electricity dependence and reduce emission impact
- Replacing older technology lights with modern efficient solutions in and around the buildings as well as on the sports fields



Water

- General water-dependence reduction throughout the organisation
- Installing artificial turf and lawns where appropriate on grounds and sports fields
- Maintaining water-saving and responsible water-use awareness campaigns at the schools
- Metering and monitoring activities to continuously maintain and improve water-use efficiency
- Implementing water re-use projects for sports fields, gardens, cleaning and flushing of toilets
- Emphasising water issues in water-stressed areas



Carbon emissions

- Initiating the conversion of pool heating from electrical to gas systems, increasing energy and operational cost efficiency and reducing GHG emissions
- Reduce reliance on artificial fertilisers
- Reducing business travel through digitisation
- Adopt evaporative cooling principles for air conditioning where appropriate
- Promote and invest in low emission solutions where practical



Environment (E) continued

Other

- General natural resource consumption reduction
- Promoting collective action on shared challenges
- Safely disposing of hazardous waste, e.g., fluorescent tubes
- Optimise paper recycling and reduce the impact on the resource through digitisation
- Recycling and reduction of e-waste
- Training employees, learners and facility managers on waste management and reduction of water and electricity consumption
- Endeavouring to ensure that suppliers in the Curro value chain are aligned with Curro's aspirations in environmental sustainability
- Increase alignment with UN SDGs



Social (S)

Curro manages and sustains its social impact in the following ways:

- Recognising diversity and promoting equal opportunity
- Eliminating discrimination and harassment
- Actively engaging with and supporting the communities in which Curro operates
- Practising sustainable procurement through the engagement of suppliers supporting Curro's code of conduct and sharing commitments to human rights
- Align with UN SDGs

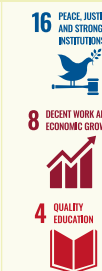


Governance (G)

Curro has adopted and implemented several policies to achieve sustainable governance, including the below:

- Code of ethics and anti-corruption
- Good business
- Privacy and whistleblowing
- Processing of personal information in line with the Protection of Personal Information Act
- Data and information technology privacy and security

Detailed information on governance at Curro can be found on pages 82 to 90.



Additional notable information	Description
Sustainability-Linked Loan	Curro refinanced all its debt at the end of 2022 and settled the sustainability linked loans of 2019. Curro will introduce a new sustainability overlay to the new facilities in 2023, linking the interest rate margins on the new facilities to Curro's performance against key sustainability performance indicators and targets to be agreed between Curro and the lenders. Curro is committed to reducing its environmental impact, improving social outcomes, and building better governance structures and will finalise this process during 2023.
Transparent sustainability and climate change reporting	Curro's aim is to be accountable for its contribution to climate change and the climate-related risks and opportunities. These are reported to the CDP and in 2022 Curro maintained a rating of B- which is higher than the global average. Curro specifically managed to improve ratings in the categories of value-chain engagement, targets, emissions reduction and climate-related risk management.

3.5 SUSTAINABILITY

Additional notable information	Description
Communication	<p>Curro identified in broad terms the following stakeholders:</p> <ul style="list-style-type: none"> • Management and local management committees • Parents and school advisory bodies • Teachers and supporting employees • Learners • Investors, funders and sponsors • Government • Business • Community • Supply chain <p>Curro promotes sustainability communication to all stakeholders by:</p> <ul style="list-style-type: none"> • Creating awareness and educating employees and learners on sustainability and the importance of preserving resources for the future • Promoting events and have awareness campaigns to get surrounding communities to participate and support the organisation's sustainability efforts

Risk	Description	Financial impact*
Capital Expenditure	<p>Climate-related risks and opportunities have influenced financial planning in terms of both capital expenditures and direct costs.</p> <p>Examples of indirect costs are insurance claims due to damage from floods, extreme weather conditions that have caused strong winds and rainfall.</p> <p>The following capital expenditures are relevant with impact on expenses estimated where possible:</p> <ul style="list-style-type: none"> • Capital for solar photovoltaic installations • Capital for lower carbon emission generating heating solutions for schools with indoor swimming pools • Capital for the installation of gas heating solutions at all schools with swimming pools • Capital for water-harvesting systems for both sport and sanitation facilities at schools in drought prevalent areas • Efficient lighting 	<p>Not calculated</p> <p>Potential additional capex of R0.4m – R3m</p> <p>Intervention capex per school not viable at present relative to the saving in expenses. We continue to monitor solutions in this area.</p> <p>Expense saving potential: Estimated as much as R24m per annum (based on a target number of installations at 25% of campuses by 2025). Intervention capex estimated to achieve this saving of R100m.</p> <p>Expense saving potential: R5m - R10m per annum over medium term with capex ongoing as we refurbish and replace.</p>
Products and services	Curro will influence and equip the next generation through an appropriately adapted curriculum.	Not quantified
Investment in research and development	<ul style="list-style-type: none"> • Curro invested in research and development and the ongoing installation of inline battery banks and electronically controlled supercapacitors ('ECSC') at schools, with further investigation into the possibility of installing solar PV and battery solutions at campuses across South Africa • Curro's DigiEd schools provide a progressive, technologically advanced, and innovative education for learners. The curriculum is enhanced with a project-based deep-learning approach that has an emphasis on Science, Mathematics, and Technology. Learners are equipped for future readiness with the necessary skills to ensure resilience in an uncertain future and a continuous transitioning economy 	Not quantified

Risk	Description	Financial impact*
Operations	<p>The following impacted on the operations:</p> <ul style="list-style-type: none"> • Cost of content creation (salaries and tools required to develop content) • Investment in digital platforms and digital education learning tools • Infrastructure (hardware and software requirements) • Extreme weather events • Water re-use needed to survive droughts • Implementation of boreholes • Synthetic turf installed in play areas and on sports fields • Water harvesting systems and underground water storage systems 	<p>Intervention capex estimated of R10m.</p> <p>Expense savings potential of R2m per annum based on printing savings potential if all schools transition to digital curriculum content.</p> <p>Estimated operating loss of as much as R300m (based on a scenario if up to 25% of campuses are forced to close suddenly for up to six months, excluding potential insurance claims for damages and loss of income).</p> <p>Intervention capex of as much as R134m, based on the installation of water harvesting solutions at 25% of the most at-risk schools.</p>
TCFD	<ul style="list-style-type: none"> • Curro progressed with its Environmental, Social and Corporate Governance (ESG) journey, and aligned its reporting skills and knowledge base with the intention to exert a meaningful influence on the placement with the Taskforce for Climate-related Financial Disclosure (TCFD). • This assessment covered some of the key pieces of background information extracted from the TCFD guidelines, leading into TCFD examples aligned with climate-related risks and opportunities, ESG (in the SA context) to augment risks and opportunity considerations, materiality assessment and some additional TCFD recommendations on reporting disclosures. 	Not quantified

* All financial Impacts and relevant assumptions are stated in the 2022 CDP disclosure report which is available on: www.cdp.net.

GHG emission data:

Emission Scope	2018	2019	2020	2021
Scope 1 (Tonnes of CO2E)	1 458	1 713	923	2 020
Scope 2 (Tonnes of CO2E)	11 630	14 053	13 506	17 771
Total Scope 1 & 2 (Tonnes of CO2E)	13 088	15 766	14 429	19 791
Scope 3 (Tonnes of CO2E)			7 015	6 738
Total Scope 1, 2 & 3 (Tonnes of CO2E)			21 444	26 529

Intensity Indicators	2018	2019	2020	2021
Scope 1 & 2 (tCO2-e/FTE)	2.790	3.289	2.800	3.218
Scope 1 & 2 (tCO2-e/m2)	0.026	0.028	0.023	0.030
Scope 1 & 2 (tCO2-e/learner)	0.352	0.372	0.272	0.298
Scope 1 & 2 (tCO2-e/population)	0.313	0.334	0.248	0.273

All intensity figures were found to increase from 2020 as expected, due to the high Covid-19 impact experienced in 2020 reducing emissions.

The total scope of carbon emissions reported, increased every year, with all schools included for the first time in 2021. This explains the increase in total carbon emissions over the years. It can, however, be seen that the intensity factor of the total scope 1 and 2 CO2 emissions per the population covered in the report, decreased from 2019 to 2021 (excluding 2020 because of Covid-19 reducing emissions in 2020).

3.6 FINANCIAL REVIEW

Salient points

The salient points pertaining to the group's financial performance for 2022 are listed below:

- Solid growth in learner numbers: Weighted average number of learners were 6.4% higher in 2022 than for 2021. Learners increased by a further 3.3% at the start of 2023 from the average for 2022.
- Revenue increased by 17.3% to R4.2 billion, due to the growth in learners and annual fee increases coupled with an encouraging recovery in ancillary income.
- EBITDA of R926 million was 17.4% higher than 2021.
- Headline earnings increased by 49.0% to R365 million. Recurring headline earnings of R330 million in 2022 increased by 34.7% compared to the 2021 financial year.
- Recurring headline earnings per share ('RHEPS') of 55.4 cents was 35.4% higher than last year. Headline earnings per share ('HEPS') of 61.4 cents was 50.1% higher than 2021. Earnings per share ('EPS') was 40.1 cents for the current year compared to 43.3 cents in the previous year.
- Curro generated R800 million of cash from its operating activities, 4.3% higher than the previous year.

In evaluating these results, shareholders should take the following into account, which also accounts for the key differences between RHEPS, HEPS and EPS:

- Curro's Meridian subsidiary received education subsidy income of R25 million from provincial government this year, which is treated as non-recurring. This subsidy income is included in the calculation of EPS and HEPS but is removed for purposes of the calculation of RHEPS.
- The South African corporate tax rate for years of assessment ending on or after 31 March 2023 will change to 27% from the current 28%. Curro had a deferred tax liability balance of R664 million at the end of the previous financial year. The impact of the rate change on deferred tax is a reduction of the deferred tax expense for the year of R23.4 million, which is included in EPS and HEPS but is non-recurring and removed for purposes of the calculation of RHEPS.
- Following the annual impairment assessment review of the business plans for each school as required by International Financial Reporting Standards ('IFRS') in terms of IAS 36 Impairment of Assets, the company recognised impairments of R127 million (net of tax) in the 2022 financial year, relating to lower-yielding school assets. These impairment charges are included in the calculation of EPS but are added back for purposes of the calculation of HEPS and RHEPS.

Key statistics

	2018	2019	2020	2021	% change '21 – '22	2022	CAGR
Revenue (R million)	2 496	2 944	3 094	3 543	17%	4 156	14%
Schools' EBITDA (R million)	772	873	886	1 013	18%	1 195	12%
EBITDA (R million)	627	693	686	789	17%	926	10%
EBITDA margin (%)	25.1	23.5	22.2	22.3		22.3	
Net interest expense (R million)	138	243	223	170	22%	208	11%
Recurring headline earnings (R million)	248	212	179	245	35%	330	7%
Recurring HEPS (cents)	60.1	50.0*	38.0	40.9	35%	55.4	(2%)
Capital investment (R million)	1 373	1 246**	650	929	20%	1 115	(5%)

* Adjusted for the bonus element contained in the rights issue

** Figure adjusted from R1 285 million previously reported to exclude the other investing activities

Simplified income statement (recurring basis)

R million	2018	2019	2020	2021	% change '21 – '22	2022	CAGR
Net adjusted revenue*	2 474	2 891	2 931	3 385	18%	3 985	13%
Expenses	(1 702)	(2 018)	(2 031)	(2 367)	18%	(2 782)	13%
Schools EBITDAR	772	873	900	1 018	18%	1 203	12%
Head office expenses	(145)	(174)	(199)	(224)	20%	(269)	17%
EBITDAR	627	699	701	794	18%	934	10%
Depreciation	(154)	(189)	(231)	(281)	–	(281)	16%
Adjusted net interest expenses and rental **	(140)	(223)	(211)	(155)	25%	(194)	8%
PBT	333	287	259	358	28%	459	8%
Tax	(91)	(76)	(71)	(101)	16%	(117)	6%
PAT	242	211	188	257	33%	342	9%
Minorities**	6	1	(9)	(12)	–	(12)	
Attributable earnings	248	212	179	245	35%	330	7%

* Revenue (being fees and ancillary income net of discounts) adjusted to deduct bad debt related costs and collection costs

** Adjusted for Meridian Junior Debt

Key drivers for performance

Income	2018	2019	2020	2021	% change '21 – '22	2022	CAGR
Gross average number of learners	51 305	57 597	60 777	66 447	6%	70 724	8%
Effective net number of learners*	47 467	51 490	50 524	57 397	8%	62 197	7%
Gross effective school fees (R million)	2 338	2 830	3 177	3 561	14%	4 064	15%
Discounts (R million)	(150)	(230)	(377)	(328)	(3%)	(319)	21%
Net school fees (R million)	2 188	2 600	2 800	3 233	16%	3 745	14%
Net bad debt and collection costs (R million)	(22)	(53)	(159)	(157)	9%	(171)	67%
Net school fees after bad debt (R million)	2 166	2 547	2 641	3 076	16%	3 574	13%
Other income (R million)	308	344	290	309	33%	411	7%
Net adjusted revenue	2 474	2 891	2 931	3 385	18%	3 985	13%

* After effect of discounts and bad debt related costs on school fees

Key measures	2018	2019	2020	2021	% change '21 – '22	2022	CAGR
Gross effective average school fees per learner**	46 104	49 670	50 185	50 943	11%	56 346	5%
YOY increase in gross average school fees	8.8%	7.7%	1.0%	1.5%		10.6%	
Net average school fees per learner	42 715	44 529	43 456	46 293	9%	50 534	4%
Net adjusted average revenue per learner	48 229	50 525	48 225	50 943	11%	56 346	4%
Discounts and bad debt as % of school fees	7.5%	10.0%	16.9%	13.6%		12.1%	
Bad debt and collection costs as % of net school fees	1.0%	2.0%	5.7%	4.9%		4.6%	

** Based on average learners for the year

Ancillary revenue (R million)	2018	2019	2020	2021	% change '21 – '22	2022	CAGR
Other school services	180	211	205	196	21%	238	7%
Enrolment fees	45	49	49	44	11%	49	2%
Other income	83	83	55	69	80%	124	11%
Total	308	344	290	309	33%	411	9%

3.6 FINANCIAL REVIEW

Average learner numbers

	2018	2019	2020	2021	% Var	2022	% Var	20 Feb 2023	CAGR
Curro, Curro Select and other	34 870	38 588	39 569	42 481	7%	45 429	5%	47 542	6%
Curro standalone Preschools and Assisted Learning	1 278	1 535	1 184	1 429	15%	1 642	1%	1 656	5%
Curro Academy	5 844	8 281	10 496	12 790	8%	13 872	3%	14 220	19%
Meridian	9 313	9 193	9 528	9 747	-	9 781	(2%)	9 629	1%
	51 305	57 597	60 777	66 447	6%	70 724	3%	73 047	7%

The growth in overall learner numbers benefited from the growth in Curro Academy learners. The Curro and Curro Select Schools experienced 7% of growth from 2021 to 2022 with a further 5% growth in 2023.

Fee increases

School-fee increases are considered for each school on a grade-by-grade basis and depend, inter alia, on the current level of fees, the demand for the school and the facilities provided.

Average revenue per learner is determined mainly by school-fee increases but is also affected by the mix of learner numbers on a per-school per-grade basis, as there are different school fees applicable to different grades.

For 2021 to 2022 the average school-fee increase was 6.5%. For 2022 to 2023, school fees increased by an average of 8.7% before the impact of grade and school mix, which resulted in an increase across the group of 10.4% at the beginning of 2023. The elevated proportionate growth of high school learners paying higher fees stimulates the higher overall increase in average school fees.

Bursaries and discounts (learner retention and relief)

Curro is dedicated to providing broader access to independent education, which it does by offering various models at different price points. In addition, the group deploys various judicious discount strategies to enrol and retain learners. The total discount expense is mostly made up of merit bursaries granted to learners for excellence in academic work, sport and culture and discounts granted to Curro employees' children attending Curro schools. Short-term financial assistance is available, taking into consideration various factors. In addition, discounts comprise of corporate discounts, sibling discounts and Ruta Sechaba bursaries.

Discounts as a percentage of gross fees reduced from 2021 to 2022 and the ratio is expected to reduce further in 2023.

Trade receivables

Gross trade receivables increased by 2% to R491 million, from R481 million at the end of 2021.

Trade receivables are split between 'active' accounts, where learners are still enrolled in our schools, and 'inactive' accounts for learners who have left Curro. The non-performing portion of the debtors' book mainly relates to the 'inactive' book.

Overdue accounts are managed stringently through sophisticated and enhanced debt collection processes. In general, Curro engages more effectively with overdue accounts to rehabilitate poor payers earlier and retain learners, or to terminate accounts where settlement remains outstanding. As a result of these strategies, the aging of the outstanding accounts for continuing enrolled learners (active accounts) improved meaningfully over the last two years.

The non-performing portion of the debtors' book mainly relates to learners who have left Curro (inactive accounts) and concerted efforts are being made to recover the outstanding debt. The inactive book decreased from R336 million at the end of 2021 to R327 million on 31 December 2022.

The credit loss provision methodology was revised in 2020 and applied consistently since then. In terms of the provisioning policy, the full outstanding balance of each account is allocated under its oldest aging category and is then provided for on a stepped basis. This prudently recognises the risk that the full balance may not be collected.

Expected credit losses of R147 million were provided for during the year under review (2021: R131 million) and the total expected credit loss provision and gross receivables reduced after the oldest account balances totalling R151 million was written off against both balances. The expected credit loss provision is now at 49% of the gross receivables, down from 51% in 2021. Bad debts and collection costs as a percentage of net fee revenue decreased from 4.9% in the previous year to 4.6% in 2022.

Accounts receivable

R million	2018	2019	2020	2021	% change '21 - '22	2022	CAGR
Gross balance	121	249	447	481	2%	491	42%
Provision for excess credit losses	(32)	(69)	(215)	(246)	(2%)	(242)	66%
Net accounts receivable	89	180	232	235	6%	249	29%
Provision as % of gross balance	26%	28%	48%	51%		49%	

Ancillary revenue

Ancillary revenue consists of the non-tuition fee revenue lines, being boarding school fees, aftercare, rentals, bus services and other incomes.

Ancillary revenue increased by 33% from last year, following two years affected by lockdown restrictions. The recovery in ancillary revenue is encouraging, although still below pre-pandemic levels in our boarding schools. Curro's tuition fees increased by 43% since 2019 but total ancillary revenue increased by 20% over the same period, suggesting further growth relative to learner growth.

Expenses

Curro has a relatively high fixed-cost base with 75% of its expenses made up by salaries and property-related facility costs.

Operating costs increased by 39% from the pre-pandemic base year of 2019, compared to a 23% increase in learners and 43% increase in tuition fees. Learner growth and school-based activity are the major drivers of operating expenses. Operating margin was maintained for the year and Curro's operating leverage will be a powerful driver of future profitability, relative to capacity utilisation.

Employee costs

	2018	2019	2020	2021	YOY	2022	CAGR
Teacher salaries (R million)	851	1 022	1 097	1 300	13%	1 470	15%
Other employees (R million)	347	431	328	365	15%	419	5%
Total school employee cost (R million)	1 198	1 453	1 425	1 665	13%	1 889	12%
Centralised office (R million)	92	116	142	165	-	165	16%
Total employee cost (R million)	1 290	1 569	1 567	1 830	12%	2 054	12%
Employee costs as % of revenue	52%	53%	51%	52%		50%	
Employee costs as % of total expenses	69%	70%	65%	66%		64%	
Number of teachers at end of year	2 945	3 230	3 425	3 579	7%	3 835	7%
Average cost/teacher (R'000)	289	331	331	363	6%	383	7%
Number of employees at end of year	5 628	6 076	5 963	6 150	7%	6 557	4%
Average cost/employee (R'000)	229	268	260	298	5%	313	8%

Salaries are the largest expense for the business, at 64% of total expenses excluding depreciation (2021: 66%). Quality teachers in the classroom remain the bedrock of Curro's product.

The staffing model and consequent salary costs for a year is largely determined by the number of learners enrolled at the beginning of the year. Teacher and support resources are constantly assessed to ensure that any under utilisation is limited as far as possible.

3.6 FINANCIAL REVIEW

Other expenses

R million	2018	2019	2020	2021	YOY	2022	CAGR
Non discretionary expenses	345	410	499	552	16%	638	17%
Facilities	179	210	289	308	14%	352	18%
IT expenses	32	38	47	59	16%	68	21%
Printing and stationery	28	31	25	31	13%	35	5%
Repairs and maintenance	17	21	27	32	36%	44	26%
Collection cost	2	13	17	26	12%	29	88%
Other non discretionary	87	97	95	95	16%	110	6%
Discretionary expenses	99	124	102	110	56%	172	15%
Sport and culture	17	25	13	14	163%	37	21%
Curriculum	26	24	24	28	39%	39	10%
Marketing	21	29	36	35	22%	43	20%
Other discretionary	36	47	29	33	60%	53	10%
Total	444	534	600	662	22%	810	16%
Other services expenses	108	110	95	131	68%	219	19%
	552	645	695	793	30%	1 029	17%

Expenses have been broadly grouped into three categories:

Non discretionary expenses

- Expenses are mostly overheads that have to be incurred and where discretion is limited.
- Facility costs consist of water, electricity and municipal rates and increased by 14.0%. Curro resolved a number of disputed charges with municipalities during the last quarter of 2022.
- IT expenses increased in line with inflation and higher learner numbers, combined with the additional cost due to the HeronBridge College acquisition.

Discretionary expenses

- These are variable expenses and although discretionary, these expenses enhance Curro's overall offering and deliver the high-standard school experience expected.

Other services expenses

- These are direct expenses relating to aftercare, boarding, bus and vehicle and recovered expenses.

Meridian business

Average learner numbers increased by 0.4% and revenue increased by 7.0% on the previous year mainly due to fee increases. Operating profit for the year under review was 7.8% higher than 2021.

In 2018 the gearing of the business was addressed by replacing expensive mezzanine debt with senior debt and junior debt (seen as equity). The reduction in debt resulted in the Meridian business being profitable since 2019.

	2018	2019	2020	2021	2022
Average learner numbers	9 313	9 193	9 528	9 747	9 781
Revenue (R million)	274	289	289	341	365
EBITDA (R million)	46	56	51	60	63
Depreciation (R million)	(10)	(10)	(8)	(9)	(8)
EBIT (R million)	36	47	43	51	55
Net interest (R million)	(68)	(26)*	(16)*	(12)*	(10)*
PBT (R million)	(32)	18	27	39	45
Tax (R million)	15	(5)	(8)	(11)	(13)
Headline earnings (R million)	(17)	13	19	28	32
Equity and junior loans (R million)	413	413	413	413	413
Senior debt funding (JIBAR + 4%) (R million)	249	230	216	193	170
EBITDA margin	17%	19%	18%	18%	17%

* This excludes the amortisation of junior funding

Investment returns

The return on net assets ('RoNA') is calculated by measuring earnings before interest and tax ('EBIT') over average net assets invested (calculated as the average between the opening and closing balance of the year).

	2022	2021			2022		
	Campuses	EBIT (R'million)	RoNA	Eventual capacity utilised	EBIT (R'million)	RoNA	Eventual capacity utilised
Curro and Select	52	627	8.3%	61.4%	792	10.1%	62.9%
Developed	31	350	7.9%	57.5%	456	10.1%	59.9%
Acquired	21	277	8.8%	68.4%	336	10.1%	73.8%
Curro Academy	13	108	7.2%	53.7%	158	10.6%	58.2%
Meridian	7	59	9.3%	76.1%	67	10.5%	76.4%
Other school models	5	(11)	(4.3%)	46.6%	(27)	(7.1%)	62.0%
	77	783	7.9%	60.1%	990	9.6%	64.6%

Net assets include non-current assets, trade and other receivables, inventories, lease liabilities, contract liabilities, development and acquisition payables and trade payables.

J-Curve table

The developed vintages of 2013 and 2016 to 2018, which are concentrated in Gauteng and Cape Town and are predominantly English-only schools, prove the potential of schools in selected urban locations as opposed to rural locations.

On a portfolio basis, EBITDAR margins of 35% to 40% can be reached. While certain vintages may never reach this level, other vintages should outperform that target.

The built capacity is based on the current number of classrooms multiplied by the practical capacity for those classrooms (i.e. realistic occupation and not maximum occupation). For Curro Select and Curro traditional schools the practical capacity was based on 23 learners, and for Curro Academy and Meridian schools on 28 learners.

The eventual capacity is based on the current plus additional possible classrooms on the campus. In certain instances the eventual capacity will probably not be met. Eventual capacities may therefore be reduced for these campuses in the future.



The table below illustrates the J-Curve effect by the age of schools. All figures and amounts are as at 31 December.

	Campuses		Schools		Average learner numbers		Growth		School's EBITDA (R million)		Growth		EBITDA margin		Built capacity utilised		Eventual capacity utilised	
	2022	2022	2022	2022	2021	2022	20/21	21/22	2021	2022	20/21	21/22	2021	2022	2021	2022	2021	2022
Developed	51	120	42 965	45 826	4 230	4 305	12%	7%	622	739	17%	19%	28.6%	29.1%	66.6%	68.8%	56.6%	60.3%
Dev 2009 & before ¹	4	9	4 230	4 305	4 230	4 305	3%	2%	86	91	2%	5%	32.2%	29.5%	85.5%	73.0%	70.8%	72.1%
Dev 2010	2	6	2 199	2 183	2 199	2 183	(1%)	(1%)	48	51	10%	7%	35.3%	34.3%	60.6%	60.2%	60.6%	60.2%
Dev 2011	5	15	4 247	4 329	4 247	4 329	1%	2%	72	82	(9%)	14%	29.0%	30.0%	61.5%	61.9%	57.3%	58.4%
Dev 2012	2	6	2 089	2 146	2 089	2 146	8%	3%	30	34	31%	11%	25.7%	25.4%	77.7%	79.8%	72.3%	74.3%
Dev 2013	4	12	6 295	6 266	6 295	6 266	1%	0%	137	141	5%	3%	39.7%	37.5%	67.7%	67.4%	65.5%	65.2%
Dev 2014	4	9	2 553	2 773	2 553	2 773	9%	9%	16	23	2%	43%	13.7%	16.0%	71.0%	72.7%	65.6%	71.2%
Dev 2015	7	17	6 992	7 172	6 992	7 172	5%	3%	64	78	29%	22%	22.2%	23.7%	65.6%	67.3%	59.6%	61.1%
Dev 2016	4	8	1 831	2 009	1 831	2 009	12%	10%	28	51	11%	84%	22.7%	33.9%	46.6%	51.2%	42.3%	46.4%
Dev 2017	3	8	3 917	4 089	3 917	4 089	9%	4%	68	79	5%	17%	35.9%	37.8%	74.8%	75.7%	64.5%	67.3%
Dev 2018	4	8	1 663	1 651	1 663	1 651	25%	(1%)	4	13	–	–	6.7%	16.6%	48.0%	47.6%	44.0%	43.7%
Dev 2019	7	13	4 629	5 660	4 629	5 660	38%	22%	61	85	87%	39%	31.7%	32.1%	79.8%	78.3%	43.5%	53.2%
Dev 2020	5	9	2 320	3 243	2 320	3 243	243%	40%	8	11	(154%)	33%	10.3%	8.9%	48.7%	97.2%	27.1%	43.2%
Acquired²	26	61	23 482	24 898	23 482	24 898	5%	6%	400	466	8%	17%	29.6%	29.0%	78.1%	79.6%	70.4%	76.4%
Acq 2012 & before	7	17	8 017	8 165	8 017	8 165	7%	2%	171	186	25%	9%	36.6%	35.8%	81.7%	83.2%	77.0%	78.4%
Acq 2013	2	2	3 673	3 620	3 673	3 620	(1%)	(1%)	35	35	8%	0%	23.4%	23.3%	79.0%	77.8%	79.0%	77.8%
Acq 2014	2	6	2 404	2 348	2 404	2 348	(7%)	(2%)	53	60	(20%)	14%	28.2%	29.8%	69.2%	67.6%	69.2%	67.6%
Acq 2015 & 2016	5	14	5 091	5 142	5 091	5 142	(1%)	1%	76	87	(1%)	14%	25.1%	25.0%	77.3%	78.1%	71.3%	72.0%
Acq 2018	3	6	2 029	1 990	2 029	1 990	4%	(2%)	54	59	16%	9%	42.6%	43.3%	83.8%	82.2%	59.2%	58.1%
Acq 2019	4	8	1 356	1 601	1 356	1 601	15%	18%	16	27	29%	64%	21.7%	27.4%	70.2%	69.4%	51.8%	61.1%
Acq 2020	1	3	615	880	615	880	63%	43%	(1)	6	–	–	(5.7%)	14.5%	85.1%	97.9%	52.4%	75.0%
Acq 2021	1	2	297	289	297	289	(3%)	(3%)	(4)	(5)	–	–	(21.6%)	(28.4%)	64.6%	62.8%	64.6%	62.8%
Acq 2022 ³	1	3	863	863	863	863			–	11			12.0%		102.2%		102.2%	
Property rental, royalties and other									(9)	(10)								
Total Developed & Acquired	77	181	66 447	70 724	66 447	70 724	9%	6%	1 013	1 195	14%	18%	28.6%	28.8%	70.3%	72.3%	60.1%	64.6%

1. 2009 and before schools have a maximum of 20 learners per class, which has a direct impact on the EBITDA. Other schools have a maximum of 25 learners for Curro and Curro Select or 35 for Meridian and Curro Academy schools. Curro Durbanville's new high school increased capacity in 2022.

2. Acquired schools indicate the year the school was incorporated into Curro.

3. HeronBridge College was acquired effective 1 April 2022 and had 1 164 actual learners on 31 December 2022.

Cash flow

R million

EBITDA	627	693	686	789	926
Non-cash items	5	21	28	32	58
Finance costs	(138)	(204)	(200)	(127)	(152)
Taxation	(18)	(13)	(3)	(2)	(34)
Working capital movements	(10)	(23)	3	75	2
Cash from operating activities	466	474	514	767	800

Maintaining existing campuses	(156)	(241)	(200)	(228)	(244)
Expansion at existing campuses	(434)	(669)*	(435)	(449)	(587)
New school investments	(416)	(185)	–	(251)	(152)
Land banking	(118)	(24)	(12)	–	(5)
Acquisitions	(369)	(127)	(3)	(1)	(127)
Other investing activities	(78)	(46)	(271)	240	34
Investment activities relating to STADIO	120	–	–	–	–

Cash to investing activities

Cash generated from financing activities

Net movement

Opening balance

Closing balance

	2018	2019	2020	2021	2022
EBITDA	627	693	686	789	926
Non-cash items	5	21	28	32	58
Finance costs	(138)	(204)	(200)	(127)	(152)
Taxation	(18)	(13)	(3)	(2)	(34)
Working capital movements	(10)	(23)	3	75	2
Cash from operating activities	466	474	514	767	800
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New school investments	(416)	(185)	–	(251)	(152)
Land banking	(118)	(24)	(12)	–	(5)
Acquisitions	(369)	(127)	(3)	(1)	(127)
Other investing activities	(78)	(46)	(271)	240	34
Investment activities relating to STADIO	120	–	–	–	–
Cash to investing activities	(1 451)	(1 292)	(921)	(689)	(1 081)
Cash generated from financing activities	506	741	491	(87)	254
Net movement	(479)	(77)	84	(9)	(27)
Opening balance	571	92	15	99	90
Closing balance	92	15	99	90	63

* Figure adjusted to exclude the other investing activities

Cash generated from operating activities increased by 4% to R800 million (2021: R767 million), which comfortably covered normal replacement and maintenance capital expenditure at existing campuses.

The group continues to increase capacity utilisation at existing facilities. Curro invested R1 115 million in the business in 2022 (2021: R929 million).

Meaningful capital expenditure is still required over the medium term to accommodate learner growth and expand facilities, but this can to some extent be incurred or deferred on the basis of the expected cash generation for the year. This is typically established in January of a year when new learners are enrolled.

Investment in expansion projects for existing campuses will continue to be a significant item every year because campuses are built in phases. Additional classrooms and certain specialised sports facilities are added depending on learner growth. Our objective is to increase capacity utilisation at our existing facilities.

Other investing activities represent the net movement of cash into and out of money-market funds during the year to optimise the return on cash balances.

Curro utilised its remaining assessed loss during 2022 and will be paying normal income tax in full in the future.

Curro plans to invest R800 million in 2023, which includes payment for the acquisition of Courtney House International School.

3.6 FINANCIAL REVIEW

Capital structure and debt

Debt measures

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Net debt (R billion)					
Excluding Meridian	2.8	3.5	2.2	2.3	2.8
Including Meridian	2.6	3.7	2.5	2.7	3.1
Average net debt (R billion)					
Excluding Meridian	1.8	3.0	2.8	2.3	2.6
Including Meridian	2.2	3.2	3.1	2.6	2.9
Net debt/equity					
Excluding Meridian	50%	66%	30%	33%	38%
Including Meridian	53%	68%	36%	37%	43%
ISCR					
Excluding Meridian	4.1	2.5	2.9	5.5	5.2
Including Meridian	3.3	2.3	2.6	4.0	3.9
Average net debt/EBITDA					
Excluding Meridian	3.1	4.6	4.4	3.1	3.0
Including Meridian	3.5	4.7	4.5	3.3	3.1

Debt

The Meridian debt is ring fenced from the Curro balance sheet and there is no recourse to Curro in case of default by Meridian. On a standalone basis Curro's gearing is low. This is the preferred position in the short term, as it enables Curro to pursue attractive acquisition opportunities.

The minimum covenants to be met with regard to Curro's debt are a net-debt-to-EBITDA ratio of not more than four times, an interest-service-cover ratio of at least 2.5 times, and a loan ratio to the property of 1.3 times.

Most of the debt is undertaken at the end of the year in order to pay for the increased capacity generated, which will lead to additional cash flow in the following year. See the table that follows for the history of EBITDA generation following the year of the debt incurred.

R million	2018	2019	2020	2021	% change '21-'22	2022	CAGR
Net Debt	2 795	3 692	2 520	2 660	18%	3 127	3%
EBITDA	627	693	686	789	17%	926	10%
Debt/EBITDA (trailing)	4.5	5.3	3.7	3.4		3.4	
EBITDA (following year)	693	686	789	926			
Debt/EBITDA (forward)	4.0	5.4	3.2	2.9			

- During June 2022, GCR Ratings affirmed Curro's national scale issuer credit ratings of BBB+(ZA) and A2(ZA), for the long term and short term respectively, with a stable outlook.
- Curro successfully completed the refinancing of its existing debt facilities for an aggregate amount of R3.3 billion and increased its revolving credit facility to R800 million during the year to fund its future expansion plans insofar as it may exceed operating cash flows generated.
- Net finance cost in 2022 increased by R38 million to R208 million (2021: R170 million) as a result of the reduction in debt following the rights issue.

Debt maturity profile

R million	2023	2024	2025	2026	2027
Meridian	27	30	44	85	91
Curro	10	2	380	1 200	1 300

Impairments

Under International Financial Reporting Standards, Curro must perform impairment tests on its cash-generating units, being its schools. Accordingly, management predicts future cash flows per school, based on the business plans for each school. The future cash flows are then discounted back to a present value at Curro's weighted average cost of capital of 14.45% (2021: 13.61%).

If the present value is lower than the carrying value of the school, the book value of the school must be reduced, and an impairment expense is recognised in the income statement.

Curro has a total non-cash and non-headline impairment expense of R174 million before tax, relating to twelve campuses and certain land erven. The impairment charges related to lower-yielding school assets, being schools which simply have lower expected yields over the medium term than Curro's weighted cost of capital.

The impairment charges were included in the calculation of earnings per share but were added back for purposes of the calculation of headline earnings per share and accordingly accounted for the key difference between HEPS and EPS.

Dividends

The board resolved to pay a final dividend of 11.08 cents per share (2021: 8.20 cents) from income reserves for the year ended 31 December 2022. The dividend amount, net of South African dividend tax of 20%, is 8.864 cents per share.

It is the board's policy to pay 20% of recurring headline earnings as an annual dividend on the premise that growth in cash generation shall continue in the future. There were 597 961 595 ordinary shares in issue at the declaration date.

Key focus areas

The key focus areas pertaining to the finances of Curro are to:

- achieve improvements in operating margin and return on capital employed;
- improve the collection and integration of data in order to improve strategic and tactical decision-making; and
- enhance the procurement processes of the business.

Outlook

Curro is in a healthy financial position, and it is on track to increase shareholder returns as the business matures.

The business remains resilient and is committed to continue to provide excellent education for all learners.

Curro has significant operating leverage, which will be a powerful driver of future profitability. The business achieved good enrolments at the beginning of 2023 and is financially in a strong position to expand its business by focusing on increasing capacity utilisation and improving efficiencies to enhance its operating margin.



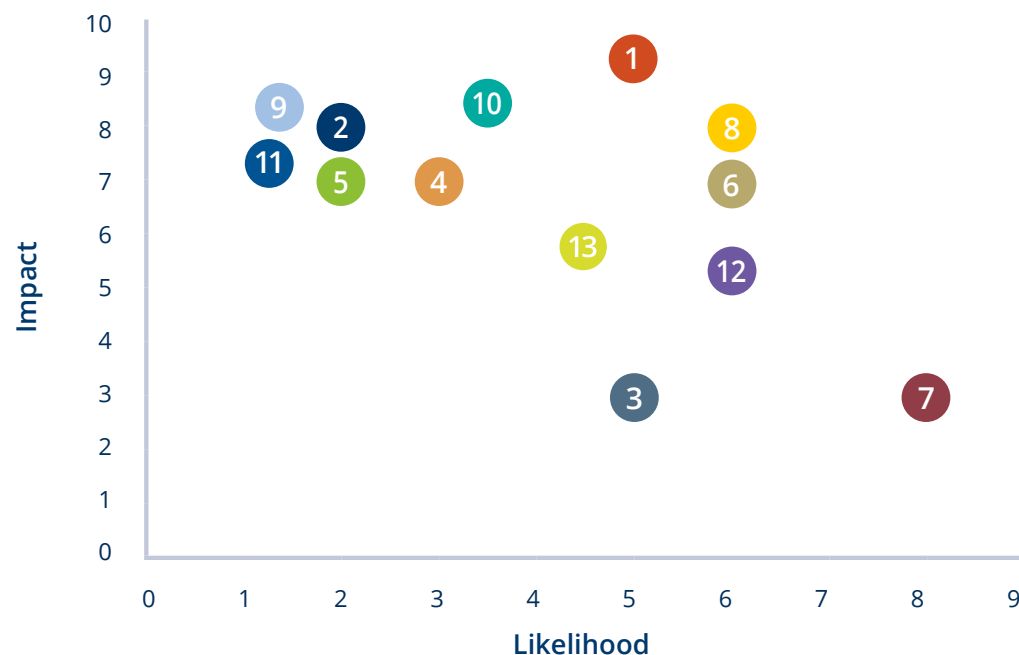
3.7 RISK MANAGEMENT REPORT

Risk management in the group focuses 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 behaviours are applied and managed within predetermined procedures and constraints.

The board is responsible for Curro's risk management and has delegated the oversight role in this regard to the audit and risk committee. The board biannually approves any changes to the risk appetite of the group. The main potential risks are brand reputation management and economic risk. The board is satisfied that these and other identified risks are appropriately monitored and mitigated.

The board is of the opinion that the risk management system, together with the internal control environment, is effective and commensurate with the size and nature of the business. Compliance risk is monitored in the risk reporting that is submitted to the audit and risk committee and the board to ensure that appropriate action is taken by management to mitigate these risks. The monitoring and management of compliance with legislation and the compliance management of schools reside under the dedicated operational business managers and the CCMD team for the primary and high schools (for compliance at school level). For construction-related matters, the head of facilities reports on a regular basis to the chief operating officer, who is in charge of the monitoring and management process. The executive directors and senior managers are responsible for the compliance of the areas identified in the different departments of the business. There were no major non-compliance incidents resulting in significant fines or prosecution during the year ended 31 December 2022.

Risk matrix



The following table illustrates the group's top risks and how the group mitigates those risks (in no particular order):

INDICATOR	RISK	RESPONSES
1	Reputational risk The most significant risk for Curro is damage to its reputation as a result of an event or a series of events.	Curro focuses on providing quality in all its domains. The main areas that may be affected by reputational risks are: <ul style="list-style-type: none"> safety and security; academic quality; stakeholder communication, and transformation. Policies, procedures and the close monitoring of the results are a priority for the board and management of Curro. Active engagement to understand and address risks mitigate this risk further.
2	Curriculum risk Changes in the curriculum and the implementation thereof.	Curro schools have the benefit of curriculum experts who guide teachers in curriculum planning to maintain an ideal balance between the written and the received curriculum. This ideal balance motivates teachers because they can invest more time in teaching than in curriculum planning. Curro has also complemented the required government curriculum with additional learning areas that are considered relevant to international best practice.
3	Investment risk <ul style="list-style-type: none"> A campus is not placed in an appropriate location and therefore does not grow as anticipated Overpaying for an acquisition 	<ul style="list-style-type: none"> As a result of the demand for education, the market still offers significant growth opportunities. Proper qualitative and quantitative due diligence, encompassing, inter alia, population trends, access routes and land assessments, ensures that the appropriate sites are selected. Acquisitions are carefully considered to ensure that the area still offers growth opportunities, and that the ethos of the target market is aligned with that of Curro. As the portfolio of schools expands, the impact of the incorrect location of a single school will decrease. Curro recognised impairments of lower-yielding school assets.
4	Financial risk <ul style="list-style-type: none"> Accurate historical and forecasted management information Investment and expense management 	<p>The expanding network of schools has necessitated ongoing investment in systems that are continually developing.</p> <p>A robust budgeting process is followed for capital and expense management, which is continually monitored. A ten-year forward-growth plan is also maintained for each school, and performance is monitored against this.</p> <p>Management is incentivised to outperform the set targets.</p>
5	Cash flow and funding risk The availability of financial resources to meet operational requirements and expand the network of schools.	<p>Curro is a profitable company that can comfortably meet its day-to-day financial requirements.</p> <p>For expansion, Curro has over the past couple of years diversified its sources of funding from a single commercial bank to a combination of multiple commercial banking relationships.</p> <p>As a listed company, Curro has the further option to raise capital from the equity markets.</p>
6	Information technology risk Curro is continually becoming more dependent on connected technology, which has exponentially increased with the introduction of handheld electronic devices for a large number of its learners. High availability of infrastructure, which includes the basic supply of electricity, is therefore imperative.	<p>Curro has built a nationwide area network with industry leaders in the field. Access is well-managed and controlled. Curro implements the best practice for the security risks of handheld electronic devices in order to further protect its information.</p> <p>Alternative forms of electricity are now a key priority in the design of new campuses and Curro has already addressed current sites that have experienced issues with power supply in the past.</p>
7	People management risk <ul style="list-style-type: none"> Recruiting the right skilled and experienced teachers Competitive employee remuneration Managing a growing workforce 	<p>Curro believes it has a good employee value proposition that includes a good working environment, market-related remuneration packages (including medical aid and company contributions to retirement funds) and school-fee discounts.</p> <p>All executive heads are experienced leaders. They receive human resource management support from Curro's contracted service provider and its own HR department.</p> <p>Curro places a lot of emphasis on the development of its teachers, who are developed through in-service training and through STADIO Higher Education. STADIO Higher Education also provides newly qualified teachers, whom Curro considers for appointment in its recruitment process.</p>

3.7 RISK MANAGEMENT REPORT

INDICATOR	RISK	RESPONSES
8	Economic risk Clients cannot afford to keep their children enrolled at the school.	<ul style="list-style-type: none"> In general, Curro's clients believe in the value of a good, quality education. Curro's experience is that parents' spend is reprioritised to ensure that their children receive a quality education. Curro aims to provide a value-for-money service, and market share is gained by parents looking to save money by trading down from premium brand schools. The Meridian, Academy and DigiEd schooling models offer school fees that are affordable in terms of independent schooling norms and can be compared to those of government schools. Curro expanded and sophisticated its debt collection processes in response to aging accounts. In addition, under Curro's provisioning policy, the full outstanding balance of each account is allocated under its oldest aging category and is then provided for on a stepped basis. This prudently recognises the risk that the full account balance may not be collected.
9	Safety risk Facilities and other factors in the environment that can be harmful to Curro's learners and employees	<ul style="list-style-type: none"> Keeping safety in mind in the planning stages. Consulting with health and safety professionals and adhering to the authorities' building standards for public buildings, which will also include a fire certificate. Policies are in place requiring appropriate conduct, duty and care by employees. Schools are fenced off, with entrances controlled by security guards. Health and safety audits are conducted annually by independent service providers.
10	Water risk Water usage at schools and municipal water supply to schools that run dry	<ul style="list-style-type: none"> Water-saving/-usage awareness campaigns are run at schools. Schools have Curro-installed water measurement devices. The information will be used to carry out risk assessments to identify and quantify water usage and related risks. Water-harvesting and -storage facilities are installed or in the process of being installed at schools. This will be used for toilet flushing, fields/gardens and cleaning.
11	IT security and governance Increasing number of cyberattacks and continuous improvement of Curro's digital quotient	<ul style="list-style-type: none"> As data and technology are becoming increasingly relevant to the business, IT management, including IT risk management and monitoring, is overseen by the audit and risk committee. Annual cyber and security audits were conducted, and the necessary mechanisms implemented. Continuous efforts are made to assess and improve data security and governance. A number of training initiatives were conducted at all schools to ensure users are equipped with the necessary skills across digital platforms and to ensure responsible use of data and sharing of information.
12	The impact of COVID-19 Prevent infections at our schools and the impact of the government lockdown and restrictions on the economy	<ul style="list-style-type: none"> Reviewed various regulations carefully and developed benchmark Standard Operating Procedures ('SOPs'), which is strictly followed by all schools. Regular monitoring of the implementation of SOPs and careful tracking of infection risks. Curro is well-equipped to switch seamlessly to remote teaching in the event of school closures or restrictions on contact vis-à-vis a national lockdown or personal circumstances.
13	Electricity risk No electricity supply due to prolonged load-shedding and the prospect of a complete grid collapse	<ul style="list-style-type: none"> Curro is in a unique position: the business is not a high electricity consumer overall, but its electricity consumption is particularly concentrated during a portion of the day. Curro has installed electricity metres at all facilities to track consumption and manage behaviour. Curro has acquired several large diesel generators to provide back-up power where most required. Curro has evaluated battery and solar solutions which could enable its schools to generate and store enough electricity to be self-sufficient. Curro will continue to invest in back-up power solutions in 2023 to mitigate operational risk and reduce energy dependency and cost over the long term.



Curro
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3.8 CORPORATE GOVERNANCE

Curro and its board of directors are committed to maintaining the highest standards of corporate governance in all areas of the business. Curro believes that this creates sustainable shareholder value. Curro's practices and policies aim to adhere to these standards and are based on, inter alia, the Companies Act, the JSE Limited Listings Requirements and King IV.

Curro's register relating to adherence to the principles set out in King IV is available at www.curro.co.za. Other sections of this annual integrated report refer to Curro's approach towards corporate governance.

This section of the annual integrated report focuses on reporting on material matters relating to the board of directors' governance and related dynamics, on Curro's corporate governance framework (inter alia, the delegation of powers and responsibilities, board committees, the executive committee), and the company secretary.

This report also includes reporting on relevant matters that took place subsequent to year-end.

Board leadership

The board, under the leadership of an independent non-executive chairperson, is accountable and responsible for the governance, performance and affairs of the group. The board has and retains effective control of the company, monitors the operations of the company and aims to ensure that Curro conforms to the highest standards of corporate governance. It ensures that the internal controls – operational, financial, environmental and societal – are adequate and that the financial statements accurately and objectively reflect the group's business.

The board has an approved charter. The primary responsibilities of the board are to:

- Set the strategic intent and direction of Curro by approving Curro's strategy and that of the functional areas (inter alia, information and technology, marketing and communications, people management, academic and the curriculum), and monitor performance against the achievement of the strategy.
- Review and approve annual and interim financial reports, budgets and business plans.
- Advise on corporate finance actions.
- Advise on stakeholder communication and governance issues, which include ethics management.
- Encourage equitable treatment of shareholders and strive to achieve the appropriate balance between its stakeholder groupings through a stakeholder-inclusive approach. In doing so, the board governs stakeholder management in a manner aimed at balancing the interests and legitimate needs and expectations of material stakeholders in the best interests of Curro.
- Make material investment, disinvestment and refinancing or restructuring decisions.
- Make recommendations to shareholders on non-

executive directors' remuneration.

- Review and approve amendments to the share incentive scheme with the recommendation of the remuneration and nominations committee.
- Appoint new directors (executive and non-executive), taking diversity into account, and ensure the appropriate orientation and induction of new directors.
- Consider and approve the policy on the promotion of broader diversity at board level, including voluntary targets, and monitor progress against achieving the targets.
- Provide oversight on risk, information and technology, compliance, remuneration, assurance, quality and stakeholder relationships in a manner that supports the company in achieving its strategic objectives while considering its objective of being a responsible citizen.
- Define clear areas of responsibility at board and board committee level to ensure appropriately limited individual decision-making ability.
- Determine and approve the maximum borrowing limits and funding strategy from time to time.

The board believes it fulfilled its responsibilities during the 2022 financial year and aims to lead Curro to be seen as a responsible corporate citizen. Furthermore, the board is satisfied that the identified risks are appropriately monitored and mitigated (refer to pages 78 to 80), and that the risk management system, together with the internal control environment, is commensurate with the size and nature of the business.

Composition of board, appointment process and induction

Appointments to the board are made in terms of a clear policy with respect to the recommendations that are submitted by fellow board members, with the input of other significant stakeholders after consideration by the remuneration and nominations committee. Appointments are made based on the needs of the company and the set of skills, experience, knowledge, independence and diversity that such an appointee can contribute. The board has adopted and approved a policy on broader diversity at board level which includes voluntary targets for race and gender diversity.

All new appointments to the board are made in terms of a formal and transparent process and are considered to be a matter for the board as a whole. Nominations for the board are considered by the remuneration and nominations committee, which makes recommendations to the board.

Curro's board leads and controls the company. The board members collectively represent diverse skills and demographics, have a variety of qualifications and their knowledge and experience contributes to the leadership provided to the group. The independence of the independent non-executive directors and the guidance that

they provide assist objective assessments of matters before the board.

The board comprises three executive and seven non-executive directors. The board includes three female non-executive directors, and two of the non-executive directors are not independent. No individual has unfettered power on the board.

Andries Greyling retired as the Chief Executive Officer ('CEO') of the company and resigned from the board with effect from 1 January 2023.

Cobus Loubser was appointed as CEO, with effect from 1 January 2023. Cobus was appointed as an executive director and the CFO of Curro on 1 January 2021. Cobus is a chartered accountant and has broad leadership and commercial experience, having started his career at KMPG Inc., served as the financial manager of Virgin Active SA for four years, and held the CFO position for 10 years at Holdsport Limited until it was acquired by Long4Life Limited in 2017 and delisted. He then became the CEO of Long4Life's Sport and Recreation division, which he left at the end of 2020 to join Curro.

Marí Lategan, Executive for Corporate Services and the Group Company Secretary, was appointed as an executive director on the Board and as the Deputy CEO, with effect from 1 January 2023.

Burtie September was appointed as CFO, with effect from 1 January 2023. Burtie is a chartered accountant who completed his SAICA articles at Deloitte, Cape Town before joining Deloitte's office in Indianapolis in the USA on a secondment. He worked at South African Breweries as a management accountant at one of its largest distribution centres in South Africa before he was employed as a Senior Accountant at Woolworths Financial Services for more than two years. He joined Curro in July 2016 as its group financial manager.

Elizabeth Mpeke has been appointed as the group company secretary of Curro, with effect from 1 April 2023.

One-third of the non-executive directors or those who have served for more than three years retire by rotation and offer themselves for re-election by shareholders at the annual general meeting, which is in accordance with the company's MOI. Directors appointed by the board must be confirmed by shareholders at the next annual general meeting of the company.

For executive directors, formal employment agreements exist that contain appropriate notice periods (no fixed-term contracts exist) and restraint-of-trade provisions.

The composition of the board and board committees ensures that no individual has unfettered powers of decision-making and authority. There is a clear balance of power and authority policy and consequently a clear division of responsibilities at board and board committee level.

The board is chaired by Santie Botha, an independent non-executive director. The chairperson of the board is responsible for, inter alia, ensuring the integrity and effectiveness of the board's governance processes. As Santie Botha is an independent non-executive chairperson, there is no need to appoint a lead independent non-executive director.

The roles of CEO and chairperson are held separately.

The three executive directors are the CEO, Deputy CEO and CFO.

Abbreviated curricula vitae of the individual directors on the board are contained on pages 52 to 55 of this report. The board is satisfied that it has an appropriate mix of skills, experience and independence and that a balance of power exists on the board.

An induction programme for non-executive directors assists newly appointed directors with an accelerated onboarding process. The programme includes relevant information on the group, school visits and induction sessions, to the extent required, with the chairperson of the board, CEO, CFO, company secretary, sponsor and/or chairpersons of board committees and/or relevant members of management, depending on the board committees to which the individual is appointed.

Board performance

The board's performance is informed by the quality of the corporate governance of the company, including how the company progresses towards achieving the board-approved vision and strategy. Refer to pages 94 to 106 for details on how the performance of executive directors is measured.

The board has opted to meet quarterly, and has an annual strategy meeting in addition thereto. Further details on decision-making powers and limits are contained in the corporate governance framework section of this report. The chairpersons of the board and its committees approve the attendance of any invitees at board meetings. Additional meetings may be convened when it is necessary to do so.

Between formally scheduled meetings of the board, the board applies the appropriate decision-making process in terms of its MOI to ensure efficient decision-making from time to time. Furthermore, the directors have access to all company information, executive management, legal and other expertise, as and when required, at the expense of the company.

The board evaluates its performance and that of its committees through an annual self-evaluation process.

The results are submitted to the chairperson of the board and, anonymously, to the board. The findings are discussed at the first board meeting after the process has been concluded and appropriate actions are agreed on to ensure the continued development and effectiveness and improvement of the board as a whole, of the chairperson, and of the board committees.

3.8 CORPORATE GOVERNANCE

Director information

The table below illustrates the directors' ages, classification and their tenures of service:

Name of director	Age ²	Classification: independent non-executive non-executive executive	Period since appointment
Santie Botha (appointed on 09/07/2012)	58	Independent non-executive	10 years
Andries Greyling ³ (appointed on 01/02/2007)	53	Executive – CEO	16 years
Nan Mankai ¹ (appointed on 10/08/2018)	42	Independent non-executive	4 years
Piet Mouton (appointed on 01/07/2009)	46	Non-executive	13 years
Prof. Sibongile Muthwa (appointed on 01/05/2013)	60	Independent non-executive	10 years
Douglas Ramaphosa ¹ (appointed on 26/01/2018)	66	Independent non-executive	5 years
Dr Chris van der Merwe (appointed on 30/12/1998)	60	Non-executive	24 years (founder)
Themba Baloyi ¹ (appointed on 01/11/2020)	46	Independent non-executive	2 years
Cobus Loubser ⁴ (appointed on 01/01/2021)	46	Executive – CEO	2 years
Marí Lategan ⁵ (appointed on 01/01/2023)	51	Executive – Deputy CEO	0 years
Burtie September ⁶ (appointed on 01/01/2023)	36	Executive – CFO	0 years

¹ Retirement by rotation: up for re-election, refer to the notice of AGM (only relevant for non-executive directors). Refer to pages 52 to 55 of this report for the abbreviated curricula vitae.

² As at the date of posting of this annual integrated report.

³ Andries Greyling retired as CEO and resigned from the board, effective 1 January 2023.

⁴ Cobus Loubser appointed as CEO, effective 1 January 2023.

⁵ Marí Lategan appointed as Deputy CEO, effective 1 January 2023.

⁶ Burtie September appointed as CFO, effective 1 January 2023.

Director attendance

Attendance at board and committee meetings by members

Director	Board meetings	Strategic planning	Audit and risk committee meetings	Remuneration and nominations committee meetings	Social, ethics and transformation committee meetings
Santie Botha	4/4	2/2		2/2	
Andries Greyling	3/4	1/2			1/2
Nan Mankai	4/4	2/2	2/2		
Piet Mouton	4/4	2/2		2/2	
Prof. Sibongile Muthwa	4/4	2/2			2/2
Douglas Ramaphosa	4/4	2/2	2/2		2/2
Dr Chris van der Merwe	4/4	2/2			
Themba Baloyi	4/4	2/2	2/2	2/2	
Cobus Loubser	4/4	2/2			

Conflicts of interest

The board has a formal process in place to manage conflicts of interest. In terms of this process, directors are individually obliged to disclose any conflict they may have with regard to a matter for discussion at the board meetings in terms of section 75(5) of the Companies Act. They must disclose the relevant information to the board prior to recusing themselves and leave the meeting so that the unconflicted directors can decide on the matter. In addition to the above, the directors annually disclose their interests in writing. This information is updated as and when the directors submit changes thereto to the company secretary. These written notices are available for inspection and are a standing item on the agenda of board meetings.

Ethics

Curro's code of ethics (and related policies), which sets out the values of the group, together with Curro's protocols on, for example, not tolerating child labour, discrimination, the respecting of human rights-related matters, and emphasising the importance of business integrity and ethics, is approved by the social, ethics and transformation committee, which is a board committee. Management is tasked with the implementation thereof, and Curro's internal control environment has measures in place to monitor these aspects for management to take action for ethics-related incidents. Curro requires all its employees to live the Curro values, and material suppliers are made aware of these responsibilities and are required to respect them. Further details on ethics management are included in the King IV disclosure register.

Governance framework and delegation of powers and responsibilities

Corporate governance framework

Curro's group governance structure has been developed on the basis of the regulatory requirements (i.e. JSE Limited Listings Requirements, the Companies Act and King IV) and by considering the size and complexity of the business, and at the same time with a focus on how it adds value to the business. The board has appointed an audit and risk committee, a remuneration and nominations committee and a social, ethics and transformation committee to assist it with the performance of its duties. Transformation matters are discussed by the social, ethics and transformation committee.

The composition of the board committees has been determined by the board to ensure that the skills and experience of the directors are utilised for the functioning of the board committees. The chairpersons of the board and the committees determine which invitees are requested to attend meetings in order to provide additional insight and to assist discussions at these meetings. The board committees are required to meet in accordance with their mandates, which are reviewed annually. Conflicts of interest are generally dealt with by board committees in the same manner as that of the board (refer to details thereof indicated in the respective section above).

The Curro directors have confirmed that, to the best of their knowledge, Curro i) complied with the provisions of the Companies Act, and ii) operated in accordance with its memorandum of incorporation, during the year under review.



3.8 CORPORATE GOVERNANCE

Refer to the following table for a summary of the composition of the board committees, the number of meetings, their roles and responsibilities, a statement on the achievement of objectives for 2022 and key focus areas for 2023.

Committee name (membership based on legislation)	Number of meetings (minimum requirement)	Committee members (and changes during the year/post-year-end)	Committee members attendance at meetings – 2022
Audit and risk committee (Consists of three independent non-executive directors)	Twice per annum	<ul style="list-style-type: none"> Nan Mankai (chairperson) Themba Baloyi Douglas Ramaphosa Refer to pages 52 to 55 for member profiles. Invitees: <ul style="list-style-type: none"> Remaining board members External auditors Internal auditors Head of IT (for IT item on agenda only) 	Two meetings were held and all those who were members at the time of each meeting attended. Andries Greyling was excused from and did not attend the final meeting of the year.



Charter – summary of role and responsibilities	2022 performance and 2023 key focus areas
<p>Ensure that the appointment of the auditor is presented and included as a resolution at the AGM pursuant to section 61(8) of the Companies Act.</p> <p>Review and approve for recommendation to shareholders:</p> <ul style="list-style-type: none"> Appointment of external auditors, the audit strategy and audit fees. <p>Review and approve for recommendation to the board:</p> <ul style="list-style-type: none"> Audited financial results and statements and interim financial results. Changes to risk appetite. The arrangements for ensuring the integrity of information for internal decision-making, underpinned by the formal delegation-of-authority limits and framework. Curro's going-concern status. <p>Review and approve:</p> <ul style="list-style-type: none"> Use of the external auditors for non-audit services and fees in order to ensure their independence is retained. Annually, the appropriateness of the expertise and the experience of the CFO and finance function of Curro as contemplated in terms of paragraph 3.84(g)(i) of the JSE Limited Listings Requirements. Any material changes to the group's finance function. A process and system of risk management, and management's risk assessments (inter alia, strategic, financial, technology, health, safety, environment and compliance risks) that have been performed. Internal auditors appointed, their risk-based combined assurance plan and fees (outsourced providers are used), and progress to achieve the plan and outcome of audits completed. <p>Oversight of:</p> <ul style="list-style-type: none"> Assurance functions of the group, i.e. external auditor, internal auditors, finance function, information and technology governance, compliance governance and risk management. Ensuring that the appropriate financial reporting procedures exist and are operating. Risk management-related matters – refer to pages 78 to 80. IT governance – refer to pages 42 and 43 for more detail. <p>IT governance:</p> <ul style="list-style-type: none"> Review whether Curro's IT is aligned with the performance and sustainability objectives of Curro and whether the IT assets are managed effectively. Maintain oversight of IT risks and controls, business continuity, business resilience, data recovery, IT security and data privacy, and ethical use and management of information. In reviewing these, aim to ensure an integrated approach is followed with linkage to company-wide risk management and strategic alignment. Monitor and evaluate significant IT expenditure. <p>Compliance governance:</p> <ul style="list-style-type: none"> Compliance risk is monitored in the risk reporting and in internal audit reports that are submitted to the audit and risk committee and the board with the aim of ensuring that appropriate action is taken by management to mitigate these risks. Management is responsible for ensuring compliance with legislation. <p>Satisfy itself:</p> <ul style="list-style-type: none"> That the external auditor is independent of Curro, as set out in Section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Limited Listings Requirements. 	<p>2022 performance:</p> <ul style="list-style-type: none"> The committee believes it has fulfilled its role in accordance with its charter as summarised for the year ended 31 December 2022. Refer to pages 6 and 7 of the audited financial statements ('AFS') published at www.curro.co.za for the audit and risk committee report. The internal auditors include within their internal audit assessments a written statement on the effectiveness of the internal controls. For the year ended 31 December 2022 this was noted as 'satisfactory'. The external auditors have issued an unmodified audit opinion. <p>Compliance governance:</p> <ul style="list-style-type: none"> A policy has been implemented for reporting to the committee and board on updates and changes to legislation, thereby enhancing the compliance governance of the company. <p>2023 key focus areas:</p> <ul style="list-style-type: none"> Continuing to aim to fulfil the committee's mandate.

3.8 CORPORATE GOVERNANCE

Committee name (membership based on legislation)	Number of meetings (minimum requirement)	Committee members (and changes during the year/post-year-end)	Committee members attendance at meetings – 2022
Social, ethics and transformation committee (Consists of three members, two of whom are independent non-executive directors, and one executive director)	Once per annum	<ul style="list-style-type: none"> Sibongile Muthwa (chairperson) Douglas Ramaphosa Andries Greyling (resigned from the board, effective 1 January 2023) Cobus Loubser (appointed from 1 January 2023) Refer to pages 52 to 55 for member profiles. Invitees: <ul style="list-style-type: none"> Nan Mankai (independent non-executive director) Marí Lategan (Executive: Corporate Services) Beverley Bennett (Executive: People Management) Natasha Mkhize (Executive: Strategic Relations – invitee since 14 February 2022) 	Two meetings were held and all those who were members at the time of each meeting attended. Andries Greyling was excused from and did not attend the final meeting of the year.
Remuneration and nominations committee (Consists of three non-executive directors, two of whom are independent)	Twice per annum	<ul style="list-style-type: none"> Themba Baloyi (chairperson) Santie Botha Piet Mouton Refer to pages 52 to 55 for member profiles. Invitees: <ul style="list-style-type: none"> Andries Greyling Cobus Loubser 	Two meetings were held and all those who were members at the time of each meeting attended. Andries Greyling was excused from and did not attend the final meeting of the year.

Charter – summary of role and responsibilities	2022 performance and 2023 key focus areas
Review and approve for recommendation to the board: <ul style="list-style-type: none"> Curro's B-BBEE strategy, plans and transformation targets. Review and approve: <ul style="list-style-type: none"> Policies relating to the social and ethics mandate (inter alia, codes of ethics, whistleblowing, corporate citizenship policies, anti-bribery and corruption, environment, health and safety, transformation). King IV register for publication on Curro's website. Oversight of: <ul style="list-style-type: none"> Curro's performance in the context of legislative requirements that have a social and economic impact, for example the Broad-Based Black Economic Empowerment Act. Monitoring of consumer and stakeholder relationships. Monitoring of compliance with legislative requirements as they pertain to the environment, health, public safety, labour and ethical practices. Monitoring of Curro's responsible citizenship and ethics management practices. Application of King IV. Compliance with the requirements of regulation 43 of the Companies Regulations (2011) in terms of the Companies Act. 	2022 performance: <ul style="list-style-type: none"> Progress made in terms of Curro's transformation plan. Reviewing Curro's application of King IV and approving the disclosure register. Improved social support for bursary recipients and provided guidance to them on tertiary-education opportunities. 2023 key focus areas: <ul style="list-style-type: none"> Evaluating the B-BBEE compliance certificate and determining the way forward. Ensuring continued adherence to health and safety protocols.
Review and approve: <ul style="list-style-type: none"> The remuneration policy, remuneration implementation report and levels of authority. Executive directors and exco members' remuneration and performance measures. Refer to pages 94 to 106 for the remuneration policy and implementation report. LTI share-scheme model, monitored share-option awards, loans of participants. Review and approve for recommendation to the board and shareholders: <ul style="list-style-type: none"> Recommendation of changes to the trust deed of the share incentive scheme. Non-executive directors' fees and changes thereto. Oversight of: <ul style="list-style-type: none"> Succession plans at executive level. Organisational leadership organogram. Reviewing and approving for recommendation to the board, changes to the composition of the board and its committees.	2022 performance: <ul style="list-style-type: none"> The remuneration and nominations committee believes it has fulfilled its stated objectives. Refer to page 93 of the remuneration report. 2023 key focus areas: <ul style="list-style-type: none"> Refer to page 93 of the remuneration report.

3.8 CORPORATE GOVERNANCE

The board's governance and management functions are linked through the CEO, Cobus Loubser, who is tasked with running the business and implementing the policies and strategies adopted by the board. Furthermore, the board has empowered Curro's executive directors and management to perform the functions required to implement the strategic direction and plans set by the board, documented in the group's delegation of authority limits, the executive committee charter and the policies of the company. The Curro executive committee ('exco') assists the CEO. The executive directors and management remain responsible for the day-to-day running of the company, with due regard to fiduciary responsibility on the one hand and operational efficiency on the other.

The exco aims to meet at least monthly. Inter alia, this committee monitors business success, budget and business plans, strategic plans for submission to the board, capital management, corporate finance, treasury management and material developments and/or high risks affecting the business performance and sustainability of the business and takes action to try manage same.

The corporate governance structure includes its subsidiaries. The subsidiaries of the group do not have separate board committees, as the relevant Curro board committees fulfil these roles for those subsidiaries. The exco members who are responsible for those areas report to the board on the subsidiaries, and via the CEO on material matters. Subsidiaries of the group are expected to adopt Curro's policies in so far as they are relevant to the subsidiary's business, and protocols are in place for the approval of policies that are different.

Company secretary

Marí Lategan was Curro's group company secretary, until her appointment as Deputy CEO and executive director of Curro Holdings (effective 1 January 2023) required the appointment of a new company secretary. The board considered and is satisfied with the competence, qualification and experience of the company secretary. Elizabeth Mpeke was appointed as company secretary from 1 April 2023.

The company secretary is not a director, nor related to any of the directors or senior leadership of Curro, and the board is satisfied that an arm's-length relationship exists between the board and the company secretary. The company secretary has maintained a professional relationship with the directors and exco, providing independent advice relating to corporate governance as and when required.

The company secretary is primarily responsible for the administration of the board, Curro and Curro's shareholders in accordance with applicable legislation and procedures. The company secretary is also responsible for informing the board of any failure to comply with Curro's MOI, the Companies Act and other related corporate governance policies of Curro. Board members have unlimited access to the company secretary.

The company secretary is responsible for liaising with the Companies and Intellectual Property Commission and the JSE Limited through Curro's sponsor. The company secretary is responsible for the administration of the policy on board-approved dealings in securities. The policy on dealings in securities is a formal policy that exists so that dealings in Curro securities by directors and specific employees (as identified by the CEO) are managed and monitored so as to ensure adherence to the JSE Limited Listings Requirements. The chairperson of the board and one of either the CEO or CFO are mandated to authorise clearance to directors to trade in Curro securities. A similar process is in place for certain employees of the group. No trading is allowed during closed periods, as contemplated in the JSE Limited Listings Requirements, or when specific information exists that may materially affect the share price and this information has not been disclosed to the public.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 5 of the 2022 audited financial statements of the company which is available for download on Curro's website at www.curro.co.za.



3.9 REMUNERATION REPORTS

Chairperson's letter

This is the remuneration report of Curro Holdings Limited, which includes the remuneration policy and the implementation report. The provisions of King IV (read with the JSE Limited Listings Requirements) require that these two documents be submitted for non-binding advisory votes at the annual general meeting ('AGM') of shareholders.

The remuneration and nominations committee of Curro Holdings Limited ('remcom') fulfils the role of governing remuneration-related matters, as delegated to it by the board of directors. The members of the remcom are Santie Botha (independent non-executive chairperson of the board), Piet Mouton (non-executive director) and Themba Baloyi (independent non-executive director).

The group's chief executive officer ('CEO') and the chief financial officer ('CFO') attend meetings of the remcom by invitation, as and when required. The executive directors recuse themselves from meetings when a conflict of interest arises or when they are requested to do so. Curro's company secretary is also the secretary of the committee.

The remcom is governed by its charter, which is reviewed annually by the committee and the board of directors. The committee met more than twice for the financial year ending 31 December 2022, and has fulfilled its responsibilities as set out in its charter and as further described in the remuneration policy.

At the Curro AGM held on 21 June 2022, the remuneration policy received a 94.94% vote in favour thereof (with 5.06% against), and the implementation report received a 95.50% vote in favour thereof (with 4.50% against). As the non-binding advisory votes were passed by the requisite majorities, no further engagement with shareholders was required.

Curro believes that ensuring the alignment of Curro's remuneration philosophy with the interests of stakeholders will ensure sustainable growth to the benefit of all parties. Curro aims to reward its employees fairly through competitive remuneration in order to ensure that it retains and attracts high-calibre people. Some of the factors influencing the remuneration policy include:

- 1) The business strategy, including the short- and long-term goals and objectives of the company.
- 2) An aspiration to adequately reward value that has been created, contributions made and performance.
- 3) Appropriate remuneration benchmarks are applied by considering remuneration trends in both the public and private education sectors, as well as in other comparable industries with similar attributes.
- 4) The financial position and outlook for the company in the context of the broader economy.
- 5) Remaining cognisant of the level of school-fee increases in relation to salary increases.
- 6) The pay gap between executives and the rest of the employees of the company.

Shareholders have entrusted significant capital to management and it is crucial that the remcom ensures that the alignment between management and shareholders is optimally structured and served by effective long-term incentive schemes ('LTIs') that reward management for performance and retain scarce skills and experience.

The remcom is satisfied that the current LTI will sustain a strong culture of accountable co-ownership, which in turn drives long-term thinking with consistent high value creation performance. Furthermore, this is a valuable retention mechanism for quality management.

Executive leadership transition

Andries Greyling retired as CEO and resigned as an executive director with effect from 1 January 2023. He continued to be employed in the group until 28 February 2023 to assist during the handover process and remains available to the group on a consultancy basis until June 2023.

The board thanks Andries for his valuable contribution to the company over 15 years (first as CFO, COO and then as CEO), and wishes him well in his future endeavours.

With effect from 1 January 2023, the following new appointments as executive directors were made:

- Cobus Loubser (previously the CFO) was appointed as CEO,
- Mari Lategan (previously the company secretary and executive for corporate services) was appointed as Deputy CEO, and
- Burtie September (the former group financial manager) was appointed as CFO.

The total remuneration for the three executive directors (which includes annual guaranteed pay, short-term incentive and long-term incentive multiples) was adjusted from that date.

Key decisions during the year

In accordance with its charter, the remcom made the following key decisions during 2022:

- a) Considered and made recommendations to the board to appoint new executive directors and leaders of the company;
- b) Considered market benchmarking for executive pay. Reviewed and approved salary increases for the executive directors, exco members and the company secretary;
- c) Determined the key performance indicators of the short-term incentives ('STIs') for the 2023 financial year;
- d) Reviewed performance against the 2022 key performance areas and approved STIs for executive directors and exco members;
- e) Determined the key performance indicators of the long-term incentives ('LTIs') and approved LTI awards for executive directors and exco members during the year;
- f) Engaged with certain shareholders to consider their recommendations for the LTIs;
- g) Reviewed non-executive directors' fees for submission to the shareholders at the AGM;
- h) Reviewed the composition of the board and board committees and made recommendations for changes thereto to the board for approval;
- i) Reviewed the succession plan for executive management; and
- j) Reviewed the committee's charter.

Refer to the corporate governance report on pages 88 and 89 for more details on the committee's functioning.

Conclusion

The remcom has confidence that:

- It was objective and independent when it reviewed the remuneration policy;
- The policy approved in 2022 achieved its stated objectives;
- The committee remained objective and independent when it approved the remuneration of executives and the rest of the company as a whole; and
- The company's independent advisers were independent and objective in the services they rendered during the year under review.

The focus areas for 2023 include:

- Continuing to implement best-practice protocols in accordance with principles set out in this policy.
- Monitoring the performance conditions determined to be appropriate for the LTI and STI schemes and Curro's business model.
- Focused attention will be paid to strategic performance results to ensure that executives are meeting business objectives as set out at the annual board business strategy session.

The committee ensures and believes that the Curro remuneration policy and implementation report supports the long-term business strategy of the company.



Themba Baloyi

Chairperson: Remuneration and Nominations Committee

3.9 REMUNERATION REPORTS

Remuneration policy

1. Introduction

The purpose of this policy is to outline the principles according to which Curro remunerates its employees.

Curro is focused and determined to increase access to independent school education across Southern Africa. Staff are an instrumental component in achieving that goal, and accordingly, fair and equitable remuneration remains a key focus area for Curro. On 31 December 2022 there were 6 557 employees, of whom 279 employees were head office staff. Total remuneration represented 50% (2021: 52%) of revenue generated and 64% (2021: 66%) of operating expenses respectively.

In line with the integrated reporting framework, Curro acknowledges that its human capital is an important part of Curro's six categories of the forms of capital. As part of Curro's employee value proposition, Curro remunerates employees with appropriate total-cost-to-company ('TCTC') packages, as well as with STIs and LTIs (see explanation below). Curro also offers other benefits, such as a positive working environment as well as training and skills development programmes that also make a positive contribution towards the B-BBEE-compliance requirements. Curro believes the aforementioned factors help to develop, motivate and retain its skilled employees, which is essential in the education environment.

This policy has a positive impact on the sustainability of the Curro group and develops the company towards positioning itself as an employer of choice. In so doing, Curro's remuneration policy is aligned to the Curro group's long-term strategy and shareholder value creation.

Curro's remuneration policy consists of three components:

- A total cost-to-company package ('TCTC'), including benefits such as 13th cheques (guaranteed bonus portion – see below), maternity leave, provident fund contribution, death, disability and dreaded disease benefits, medical aid.
- A short-term cash incentive scheme, linked to the annual performance of the company.
- An LTI scheme (limited in participation) that assists with the retention of key skills in the management of the Curro group and in promoting long-term performance.

An internal policy exists to ensure that appropriate governance processes are in place for the approval of individual employees' remuneration and changes thereto. The remuneration of the executive directors, exco members and company secretary (collectively 'executives') is reviewed annually by the remcom, which seeks to ensure that balance is maintained between fixed (cost-to-company packages) and variable (STIs and LTIs) elements of remuneration, as well as between short-term, medium-term and long-term strategic performance objectives. The remcom aims to ensure that the remuneration of executives is fair to them and responsible to the company, its shareholders and other stakeholders.

Non-executive directors receive a fixed fee approved annually by shareholders. Further details are set out in section 8 of this policy.

Refer to the corporate governance report on pages 88 and 89 for details on the remcom's composition, purpose, role, mandate, meetings held and attendance thereat.



2. Remuneration mix

The remcom ensures that the mix between remuneration components for executives is weighted towards variable pay in order to encourage the achievement of the short- and long-term financial and strategic goals of the organisation. For employees at other levels in the organisation the total remuneration mix is weighted towards guaranteed pay, as they do not manage the company's overall financial performance.

The table below provides an overview of the categories of Curro employees and their respective remuneration components:

Group	Focus	Strategic view	Remuneration
Executives	Formulate, drive and oversee implementation of strategy	Longest term	Cost-to-company package, *short-term incentive and share options
Head office: professionals and management levels	Operational	Short to long term	Cost-to-company package, **maximum 15th cheque as short-term incentive, selective share options
Schools: management levels	Operational	Short to long term	Cost-to-company package, **discretionary bonus and share options
Other staff (head office and schools, including teachers)	Support (administration)	Short term	Cost-to-company package and 13th cheque

* The remcom approves the STI scheme from time to time. The remcom approves the LTI scheme model (in accordance with the rules approved by shareholders) from time to time.

** The executive directors and executive committee have the discretion to formulate ad hoc incentive schemes that drive performance.

3. Fair and responsible remuneration

Executive remuneration should be fair and responsible in the context of overall employee remuneration. Curro is sensitive to socio-economic challenges and the need to address some of these challenges where possible.

The steps taken in this regard include:

- Enhancements in cost of and access to the provident fund and medical aid.
- Assistance with school fees provided for employees whose children attend Curro schools.
- Ensuring that the lowest-paid employees receive remuneration above the minimum wage level.
- Curro has embarked on a skills development and training drive to train and upskill staff across the Curro group.

4. Total-cost-to-company package ('TCTC')

The TCTC packages of employees are determined and reviewed annually, and normally changes thereto have been effective on 1 March of each year. These packages take into account individual performance, company performance, qualifications, the macroeconomic environment, industry standards, level of responsibility that the individual assumes, business complexity and external salary benchmarks where relevant. Competitive TCTC remuneration packages allow Curro to attract and retain skills that the group requires to implement its business strategy.

Curro makes use of the following external remuneration benchmarks:

School employees (about 97% of total employees)

- Teachers, specialist employees and management: competitors' salaries and/or state schools' salary statistics
- Other employees at schools: general market comparisons

Head office employees (about 3% of total employees)

- Administrative employees and non-management employees: general market comparisons
- Specialised functions/professionals: industry-specific comparisons
- Executives: publicly available information, together with external surveys on executive pay for listed companies per industry as and when available, and total remuneration components

Curro believes that these benchmarks provide reliable information to assist with remuneration decisions on a comprehensive and informed basis.

The remcom reviews the salary packages of executives. The average salary increases of these individuals are usually similar to the general employees' average salary increases, unless there are specific reasons to determine otherwise, for example when an individual is promoted or where industry benchmarking indicates that an executive's remuneration is below market.

The remcom reviews whether the total consolidated increases to the salary packages of employees of the company, together with the total STIs considered annually, are commensurate with the size and complexity of the business.

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The remcom approves the levels of authority with respect to who may approve increases to the packages of employees in the different areas and on the different levels in the company. The benefits available to employees include a guaranteed 13th cheque, maternity leave, provident fund contribution, death, disability and dreaded disease benefits, medical aid (including a medical aid scheme for lower-earning employees).

5. Short-term incentives ('STIs')

Curro believes in rewarding good performance that is dependent on the performance of the company. This reward is delivered in the form of a cash bonus. STIs are not guaranteed and are judiciously evaluated by and paid at the discretion of the remcom. The purpose of STIs is to encourage and promote the continued and consistent focus on the implementation of Curro's group strategy and to appreciate and recognise achievements. They also assist in retaining the group's top performers. STIs are usually paid to employees who fall in the management levels of the group.

The STIs are considered annually when the audited/reviewed results of Curro are available and are usually payable in February or March every year. The STIs for employees other than the executives are approved by the committees/individuals as set out in the remcom-approved levels of authority.

The STIs for the executive directors and exco members focus on the key drivers of the business. The following targets and weighting will be applicable to STIs in 2023:

STI targets (equal weighting of 25% for each target)*

- a) Achieve growth in recurring HEPS of at least 30% from the previous year
- b) Increase EBITDA margin (as a percentage of gross tuition fees) by 1.7% from the previous year
- c) Achieve at least 4.0% growth in organic average net learner numbers from 2023 to 2024
- d) Personal KPIs

* Above subject to an increase in HEPS

In addition to the performance measures above, the remcom set a stretch target for learner growth above 4.0%, with as much as an additional 25% being added to the executive incentives for achievement up to 7.5% of growth in learners from 2023. The stretch target demands meaningful growth in the context of the prevailing challenging economic conditions and the absolute number of learners already enrolled in Curro.

Bonus weighting per executive

- | | |
|---|------|
| • CEO | 100% |
| • Deputy CEO, CFO, business managers, academic head | 80% |
| • Other exco members | 60% |

The remcom reserves the right to review the performance measures and targets if required relative to an uncertain environment and material extraneous factors. In addition, the remcom set a linear scale to determine incentives relative to targets, with a total business growth and performance of at least 70% of targets to qualify for any portion of incentives relating thereto, scaled to full incentives at full achievement of targets.

Learner growth and retention have a significant operational gearing effect on the bottom line of the company. Management has to focus on service delivery for this.

For management to achieve the recurring HEPS target, in addition to reducing the leaver ratio for learners, it will have to focus on closely managing costs, the collection of school fees in order to reduce bad debts, and viable capital investments which yield sufficient returns to offset higher depreciation and interest expenses relative to earnings.

The remcom annually reviews and approves the key performance measures and bonus pools of the executives and compares the achievement with these measures when the total remuneration packages of the members are revised.

6. Long-term incentives ('LTI')

Introduction

Curro knows that the retention of key skills in the group is important for the sustainability of the group and that LTIs are designed to do so. Furthermore, LTIs align the interests of participants with the medium- to long-term strategic objectives of the company. At the same time, they illustrate Curro's commitment and appreciation of contribution made by the participants.

Curro changed and improved the LTI scheme during 2021 and company currently has two share option schemes in place. For ease of reference, we refer to the previous scheme as the Old LTI scheme and the incentive scheme implemented for executives in 2021 is referred to as the New LTI scheme.

Participants will benefit from Curro's share option schemes through long-term share price appreciation, which should ultimately depend on sustained growth in headline earnings per share as a result of Curro's business and management activities.



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All management who qualify to partake in the New LTI scheme waived their unvested remaining rights in terms of the Old LTI scheme. However, there are employees who will not be eligible to receive options under the New LTI scheme and they will continue to hold options in terms of the Old LTI scheme and same would remain in place until the Old LTI scheme comes to an end in September 2024, whereafter the Old LTI scheme will be terminated.

6.1 The Old LTI scheme

6.1.1 Background

The Curro shareholders approved the share option scheme rules that govern a range of principles such as share option awards, eligibility criteria to be a participant, vesting rules, and, for example, how to deal with circumstances when an employee retires, is retrenched or in the case of death. The shareholders approved certain changes to the rules of the share option scheme at the 2018 AGM that:

- Allow the board to determine and set performance measures that will apply to the vesting of options awarded in terms of the share incentive scheme.
- Allow the company to settle exercised options on a net equity basis, by way of cash payments, or through the issue and allotment of ordinary shares in the company.
- Grant the board the discretion to determine when options that have been awarded by the company will lapse, where the participant is guilty of misconduct or poor performance.
- Increase the required loan cover ratio applicable to loans made by the company to participants in the share incentive scheme from 130% to 200%. Going forward no new loan funding will be made available, and all options will be net equity settled, i.e. they will be settled after deducting the strike price and the employee income tax (PAYE).

Furthermore, shareholders approved the proposed resolution to reduce the number of shares available to be used in the Old LTI scheme to 19 million shares.

6.1.2 Awards

Share options were awarded annually at the consideration of the remcom. The number of share options awarded was calculated on the basis of the respective employees' base salary and a multiple of between one time and seven times applied thereto, depending on the employee's seniority and level of responsibility assumed in the organisation, and subject to their individual performance. In determining the top-up calculations for the annual share option award, the value of unvested past share option awards was taken into account.

The total consolidated number of options awarded annually was decided and approved by the remcom. The remcom is responsible for approving the annual awards for specific participants (executive directors, exco, company secretary, executive heads, heads of departments and heads of primary and high schools). The approval of share option awards for other senior managers/middle managers/junior managers who qualify for participation in the share option scheme is delegated to the CEO, CFO and company secretary by the remcom. This approval occurs subject to these awards being within the factor ranges that the remcom has set and the remcom being notified once awards have been made.

No new awards were made under the Old LTI scheme in 2020, 2021 and 2022.



6.1.3 Vesting

Options vest in 25% tranches on the second, third, fourth and fifth anniversaries of the award date.

Awards made before 2019:

There are no vesting conditions for options issued before 2019.

Awards made in 2019:

Awards made in 2019 were subject to achieving a minimum EBIT margin as a vesting condition, as set out below:

Vesting date		Sep 2022	Sep 2023	Sep 2024	Sep 2025
Financial year	2019	2021	2022	2023	2024
EBIT margin*	17.2%	20.5%	21.0%	21.5%	22.0%

* Significant acquisitions might be excluded from this measure.

In addition, shares awarded to employees up to 2019 were at the market options, so without share price appreciation, which will only coincide with long-term value creation, management will derive no benefit from the LTI scheme.

6.1.4 Loan funding

Until 2017, Curro provided loans to assist management to pay the strike price and the applicable income tax on vesting dates, as permitted by the share incentive trust deed. Subsequently, no new loan funding was made available, and all options are to be net equity settled. At 31 December 2022 the remaining loan balance was R329 429.00 (2021: R403 484.00).

6.1.5 Forfeiture of unvested shares

The executive directors and other executives forfeited all of their remaining unvested share options awarded in terms of the Old LTI scheme during 2021 after the New LTI scheme was approved by shareholders and implemented, with new awards made in respect thereof.

6.2 The New LTI scheme

6.2.1 Introduction

The New LTI scheme was implemented in 2021 after it was approved by shareholders at the AGM. The new LTI scheme use nil-paid options, which means that there is no strike price, and the current market price has no impact on the number of nil-paid options allocated to key executive management.

6.2.2 Awards

Every year a fixed number of options will be made available to key executive management of Curro and selected other individuals who are regarded as potential successors to key executive management. The allocation of options will be a process agreed between the key executive management and the remcom.

The number of nil-paid options which were allocated in the first award on 30 June 2021 is 0.833% of the number of shares in issue, whilst the second award on 31 March 2022 consisted of 0.80% of shares in issue. The third award on or about 24 March 2023 consisted of 0.77% of the shares in issue. The number of shares made available in each of the following years will be reduced gradually so that, over the long term and subject to the shares in issue, the figure reaches 0.5%, when it will be fixed.

It is the intention of the remcom and the board to repurchase such number of shares in the future for vested awards to ensure there is limited or no dilution for shareholders given the vesting of options. Market conditions will be taken into account in this regard.

6.2.3 Vesting

Options will vest in 25% tranches as set out in the table below. The first award's first tranche vests on 31 March 2023 and the third, fourth and fifth tranches annually thereafter. The second and third awards vests on the same basis, from the second anniversary of the award and three anniversaries thereafter.

Award	31 March 2023	31 March 2024	31 March 2025	31 March 2026	31 March 2027	31 March 2028
First award: 30 June 2021	25%	25%	25%	25%	n/a	n/a
Second award: 31 March 2022	n/a	25%	25%	25%	25%	n/a
Third award: 24 March 2023	n/a	n/a	25%	25%	25%	25%

The options are subject to the following performance conditions:

- Ongoing growth in recurring HEPS above the aggregate of GDP growth % and CPI %;
- Ongoing improvement in Return on Capital Employed ('RoCE') over the vesting period; and
- Achievement of individual key performance criteria.

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The performance conditions are dynamic because they are reviewed annually relative to the performance in the immediately preceding year. The basis for performance measurement in the future is therefore always against the most recent preceding year.

In order for participants to benefit, they have to meet their performance criteria and retain a meaningful portion of the vested shares over time.

The performance conditions are weighted and will be measured as set out below for the first two awards:

Performance conditions for 2021 and 2022 awards	1) Growth in recurring HEPS	2) Annual increase in RoCE <small>Note 1</small>	3) Individual key performance criteria
Weighting:	60%	20%	20%
Minimum hurdle <u>before</u> any vesting:	GDP growth % + CPI % for the preceding year	Prior year RoCE	To be determined by management and the remcom, depending on seniority
Performance required for full vesting:	Proportionate (linear) vesting up to full vesting at 4% above minimum hurdle	Proportionate (linear) vesting up to full vesting at absolute 0.3% above hurdle	
Vesting subject to other conditions:		<ul style="list-style-type: none"> Net Debt: EBITDA ratio to be maintained below 3.5x RoCE in vesting year must be above RoCE in the base year when options were awarded, regardless of increase on immediately preceding year 	Subject to achieving like-for-like learner growth and achievement of personal KPIs

The remcom considered suggestions from certain shareholders that long-term schemes should have a greater emphasis on the company's return on equity. However, given the long capital cycle of the business and the material investment already made in its school assets, management's primary focus over the medium term should be on driving up earnings to increase return on equity. The remcom therefore set similar performance conditions for the third award made in March 2023, but increased both the weighting of the RoCE condition and its performance hurdle to incorporate a greater emphasis on business returns, as set out below:

Performance conditions for the 2023 awards	1) Growth in recurring HEPS	2) Annual increase in RoCE <small>Note 1</small>	3) Individual key performance criteria
Weighting:	40%	40%	20%
Minimum hurdle <u>before</u> any vesting:	GDP growth % + CPI % for preceding year	Prior year RoCE	To be determined by management and the remcom, depending on seniority
Performance required for full vesting:	Proportionate (linear) vesting up to full vesting at 4% above minimum hurdle	Proportionate (linear) vesting up to full vesting at absolute 0.5% above hurdle	
Vesting subject to other conditions:		<ul style="list-style-type: none"> Net Debt: EBITDA ratio to be maintained below 3.5x RoCE in vesting year must be above RoCE in the base year when options were awarded, regardless of increase on immediately preceding year 	Subject to achieving like-for-like learner growth and achievement of personal KPIs

Note 1 – Calculation of RoCE:

The RoCE is calculated by dividing the normalised EBIT by the average capital employed for the year. The average capital employed for each year is calculated by taking the total assets for the year, less cash balances and less all non-interest-bearing liabilities; with the average being the aggregate of opening and closing balances determined as above divided by two.

Illustrative example

The table below demonstrates different potential outcomes as examples relative to the performance conditions for a tranche of 10 000 options that are due to vest for the first two awards under the New LTI scheme. The option shares are weighted per performance condition and potential vesting scenarios are displayed, i.e.:

- Growth in recurring HEPS of 9%, being 3% above the example hurdle rate of 6% for that year, means that 4 500 of the 6 000 options will vest; and
- A RoCE of 5.8% in year 2, being an improvement of 0.2% per year on the base year, means that 1 333 of the 2 000 potential options will vest for the first and second awards.

Growth in recurring HEPS			Improvement in Return on Capital Employed ('RoCE')			Personal KPIs		Total options
Maximum options that can vest in this tranche:	6 000		Maximum options that can vest in this tranche:	2 000		Maximum options that can vest in this tranche:	2 000	10 000
Example: GDP growth	2%		RoCE in 2020	5.4%				
CPI	4%							
Minimum hurdle for year		6%						
Growth scenarios	Above/ (below) hurdle	Total vesting	RoCE	Above/ (below) hurdle	Total vesting	Scenarios:		
5.0%	-1%	NIL	4.0%	-1.4%	NIL	Acceptable performance and learner growth	2 000	
6.0%	0%	NIL	5.4%	0.0%	NIL			
7.0%	1%	1 500	5.5%	0.1%	667			
8.0%	2%	3 000	5.6%	0.2%	1 333			
9.0%	3%	4 500	5.7%	0.3%	2 000	Weak performance and no learner growth	NIL	
10.0%	4%	6 000	5.8%	0.4%	2 000			
15.0%	9%	6 000	8.0%	2.6%	2 000			



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6.2.4 Retention

As a further qualifying vesting condition, participants have to retain a minimum number of shares:

- For the second 25% of a specific tranche to vest, an employee needs to have retained 80% of the shares received from the first vesting;
- For the third 25% of a specific tranche to vest, an employee needs to have retained 70% of the shares received from the first and second vestings; and
- For the fourth 25% of a specific tranche to vest, an employee needs to have retained 60% of the shares received from the first, second and third vestings.

In all instances a minimum of 60% of shares received from the scheme needs to be retained for any option vesting to qualify over and above the specific tranche requirements. Such shares may not be encumbered at a bank and may not form part of a collar or similar type of transaction.

Options will vest on the net equity basis and are exercisable within six months of the award dates, which is envisaged to be in March annually.

6.3 Limits

The limits of the number of shares that may be utilised for purposes of the share option scheme are fixed and determined by Curro shareholders from time to time, as required by the JSE Limited Listings Requirements.

Below is a summary of the shares already utilised and key limits:

	Number of shares	As % of shares in issue
For all participants		
Maximum approved limit of the Old LTI*	19 000 000	3.17%
Total maximum utilisation that might be required to New LTI until 2030	30 210 000	5.05%
Total potential utilisation for Old and New LTI	49 210 000	8.22%
Current unvested		
Old LTI	2 597 625	0.43%
New LTI	8 301 801	1.39%
Per individual participant		
Cumulative utilised Old LTI	2 228 299	0.37%
Total maximum that might be required to New LTI until 2030**	12 084 000	2.02%
Total potential utilisation for Old and New LTI	14 312 299	2.39%

* The 2021 AGM approved changes to the Old LTI: the maximum approved limit was reduced to 19 million shares and the limit per participant was reduced to 3 million shares. The remaining headroom is therefore cancelled.

** Assumed to be 40% of total maximum that might be required under New LTI

6.4 Termination of service

In the case of resignation, dismissal or early retirement (before attaining the age of 65 years) of a participant (i.e. bad leaver), unvested share options are generally forfeited.

In the case of permanent disability, compulsory retirement (attaining the age of 65 years), death or retrenchment of a participant (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter will generally continue to be exercisable, provided they are exercised during such 12 months. However, in the case of the termination of employment for any reason other than dismissal, the remcom may at its absolute discretion permit the exercising of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of the early retirement of an executive).

This is consistent between the Old and New LTI schemes.

7. Executive contracts

Executives have a notice period of two months, with between one and three months for all other employees, depending on the role requirements, to ensure continuity of the operations and alignment with market practice. Executive directors have an unpaid restraint of trade for 24 months. Curro employees (including executives) are not entitled to any payments upon termination of their service, except for those provided for by law (e.g. accrued annual leave and retrenchment payments).

No retention-based payments are made to Curro employees, although the remcom has the discretion to make such payments when the need arises. LTI awards vest in line with the shareholder-approved rules.

Executive directors are permitted to serve as non-executive directors in one other company with the prior approval of the chairperson of the board. Any remuneration payable for these duties will accrue to Curro where meetings are attended during business hours. In certain instances, incoming appointees may be awarded LTIs as a sign-on award.

8. Non-executive directors' fees

Non-executive directors' fees are reviewed annually by the remcom, taking into account external public research information that is available on non-executive directors' fees, affordability, and the increases awarded to the average employee's salary. The remcom's recommendation is submitted to the board, which then considers it for recommendation to the shareholders for approval at the company's AGM.

The company's memorandum of incorporation as approved by the shareholders of the company allows for a disinterested quorum of the board to determine such additional amounts of fees/remuneration to be paid in the event a director provides services that fall outside the scope of the ordinary duties of a non-executive director. Non-executive directors do not receive share options.

Refer to page 10 of the Notice of AGM for details on the proposed fees for 2023, as set out below. Refer to the implementation report for the details on the non-executive directors' remuneration paid in the 2022 financial year.

The remcom conducted a market benchmarking exercise in the previous year and adjusted fees in that context. Accordingly, the fees for non-executive directors are proposed to increase by approximately 6% in line with inflation, as follows:

Non-executive directors' fees (excluding value-added tax)	Annual fee 2023/2024
Board	
Chairperson of the board	R697 300
Board members	R317 000
Chairpersons of the board committees	
Audit and risk committee	R190 200
Remuneration and nominations committee	R115 800
Social, ethics and transformation committee	R115 800
Members of board committees	
Audit and risk committee	R101 500
Remuneration and nominations committee	R92 600
Social, ethics and transformation committee	R57 900

Notes:

1. Fees are paid for services rendered as non-executive directors and are not based on meetings attended.
2. Value-added tax ('VAT') is payable thereon if the non-executive director is VAT registered.

9. Shareholder non-binding advisory votes

This remuneration policy is updated from time to time, and together with the implementation report, is presented to the shareholders of Curro annually at its AGM for two separate non-binding advisory votes.

In accordance with the JSE Limited Listings Requirements, in the event that 25% or more votes are exercised against the remuneration policy and/or the implementation report, Curro will:

- a) Include in a statement on its AGM voting results published via the Stock Exchange News Service ('SENS') an invitation to the dissenting shareholders to engage with Curro, together with the manner and timing of this engagement.
- b) Address legitimate concerns raised by taking these into account with the annual review of the remuneration policy and/or by clarifying or adjusting remuneration governance processes.

The methods of engagement may include face-to-face meetings, teleconferences, emails and other written correspondence.

In the circumstances described above, the results of the shareholder engagement will be disclosed in the introduction of the successive remuneration report.

3.9 REMUNERATION REPORTS

Implementation report for the year ended 31 December 2022

Human capital is a critical component of Curro's business success, as its people are key to the quality of education that Curro provides through its schools. Curro had 6 557 employees in 2022, and approximately 64% of operating expenses consist of remuneration for employees.

The remcom has achieved its objectives set out in the remuneration policy for 2021 and 2022. There were no material deviations from the remuneration policy.

1. Summary

Total remuneration

	2020	2021	2022
Total number of employees	5 963	6 150	6 557
Guaranteed pay and company contributions [#]	1 510	1 773	1 986
Short-term incentive	29	25	37
IFRS2 share-based payments expense	28	32	32
Total remuneration* (R million)	1 567	1 830	2 054
As percentage of revenue	51%	52%	50%

Remuneration of executive committee

	2020	2021	2022
Number of employees	9	9	9
Guaranteed pay (R million)	17	21	22
Short-term incentive (R million)	6	9	10
IFRS2 share-based payments expense (R million)	7	9	22
Total executive cost (R million)	30	38	54
Short-term incentive as percentage of guaranteed pay	35%	43%	44%
Total executive cost as percentage of revenue	1.0%	1.1%	1.3%
Total executive cost as percentage of EBITDA	4.3%	4.8%	5.8%

Notes

[#] The total guaranteed remuneration for the 2020-year was a low base for comparison due to the deduction of Temporary Employment Relief Scheme ("TERS") receipts from the salary cost for 2020.

* Total remuneration includes total STIs accrued in the year and the IFRS2 share-based payments expenses relating to the Share Incentive Trust.

2. Single total figure remuneration for executives

Executive	Basic salary	Expense allowance	Pension contributions paid	Bonuses ¹	Gains on exercising of options	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2022						
AJF Greyling ²	3 524	124	103	1 721	–	5 472
JP Loubser	3 298	105	97	2 640	–	6 140
	6 822	229	200	4 361	–	11 612

1. Based on performance for the 2021 financial year

2. Retired as CEO and resigned as director effective 1 January 2023.

Executive	Basic salary	Expense allowance	Pension contributions paid	Bonuses ³	Gains on exercising of options	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2021						
AJF Greyling	3 180	124	95	1 394	–	4 793
JP Loubser ⁴	3 100	72	93	–	–	3 265
	6 280	196	188	1 394	–	8 058

3. Based on performance for the 2020 financial year.

4. Appointed as director and CFO from 1 January 2021, employed from 1 November 2020.

Following his retirement as CEO and resignation as director, Andries Greyling continued to be employed by the group until 28 February 2023, to assist during the handover process. The remcom resolved that he would remain entitled to his basic salary until 28 February 2023. The remcom further resolved that, in the context of his good leaver status, he would be entitled to receive the STI cash bonus which accrued to him in the 2022-year and that he would be permitted to exercise a portion of his unvested LTI share options in the future, as detailed in paragraph 5 below. Subsequent to the 2022 year-end, a once-

off payment of R10 million was made to Andries, in finalisation of his employment, which included his 2022 STI cash bonus referred to above and also related to the forfeiture and cancellation of the remaining majority of his unvested shares options.

3. Total-cost-to-company packages

Staff salaries have historically been increased with effect from 1 March each year. For the 2022 year, the group gave an increase of approximately 5%. Except for where there were changes in responsibilities, the increases for executives were in line with those for the rest of the staff.

4. Short-term incentives

STIs are paid annually in February or March following the financial and academic results of the prior year and the learner enrolments for the following financial year. The March 2023 amount paid to the exco was R10.4 million (2022: R9.4 million), which was the bonus pool approved by the remcom in February 2023.

The remcom's approval process for STIs considered a review of the exco's achievement against the 2022 key performance indicators that were approved for that year in March 2022 and reviewed in February 2023 (once reviewed and/or audited information was available).

Executives met two out of the four key performance indicators that had been set for the 2022 financial year, being growth in recurring HEPS and the Personal KPI's. Details can be found below.

Certain other employees, who mainly comprise operations managers, executive heads and selected head office personnel, received a bonus in March 2023 based on specific outcomes achieved by the individual and their area of responsibility.

The exco's STI targets and results for the 2022 year are listed below:

- Achieve growth in recurring HEPS of at least 31% from 2021
- Increase EBITDA margin (as percentage of turnover) by 2.0% from the previous year
- Achieve at least 7.0% growth in organic average net learner numbers from 2021 to 2022
- Personal key performance objectives

The STIs for the individuals as set out in the 2022 remuneration policy for the 2022 financial year are set out below. This was paid in March 2023 and was accrued for in the 2022 financial statements:

Targets:	Allocation if target met	Minimum	Target	Actual achieved	Allocated bonus
1. Recurring HEPS growth	25%	21.7%	31.0%	35.4%	25.0%
Recurring HEPS (cents)		37.5	53.6	55.4	
2. Increase EBITDA margin	25%	1.4%	2.0%	0.0%	0.0%
- Margin for 2022				22.3%	
- Margin for 2021				22.3%	
3. Growth in learner numbers	25%	5.0%	7.0%	3.7%	0.0%
4. Personal KPIs	25%			Yes	25.0%
Portion of full bonus					50.0%

	CEO	CFO	Other Exco
Total personal KPIs	25.0%	25.0%	25.0%
Group targets achieved	25.0%	25.0%	25.0%
Other ¹	–	50.0%	–
Total bonus	50.0%	100.0%	50.0%
Bonus weighting per executive (% of yearly salary)	100.0%	80.0%	60.0% to 80.0%
Bonus percentage of yearly salary paid in 2022	50.0%	80.0%	30.0% to 40.0%

1. As a condition of his appointment, the CFO receives an additional top-up incentive for his first two years of employment, in 2021 and 2022, up to a maximum of 80% of his annual salary.

5. Long-term incentives

5.1 Awards and forfeitures of options

The executive directors and other executives agreed to forfeit all their share options awarded in terms of the Old LTI scheme before the relevant vesting dates in 2021. No new share awards were made to directors during 2021 and 2022 in terms of the Old LTI scheme.

New awards were made in terms of the New LTI scheme on 30 June 2021 (the first award), on 31 March 2022 (the second award) and on 24 March 2023 (the third award).

3.9 REMUNERATION REPORTS

As a consequence of Andries Greyling's retirement as CEO, the majority of his unvested LTI share options were forfeited and cancelled. The remcom exercised its discretion to permit the continued exercising of a portion of his unvested share options, in the context of his good leaver status, insofar as a portion of his options vests on 31 March 2023 and 31 March 2024. The vesting of these options shall remain subject to the same terms and conditions on which they were awarded.

Details of share awards and forfeitures to executive directors in terms of the Old LTI and New LTI schemes are set out in the table below:

Director	Share options award date	Final option vesting date	Exercise price per share option (Rand)*	Opening balance of share options at 1 January 2022	Number of share options vested during the year	Number of share options awarded / (forfeited) #	Closing balance of share options as at 31 December 2022	Gain on vesting of options**	Gains on unvested share options as at 31 December 2022***
								R'000	R'000
AJF Greyling	2021/07/01	2026/03/31	NIL [^]	996 627	–	(498 314)	498 313	–	4 485
	2022/03/31	2027/03/31	NIL [~]		–	956 739			
JP Loubser	2021/07/01	2026/03/31	NIL [^]	747 470	–	–	747 470	–	6 727
	2022/03/31	2027/03/31	NIL [~]			717 554	717 554	–	6 458
				1 744 097	–	458 424	2 202 521	–	19 823

* Exercise price is the strike prices adjusted for corporate actions (rights issues and unbundling of shares).

** There were no gains on the exercise of options during the year.

*** The unrealised in-the-money amount was calculated by multiplying the unvested number of shares by the market price of the share at 31 December 2022 being R9.00. This does not take the status of performance conditions and the probability of non-vesting or forfeitures into account.

The options awarded in terms of the Old LTI was forfeited by the executive directors, after the approval of the New LTI by shareholders and the implementation thereof (also refer to 6.1.5 under the remuneration policy above).

[^] First award in terms of the New LTI.

[~] Second award in terms of the New LTI.

5.2 Gains on options that vested (R million)

	2019	2020	2021	2022
Realised gains on vesting (all participants)	1	0	0	0
Realised gains on vesting (exco)	0**	0	0	0
Outstanding loans to participants*	9	0**	0***	0#

* The average loan-to-value ratio on 31 December 2019 was 1.7 times and each individual borrower exceeded the minimum ratio of 1.3.

** Rounded to million, actual amount is R533 577

*** Rounded to million, actual amount is R403 484

Rounded to million, actual amount is R329 429

6. Non-executive directors' fees

	2020	2021	2022
Remuneration (R'000)	3 164	3 097	3 076
Growth	4.2%	(2.1%)	(0.7%)

The fees paid to non-executive directors in the 2022 financial year included the following:

Name	2021 R'000	2022 R'000
SL Botha	643	700
ZN Mankai	408	447
TBL Molefe ¹	297	–
PJ Mouton	337	365
SWF Muthwa	357	386
TP Baloyi	439	476
DM Ramaphosa	361	422
CR van der Merwe	255	280
	3 097	3 076

1. TBL Molefe resigned as director effective 19 November 2021





SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Curro
Kathu



Overview

Curro's vision is to make independent school education accessible to more learners throughout Southern Africa.

The group delivered promising growth in learners, revenue and profitability, with recurring headline earnings increasing by 34.7% to R330 million (2021: R245 million).

We are pleased with these results given the prevailing economic conditions. Our 2022 matric class achieved excellent results and our school communities are flourishing with enthusiastic participation in our full range of extracurricular activities.

Results for the year

Curro's weighted average number of learners for the year under review increased by 6.4% to 70 724 learners (2021: 66 447) and revenue increased by 17.3% to R4 156 million (2021: R3 543 million).

Tuition fees increased by 14.1% due to the growth in learners, coupled with the annual fee increase. The level of extracurricular activities normalised gradually during the year under review. Revenue growth was supported by an increase in ancillary revenue, which was R96 million and 36.1% higher than the previous year.

Curro is focused on improving its operating margin and are managing costs stringently. As a result, discounts granted have decreased to 7.8% of tuition fees from 9.1% in the previous year.

Other expenses increased due to the growth in the number of learners and the normalisation of campus activity to pre-pandemic levels. The ratio of other expenses to revenue in the current year was 24.7% compared to the pre-pandemic 2019 ratio of 21.9%. The higher other expense ratio is due to increases in facility cost, debt collection cost and the cost of ancillary services.

Expected credit losses of R147 million were provided for during the year (2021: R131 million). Curro sold the non-performing portion of its debtors' book, which relates to learners who have left Curro ("inactive accounts"). The remaining debtors' book, net of the expected credit loss provision, consists of R137 million of actively enrolled accounts and R112 million of inactive accounts. The ageing of outstanding accounts for enrolled learners continued to improve due to more frequent terminations of non-paying accounts and improved collections.

Schools' EBITDA (earnings before interest, taxation, depreciation, amortisation and head office expenditure) increased by 18.0% to R1 195 million for the year, while EBITDA (after head office expenditure) increased by 17.4% to R926 million (2021: R789 million).

Headline earnings and headline earnings per share ('HEPS') increased by 49.0% from R245 million to R365 million and by 50.1% from 40.9 cents to 61.4 cents, respectively.

Recurring headline earnings and recurring headline earnings per share ('RHEPS') increased by 34.7% to R330 million (2021: R245 million) and by 35.4% to 55.4 cents (2021: 40.9 cents), respectively.

Earnings per share ('EPS') of 40.1 cents for the year was 7.4% lower than the 43.3 cents in the previous year.

In evaluating these results, shareholders should take into account that certain items are included in the calculation of EPS but are added back for purposes of the calculation of HEPS and RHEPS.

To determine the group's headline earnings, impairment charges in the current year and a gain on bargain purchase in the previous year was added back:

- Curro recognised impairments of R127 million (net of tax) relating to lower-yielding school assets. This was based on the annual impairment assessment reviews of the business plans for each school as required by International Financial Reporting Standards (IFRS) in terms of IAS 36 Impairment of Assets.
- The Company recognised a gain on a bargain purchase of R14 million (net of tax) in the previous year which was excluded from the calculation of HEPS and RHEPS in 2021.

Further to the adjustments to determine headline earnings, the following matters were treated as non-recurring and was removed for the calculation of recurring headline earnings:

- Curro's Meridian subsidiary received a once-off subsidy from provincial government of R25 million this year; and
- The South African corporate tax rate for years of assessment ending on or after 31 March 2023 will change to 27% from the current 28%. Curro had a deferred tax liability balance of R664 million at the end of the previous financial year. The impact of the rate change on deferred tax is a reduction of the deferred tax expense for the year of R23.4 million, which is included in EPS and HEPS but is non-recurring and removed for purposes of the calculation of RHEPS.

It is our opinion that recurring headline earnings provide shareholders with the most consistent perspective on Curro's profitability and performance over time.

Investment and expansion

Curro invested R1.1 billion in the business during the year under review. This includes the acquisitions of HeronBridge College and of buildings in Cape Town and in Randburg for the high growth DigiEd schools.

Other investing activities of R34 million in the statement of cash flows represent the net decrease in money market investments (2021: R240 million).

The Meridian Newcastle school closed at the end of 2022 and the property will be sold.

Curro's primary objective in the short to medium term remains to increase capacity utilisation of its existing facilities.

Balance sheet and funding

Curro generated R800 million of cash from its operating activities during the year, 4% higher than the previous year. The group has utilised its full assessed loss built up since its inception and paid corporate tax in the current year and will be liable to do so in the future.

During June 2022, GCR Ratings reaffirmed Curro's long-term and short-term national scale issuer credit ratings of BBB+ (ZA) and A2(ZA), respectively, with a stable outlook.

Curro successfully completed the refinancing of its existing debt facilities for an aggregate amount of R3.3 billion.

The impact of load shedding

The unprecedented load shedding and failure of state energy infrastructure in 2022 disrupted South Africa meaningfully.

Curro is in a unique position: the business is not a high electricity consumer overall, but its electricity consumption is particularly concentrated during a portion of the day. We took the following additional actions in 2022 to mitigate power outages:

- Installed electricity metres at all facilities to track consumption and manage behaviour;
- acquired several large diesel-generators to provide back-up power where most required; and
- evaluated battery and solar solutions which could enable our schools to generate and store enough electricity to be self-sufficient.

We will continue to invest in back-up power solutions in 2023 to mitigate our operational risk and to reduce energy dependency and cost over the long term.

Dividend

The board has resolved to pay a final dividend of 11.08 cents per share (2021: 8.20 cents) from income reserves for the year ended 31 December 2022. The dividend amount, net of South African dividend tax of 20%, is 8.864 cents per share.

It is the board's policy to pay 20% of recurring headline earnings as an annual dividend on the premise that growth in cash generation shall continue in the future.

The number of ordinary shares in issue at the declaration date is 597 961 595, and the income tax number of the company is 915/907/00/29.

The salient dates for this dividend distribution are:

- Declaration date Thursday, 2 March 2023
- Last day to trade cum dividend Tuesday, 11 April 2023
- Trading ex-dividend commences Wednesday, 12 April 2023
- Record date Friday, 14 April 2023
- Payment date Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023 and Friday, 14 April 2023.

Prospects

Higher interest rates and the impact of inflation on the cost of food, fuel and electricity have been suppressing consumers' disposable income for some time and this will continue in 2023.

Despite this, Curro experienced strong enrolment interest in 2023 and had 73 047 registered learners on 20 February 2023, compared to 70 408 learners on 18 February 2022. The termination of long overdue accounts restrained the overall learner growth from the previous year, but we are confident that this prudent approach will sustain and improve the group's operating margin going forward.

Curro is in a healthy financial position, and it is on track to increase shareholder returns as the business matures. We plan to invest up to R800 million in capital projects to maintain, replace and expand facilities in the 2023-year.

Our business remains resilient and we are committed to continue to provide excellent education for all our learners.

On behalf of the board



SL Botha
Chairperson

1 March 2023



JP Loubser
Chief Executive Officer

STATISTICS

KEY RATIOS (Unaudited)

	31 Dec 2020	31 Dec 2021	31 Dec 2022	20 Feb 2023
Number of campuses	76	76	77	78
Number of schools	177	178	181	182
Weighted average number of learners	60 777	66 447	70 724	73 047
Average number of learners per campus	800	874	918	937
Number of employees ¹	5 963	6 150	6 557	
Number of teachers ¹	3 425	3 579	3 835	
Learner/teacher ratio ¹	17.7	18.6	18.4	
Building size (m ²)	713 084	772 251	789 296	
Land size (ha)	536	549	581	
Capital invested (R million)	650	929	1 115	

¹ On a like-for-like basis, excluding the addition of HeronBridge College during the year, total staff increased by 3.6% and teachers increased by 4.6%, in line with learner growth. The like-for-like learner/teacher ratio is 18.7 for the year.

Curro
Brackenfell



Independent auditor's report on the summary consolidated financial statements

To the shareholders of Curro Holdings Limited

Opinion

The summary consolidated financial statements of Curro Holdings Limited, set out on pages 108 to 121 of the Annual Integrated Report, which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Curro Holdings Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc.

Director: Onalenna Halenyane
Registered Auditor

Stellenbosch, South Africa
28 April 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% Change	Audited 31 Dec 2022 R million	Audited 31 Dec 2021 R million
Revenue from contracts with customers (note 4)	17%	4 156	3 543
Employee costs	12%	(2 054)	(1 830)
Expected credit losses on financial assets	12%	(147)	(131)
Other expenses	30%	(1 029)	(793)
Earnings before interest, taxation, depreciation and amortisation (Adjusted EBITDA) ¹	17%	926	789
– Schools' EBITDA	18%	1 195	1 013
– Head office's EBITDA	20%	(269)	(224)
Amortisation	16%	(66)	(57)
Depreciation	(4%)	(215)	(224)
Earnings before interest and taxation (Adjusted EBIT) ¹	27%	645	508
Investment income	(31%)	50	72
Gain on bargain purchase	n/a	–	14
Once-off income	n/a	25	–
Profit on sale of property, plant and equipment	n/a	1	–
Impairment of property, plant and equipment	n/a	(163)	–
Impairment of intangible assets	n/a	(8)	–
Impairment of goodwill	n/a	(3)	–
Finance costs	7%	(258)	(242)
Profit before taxation	(18%)	289	352
Taxation	(47%)	(54)	(101)
Profit for the year	(6%)	235	251
Other comprehensive income / (loss):			
Net fair value gain on cash flow hedges	(29%)	37	52
Exchange differences on translating foreign operation	n/a	(1)	–
Total comprehensive income for the year	(11%)	271	303
Profit / (loss) attributable to:			
Owners of the parent	(8%)	239	259
Non-controlling interest	(50%)	(4)	(8)
	(6%)	235	251
Total comprehensive income / (loss) attributable to:			
Owners of the parent	(12%)	275	311
Non-controlling interest	(50%)	(4)	(8)
	(11%)	271	303

¹ Adjusted EBITDA takes a headline approach and represent EBITDA excluding impairment, bargain purchase gains, once-off income and profit or loss on sale of assets. Adjusted EBIT takes the same approach as for adjusted EBITDA.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% Change	Audited 31 Dec 2022 R million	Audited 31 Dec 2021 R million
Reconciliation of headline and recurring headline earnings:			
Earnings attributable to owners of the parent		239	259
Adjusted for:			
Gain on bargain purchase		–	(14)
Loss on impairment, net of deferred tax		127	–
Profit on sale of property, plant and equipment		(1)	–
Headline earnings	49%	365	245
Change in tax rate		(23)	–
Once-off income		(25)	–
Taxation pertaining to once off income		7	–
Non-controlling interest		6	–
Recurring headline earnings	35%	330	245
Earnings per share (cents)			
– Basic	(7%)	40.1	43.3
– Diluted	(8%)	39.9	43.3
Headline earnings per share (cents)			
– Basic	50%	61.4	40.9
– Diluted	49%	61.0	40.9
Recurring headline earnings per share (cents)	35%	55.4	40.9
Number of shares in issue (millions)			
– Basic		588.0	598.0
– Total issued		598.0	598.0
– Treasury shares		(10)	–
– Diluted		588.0	598.0
Weighted average number of shares in issue (millions)			
– Basic		594.0	598.0
– Diluted		598.0	598.0
Margins:			
– EBITDA margin ¹		22.3%	22.3%
– Schools' EBITDA margin ¹		28.8%	28.6%
– Operating margin		15.5%	14.3%

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 Dec 2022 R million	Audited 31 Dec 2021 R million
ASSETS		
Non-current assets	11 689	10 963
Property, plant and equipment	10 487	9 800
Right-of-use assets	289	305
Goodwill	602	561
Other tangible assets	300	288
Other financial assets at amortised cost	3	4
Other financial assets at fair value (note 6)	8	5
Current assets	535	578
Inventories	14	17
Current tax receivable	3	1
Other financial assets at amortised cost	30	29
Other financial assets at fair value (note 6)	1	–
Trade receivables (note 5)	249	235
Other receivables	118	116
Investment in money market funds	57	90
Cash and cash equivalents	63	90
Non-current assets held for sale	40	11
Total assets	12 264	11 552
EQUITY		
Equity attributable to owners of the parent	7 270	7 110
Share capital	6 108	6 205
Other reserves	47	(4)
Retained earnings	1 115	909
Non-controlling interest	(14)	(10)
Total equity	7 256	7 100
LIABILITIES		
Non-current liabilities	4 330	3 505
Other financial liabilities at amortised cost	3 211	2 446
Other financial liabilities at fair value (note 6)	–	41
Deferred tax liabilities	749	664
Lease liabilities	342	330
Contract liabilities	28	24
Current liabilities	678	947
Other financial liabilities at amortised cost	36	346
Other financial liabilities at fair value (note 6)	–	7
Current tax payable	3	2
Lease liabilities	38	35
Trade and other payables	261	253
Contract liabilities (mainly prepaid school fees)	327	263
Development and acquisitions payables	13	41
Total liabilities	5 008	4 452
Total equity and liabilities	12 264	11 552
Net asset value per share (cents)	1 224	1 189

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 Dec 2022 R million	Audited 31 Dec 2021 R million
Balance at the beginning of the year	7 100	6 766
Total comprehensive income	275	311
Dividends paid	(49)	–
Non-controlling interest movements	(4)	(8)
Other movements	(66)	31
Balance at the end of the year	7 256	7 100

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

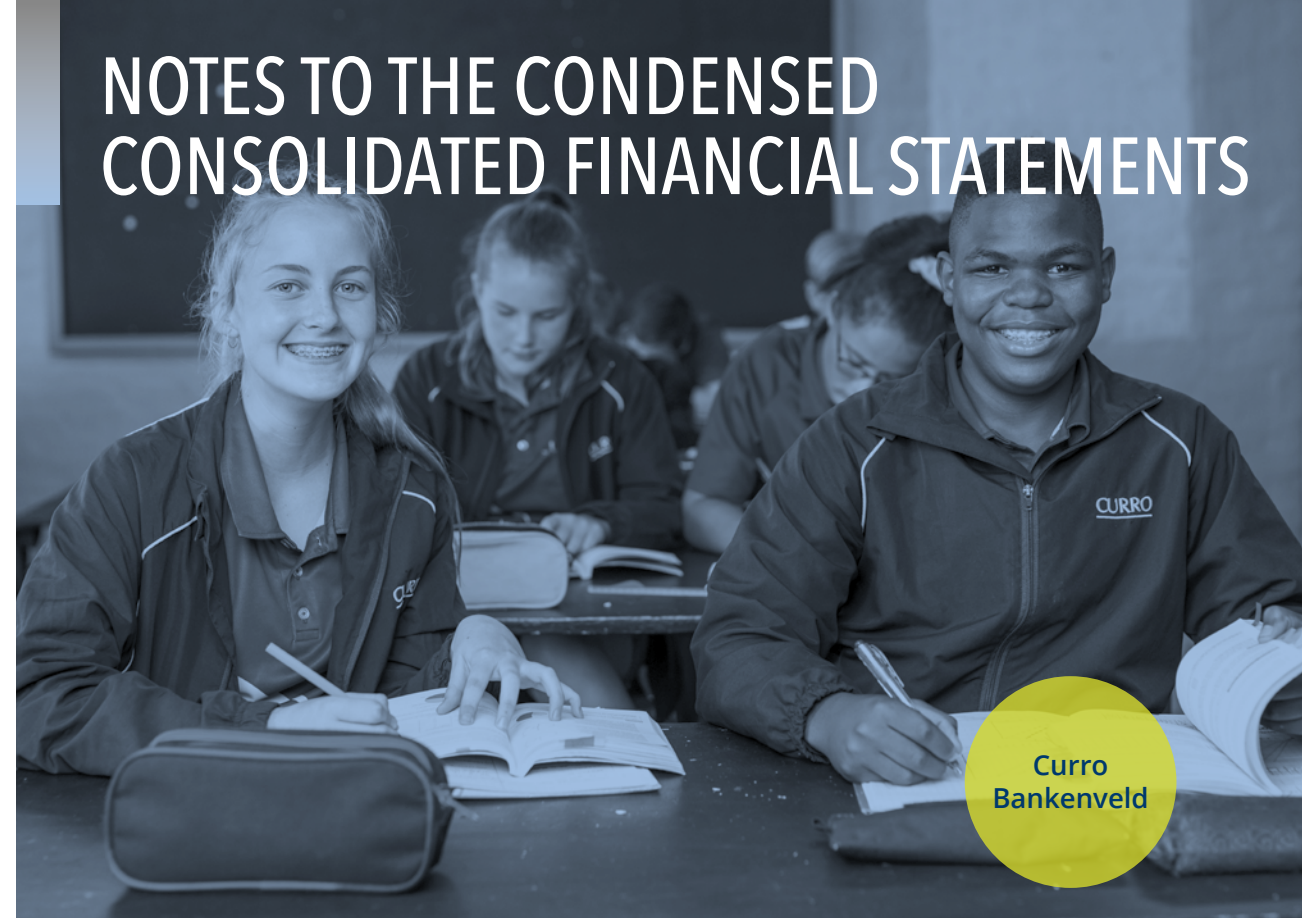
	% Change	Audited 31 Dec 2022 R million	Audited 31 Dec 2021 R million
Cash flows from operating activities			
Cash generated from operations	20%	984	821
Tax paid	n/a	(34)	(2)
Net finance cost paid	20%	(152)	(127)
Decrease in net working capital	(97%)	2	75
Net cash generated from operating activities	4%	800	767
Cash flows from investing activities			
Purchase of property, plant and equipment	5%	(901)	(859)
Business combinations (note 7)	n/a	(127)	(1)
Development and acquisition investment	n/a	(28)	1
Purchase of intangible assets	(15%)	(63)	(74)
Sale of property, plant and equipment	–	4	4
Other investing activities	(86%)	34	240
Net cash utilised in investing activities	57%	(1 081)	(689)
Cash flows from financing activities			
Purchase of treasury shares	n/a	(97)	–
Proceeds from other financial liabilities	n/a	3 220	150
Repayment of other financial liabilities	n/a	(2 810)	(229)
Dividends paid to company shareholders	n/a	(49)	–
Principal elements of lease payments	25%	(10)	(8)
Net cash generated from financing activities	n/a	254	(87)
Cash and cash equivalents movement for the year	200%	(27)	(9)
Cash and cash equivalents at the beginning of the year	(9%)	90	99
Cash and cash equivalents at the end of the year ^	(30%)	63	90

^ Curro has additional liquid resources amounting to R57m (December 2021: R90m) available in the form of its money market investments.

	% Change	Audited 31 Dec 2022 R million	Audited 31 Dec 2021 R million
Average number of learners for the year	6%	70 724	66 447
- Curro	7%	60 943	56 700
- Meridian	—	9 781	9 747
Revenue	17%	4 156	3 543
- Curro	18%	3 791	3 202
- Meridian	7%	365	341
Schools' EBITDA	18%	1 195	1 013
- Curro	19%	1 120	945
- Meridian	10%	75	68
Net head office expenditure	20%	(269)	(224)
- Curro	19%	(258)	(216)
- Meridian	38%	(11)	(8)
EBITDA margin		22.3%	22.3%
- Curro		22.7%	22.8%
- Meridian		17.5%	17.7%
Recurring headline earnings	35%	330	245
- Curro	34%	349	260
- Meridian*	27%	(19)	(15)
Recurring headline earnings per share (cents)	35%	55.4	40.9
- Curro	35%	58.6	43.4
- Meridian*	28%	(3.2)	(2.5)
Earnings per share (cents)	(7%)	40.1	43.3
- Curro	(10%)	41.3	45.8
- Meridian	(52%)	(1.2)	(2.5)
Total assets	6%	12 264	11 552
- Curro	6%	11 504	10 820
- Meridian	4%	760	732
Total liabilities	12%	5 008	4 452
- Curro	14%	4 198	3 681
- Meridian	5%	810	771
Net asset value per share (cents)	3%	1 224	1 189

* Included in the Meridian results is an interest charge of R63m (December 2021: R55m) to shareholders in proportion to their shareholding. If Curro's share of this interest charge is added back to Meridian, the Meridian recurring headline earnings would have increased from a loss of R19m (2021: R15m) to a profit of R22m (2021: R21m) and Curro's earnings would reduce commensurately on a segmental basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



1. STATEMENT OF COMPLIANCE

These summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements requires provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which these summary consolidated financial statements were derived are in terms of IFRS and are consistent, with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The summary consolidated results have been prepared internally under the supervision of the Chief Financial Officer, BC September, CA(SA).

2. AUDIT OPINION

These summary consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the company's website at www.curro.co.za.

The auditor's report does not necessarily report on all of the information contained in this announcement or financial results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. TRADE RECEIVABLES

	31 Dec 2022 R million	31 Dec 2021 R million
Gross trade receivables	491	481
Expected credit loss provision	(242)	(246)
Net trade receivables	249	235

6. OTHER FINANCIAL ASSETS / (LIABILITIES) AT FAIR VALUE

	31 Dec 2022 R million	31 Dec 2021 R million
Fixed-for-variable interest rate swap liabilities	4	(48)
Investment in SA SME Fund	5	5
	9	(43)

The interest rate swap agreements are measured using mark-to-market rates by the issuer of the instruments, representing a Level 2 fair value measurement for financial reporting purposes.

7. BUSINESS COMBINATIONS

Effective 1 April 2022, Curro acquired the entire business operations and properties of HeronBridge College in Fourways, Johannesburg for a total purchase consideration of R127 million combined.

	R million
The following assets and liabilities were recognised:	
Property, plant and equipment	168
Intangible assets	22
Inventories	3
Cash and cash equivalents	25
Other financial assets	3
Deferred tax liability	(48)
Contract liability	(44)
Trade and other payables	(21)
Total identifiable net assets	108
Goodwill	44
Cash consideration paid	152
Net cash outflow on acquisition	
Cash consideration paid	(152)
Cash acquired	25
	(127)

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are materially consistent with those of the annual financial statements for the year ended 31 December 2022. For a full list of standards and interpretations that have been applied, we refer you to our 31 December 2022 annual financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	31 Dec 2022 R million	31 Dec 2021 R million
Included in revenue from contracts with customers:		
Registration and tuition fees	4 113	3 605
Other income	106	58
Boarding school fees	70	66
Aftercare fees	63	45
Bus income	48	36
Recovery income	57	49
Rental income	12	8
Subsidy income	6	4
Discounts granted	(319)	(328)
Personnel	(96)	(89)
Bursaries	(85)	(79)
Enrolments	–	(3)
Covid-19	–	(1)
Other*	(138)	(156)
	4 156	3 543

* Other discounts mainly comprise of discretionary discounts, financial assistance and Ruta Sechaba bursaries

Curro
Academy
Pretoria

STATUTORY AND ADMINISTRATION (UNAUDITED)

Directors:

SL Botha** (Chairperson)

TP Baloyi**

M Lategan (Deputy CEO)

JP Loubser (CEO)

ZN Mankai**

PJ Mouton*

SWF Muthwa**

DM Ramaphosa**

BC September (CFO)

CR van der Merwe*

* Non-executive

** Independent non-executive

Note: AJF Greyling resigned effective 1 January 2023. M Lategan and BC September were appointed effective 1 January 2023.

Registered office: 38 Oxford Street, Durbanville, Cape Town, 7550

Transfer secretaries: Computershare Investor Services Proprietary Limited Rosebank Towers,
15 Biermann Avenue, Rosebank, Johannesburg, 2196

Corporate adviser and JSE Equity and Debt sponsor: PSG Capital

Group Company Secretary: M Lategan

Curro Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 1998/025801/06

JSE Equity Alpha Code: COH

JSE Debt Alpha Code: COHI

LEI: 378900E237CB40F0BF96

ISIN: ZAE000156253

(‘Curro’ or ‘the company’ or ‘the group’)

Announcement date: 2 March 2023

Meridian
Karino



ANNEXURE A | A BRIEF HISTORY

Curro's origins trace back to a small independent school that was envisioned by Dr Chris van der Merwe (Chris), Curro's former CEO, in 1998. Chris's vision was to create a school that would provide an exceptional education to learners in the intermediate phase (Grade 4 to Grade 7) in a converted house. Eduard Ungerer, one of Chris's business partners, as well as other founding members Loch van Niekerk, Eddie Conradie and Thys Franken, joined the venture. Soon after the school opened with 28 learners in a church in Durbanville, Cape Town, on 15 July 1998. Since then, Curro has grown into a leading independent school provider in Southern Africa, with the mission to make quality education accessible to all.

Curro's success has been built upon a strong foundation of strategic partnerships and a relentless focus on growth and expansion. In 2004, senior advocate Fef le Roux (Curro's chairperson from 2009 to March 2013) purchased 30% of the company's shares. In 2005, Educor (Pty) Ltd, a subsidiary of Naspers Ltd, acquired 25% of Curro's shares, enabling the company to pursue its vision of establishing 20 campuses countrywide. When Naspers disposed of Educor in 2006, the founders of the company and Fef le Roux repurchased the 25% shares.

In 2009, PSG Group Ltd became a 50% partner of Curro, and the company began the development plan to have 40 campuses and 45 000 learners by 2020. In 2010, Paladin Capital (Pty) Ltd, a subsidiary of PSG, increased its shareholding to 75% to support the capital investment required for this expansion.

In 2011, Curro listed on the JSE (AltX) and soon after raised R318 million through a rights offer. The capital was used to expand the existing schools and to acquire Woodhill College, Embury College, and Rosen Castle, which laid the foundation for the development of preschools under the Curro Castle brand.

Curro also transferred from the JSE's AltX to a Main Board listing in July 2012.

It was at that time that Curro joined forces with the Public Investment Corporation and Old Mutual, through the Schools Fund, to provide R440 million in capital for the development of a group of Meridian schools that would accommodate approximately 20 000 learners. In May 2013, Curro raised R606 million through a rights offer and private placement to expand its existing schools and to develop new ones in Ballito, Port Elizabeth, and George. The same year, Curro acquired Northern Academy, a school in Polokwane with approximately 4 000 learners, and Meridian Karino in Nelspruit, Mpumalanga. In addition, Curro issued R150 million in five-year bonds through a JSE-listed domestic medium-term note programme.

In 2014, Curro raised R600 million through a rights offer to expand existing schools and develop new ones in Brackenfell, Secunda, Monaghan Farm, Kathu, Mahikeng and Soshanguve, and to acquire Waterstone College and Grantleigh. Two Meridian schools were developed through the Meridian joint venture, one in Cosmo City and one in Newcastle. Curro issued R125 million in five-year bonds through its JSE-listed domestic medium-term note programme and raised R450 million in financing

through Standard Bank. The company also purchased seven additional sites for future development, and the year ended with approximately 28 737 learners and ten new campuses.

In 2015, Curro invested R1 billion in growth and expansion projects, partially funded through a rights offer to the value of R740 million. New schools were added to the group in Sitari Estate (Somerset West), Hillcrest, Waterfall Estate (Bryanston) and Douglasdale, and R646 million was invested in existing campuses, with R85 million going toward the acquisition of sites for future growth.

By the end of 2016, the group had 43 183 learners enrolled, with seven additional campuses developed during the year, resulting in the group having 115 schools. The new schools added to the group, to the value of R920 million, included Waterfall Primary School, Curro Century City High School, Curro Krugersdorp High School, Curro Castle Rivonia and Curro Rivonia Primary School, Curro Academy Wilgeheuwel Primary and High School, Curro Academy Clayville Primary School, and Curro Academy Pretoria Primary and High School. Curro also added a tertiary-education campus in Waterfall Estate. Three acquisitions took place during the year, namely Windhoek Gymnasium, Building Blocks and St Conrad's College.

During 2017, Curro invested R976 million in the construction of five new campuses and expansion on existing campuses. Expansion projects included significant expansions at Curro Roodeplaat, Curro Academy Wilgeheuwel, Windhoek Gymnasium, Curro Hillcrest and Curro Hermanus.

In the span of a few short years, Curro grew by leaps and bounds – expanding its reach and offerings to meet the evolving needs of learners across South Africa and beyond. In 2018, Curro made significant strides with the acquisition of Dot's Learning Centre, Cooper College, Baobab School and Northriding College, bolstering its already impressive roster of schools. The construction of six new campuses, totalling R398 million in value, brought the total number of campuses to 58 and schools to 138, providing even more learners with access to world-class education.

Curro continued to invest in its existing campuses, allocating R603 million into expansions at schools such as Curro Roodeplaat, Curro Academy Wilgeheuwel, Windhoek Gymnasium, Curro Midrand and Curro Heritage House, among others. By January 2019, over 57 000 learners were attending a Curro school, with organic and acquisitive growth contributing to this impressive figure.

In 2019, the company extended its brand offering with the launch of Curro Foreshore, a new tech-focused schooling model that emphasises essential subjects such as Mathematics, Science, Robotics and Coding. In addition, Curro Private College Rivonia opened its doors, offering the National Certificate Vocational as an alternative to the National Senior Certificate.

Despite the unprecedented challenges presented by the Covid-19 pandemic, Curro remained committed to its mission of providing high-quality education to learners. The company worked closely with the South African government to establish Covid-19 standards and protocols,

ensuring that its schools remained open and safe. Remote learning and other assistance were provided to learners where infrastructure was limited, and Curro Online was launched as a full virtual offering.

Through a rights offer, Curro raised R1.5 billion, demonstrating its commitment to innovation and growth. By 2021, Curro had incorporated St George's Preparatory School and introduced a digital wider subject choice offering, ending the year with 66 447 learners. By February 2022, the company had 70 408 registered learners across 76 campuses, with the launch of the new Curro Durbanville High School mega campus serving as a testament to its continued dedication to excellence in education.

And finally, on 20 February 2023, Curro had 73 047 learners across 78 campuses.

Curro's journey demonstrates the power of visionary leadership, strategic partnerships, and a relentless focus on growth and expansion. As Curro continues to grow, it remains committed to providing exceptional education to learners across Southern Africa, unlocking opportunities and transforming lives for generations to come.



Curro
Douglasdale

GLOSSARY

Abbreviation	Description
AFS	Audited financial statements
AGM	Annual general meeting
B-BBEE	Broad-based black economic empowerment
Board	Governing body or the board of directors of Curro Holdings Limited
Capmac	Campus and Property Management Company (Proprietary) Limited
CAPS	Curriculum Assessment Policy Statements
CCMD	Curro Curriculum Management and Delivery
CDP	The carbon disclosure project
CEO	Chief executive officer
CFO	Chief financial officer
CLSU	Curro Learner Support Unit
Companies Act	Companies Act, No.71 of 2008, as amended
Company	Curro Holdings Limited, an organisation registered as a public company and listed on the JSE Limited with registration number 1998/025801/06
COO	Chief operating officer
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ELDA's	Early Learning Development Areas
ESSC	Electronically controlled supercapacitors
ESG	Environment, Social and Governance
Exco	Executive committee
GHG	Greenhouse Gas
Group	Curro Holdings Limited and its subsidiaries
HEPS	Headline earnings per share
HR	People Management
IEB	Independent Examinations Board
IFRS	International Financial Reporting Standards
ISCR	Interest Service Cover Ratio
IT	Information and technology and/or information technology and systems
JSE	JSE Limited
King IV	King IV Report on Corporate Governance™ for South Africa, 2016. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.
Land banking	The acquisition of land for the purpose of developing schools
Ltd	Limited
LTI	Long-term incentive
Meridian	In July 2012, Curro, the Public Investment Corporation (PIC) and Old Mutual, through the Schools Fund (SEIFSA), provided R440 million in capital for the development of a group of Meridian schools to accommodate approximately 20 000 learners. In 2017, Curro and Old Mutual, through the Financial Sector Charter Fund (FSC Fund), provided another R188 million in capital for the future development of Meridian school properties. Capmac owns the properties, and the schools owned by Meridian Operations Company (RF) NPC are managed by Curro. In the report, reference to Meridian relates to this ring-fenced venture, the main purpose of which is to provide affordable quality education. Curro owns 65% of the equity of Capmac.
MOI	Memorandum of incorporation
NCV	National Certificate Vocational
NSC	National Senior Certificate
OHASA	Occupational Health and Safety Act No 85 of 1993, as amended
Old Mutual	Old Mutual Life Assurance Company South Africa Ltd
RPC	Representative Parents Committees
PAT	Profit after tax
PIC	Public Investment Corporation
Pty (Ltd)	Proprietary Limited
Remcom	The remuneration and nominations committee to Curro Holdings Limited
SACE	South African Council for Educators
SEIFSA or Schools Fund	Schools and Education Investment Impact Fund of South Africa
SENS	Stock Exchange News Service of the JSE
SOP	Standard Operating Procedure
STI	Short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
TCTC	Total-cost-to-company
TERS	The Temporary Employment Relief Scheme
Umalusi	The Umalusi Council for Quality Assurance in General and Further Education and Training
UN SDG's	United Nations Sustainable Development Goals

CORPORATE INFORMATION

Curro Holdings Limited

(Registration number 1998/025801/06)

General information

Country of incorporation and domicile

South Africa

Nature of business and principal activities

Independent schools and education services

Directors

Executive

Mr JP Loubser
Mrs M Lategan
Mr BC September

Non-executive

Mr PJ Mouton
Dr CR van der Merwe

Independent non-executive

Ms SL Botha (chairperson)
Mr TP Baloyi
Ms ZN Mankai
Prof. SWF Muthwa
Mr DM Ramaphosa

Note: AJF Greyling resigned effective 1 January 2023. M Lategan and BC September were appointed effective 1 January 2023.

Registered office and business address

38 Oxford Street
Durbanville
Cape Town
South Africa
7550

Postal address

PO Box 2436
Durbanville
Cape Town
South Africa
7551

Bankers

Absa Bank Ltd
First National Bank Ltd
Standard Bank of South Africa Ltd

Auditor

PricewaterhouseCoopers Inc.

Group Company Secretary

Mrs E Mpeke (1 April 2023)

Company registration number

1998/025801/06

Tax reference number

9159/070/02/9

JSE Equity and Debt sponsor and corporate advisor

PSG Capital (Pty) Ltd
1st floor, Ou Kollege Building
35 Kerk Street, Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599, South Africa)
and
Suite 1105, 11th Floor Sandton Eye Building
126 West Street, Sandton, 2196
(PO Box 650957, Benmore, 2010, South Africa)

NOTES

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CURRO

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