



**16%**  
**Operating profit**  
 (2020: 4% ▲)

**69%**  
**Earnings per share**  
 (2020: 24% ▼)

**37%**  
**Headline earnings per share**  
 (2020: 8% ▼)

**31%**  
**Normalised earnings per share**  
 (2020: 2% ▼)

**12%**  
**Cash generated by operating activities**  
 (2020: 27% ▲)

**19.0 cents**  
**Interim dividend per share**  
 (2020: no dividend)

**Strong overall performance reflecting robust business model with quality assets**

## Highlights

Performance demonstrates the agility and responsiveness of the group

Good debtors management, reduced borrowings and continued focus on efficiencies

Strong cash generation underpins sound balance sheet

### SCHOOLS DIVISION

- Good enrolment growth
- Strong recovery in the rest of Africa
- Delivering quality education through various modes of delivery

### TERTIARY/UNIVERSITY DIVISION

- Solid performance due to continued operational excellence
- Agile delivery and flexible academic offering
- Well established brands with respected value offerings

### RESOURCING DIVISION

- Prompt management action delivers good results with South Africa returning to profit
- Rest of Africa expansion strategy continues to deliver good performance

### PROSPECTS

Ongoing demand for quality education

Continue to drive operational efficiencies with a clear focus on delivering value to our students and their parents

Commitment to academic excellence is central and fundamental to our success

## Commentary

### Strong overall performance reflecting commitment to excellence

The directors are pleased to announce strong results for the six months ended 30 June 2021 continuing the group's trend of delivering a consistent performance that reflects the quality of our assets and robustness of the business model.

Our commitment to academic excellence combined with a clear focus on delivering value to our customers is fundamental to our business's success and is the core of our strategy. The comprehensive range of our offering, flexible delivery methods, improved systems and our ability to seamlessly transition between platforms, enabled the continued delivery of quality education in a challenging and changing environment. Our broad educational offering, which includes market leading pastoral support, is available at any time, at any place and through our students' preferred mode of delivery, either in person or online, has proven to be a differentiating factor and competitive advantage.

Our results could not have been achieved without the flexibility and commitment of our employees and students, which enabled us to continue to deliver our academic programmes uninterrupted and in a way that prioritises their safety.

The group has been improving continuously through specific initiatives that include revised structures, improved systems, enhanced technological capability and strong financial management. These initiatives contributed to the business's ability to cope with the circumstances created by the pandemic and sustain a high level of performance. Our new schools are ahead of the planned J-curve and appropriate capital expenditure has been allocated to projects which are demonstrating potential.

	Feb 2017	Feb 2018	Feb 2019	Feb 2020	Feb 2021	% Increase	June 2021	June 2021 – Feb 2020
Enrolments								
Schools	26 713	27 408	30 827	32 370	33 903	5%	<b>34 263</b>	6%
Tertiary: Full qualifications	33 463	36 136	39 629	44 975	N/A*		<b>47 432</b>	5%
<b>Total</b>	<b>60 176</b>	<b>63 544</b>	<b>70 456</b>	<b>77 345</b>	<b>N/A*</b>		<b>81 695</b>	<b>6%</b>

\* The tertiary first-year enrolment cycle for 2021 was affected by the delayed release of matric results.

### Good financial performance

#### Strong cash generation and sound balance sheet

The group's financial performance clearly demonstrates the outcomes of the strategic initiatives and mitigating actions taken in response to the pandemic. While enrolments increased by 6%, group revenue grew by 1% to R2.9 billion for the six months ended 30 June 2021 (2020: R2.8 billion). The muted revenue growth was due to the following:

- the enrolment growth in both schools and tertiary being mainly in our more affordable brands while the premium brands' enrolments are flat year-on-year due to a high number of financial exclusions at the beginning of this year, together with a change in mix in tertiary where more students opted for online offerings;
- no fee increases in schools while tertiary implemented below inflation increases;
- aftercare revenues were lower than in the corresponding period;
- repositioning of Abbotts College value offering at a lower price point;
- the average exchange rate used to translate our rest of Africa businesses being approximately 10% lower than for the corresponding period; and
- Resourcing rest of Africa switching some of their clients to "agency contracts" that results in only the fee portion being recognised in revenue as opposed to "principal contracts" where both the fee and the amounts paid to the contractors are included in revenue.

Some of the above are likely to reverse in future periods while the balance are as a result of deliberate actions by management that we believe positions the group for continued growth in future years.

Operating profit increased by 16% to R514 million (2020: R445 million) with group operating margins improving to 18.0% (2020: 15.7%). The improvement in operating margins was achieved due to the significant improvement in credit losses on trade receivables and the continued focus on efficiency improvements that resulted in expenses only increasing by 2% compared to the comparative period despite the prior period benefiting from savings due to the lockdown, net of COVID-19 related costs, amounting to R38 million. Adjusted for these cost savings, expenses remained flat year-on-year.

Net finance costs reduced to R82 million (2020: R118 million) as a result of the lower net borrowings and interest rate. Together with the strong operating result, this contributed to normalised earnings for the period increasing by 31% to R297 million (2020: R226 million) while normalised earnings per share also increased by 31% to 54.6 cents (2020: 41.8 cents) per share.

The continued focus on improving our processes, together with the decision to exclude students with significant outstanding debt at the beginning of the year, have resulted in a significant improvement in collections. Schools South Africa gross debtors have reduced by 40% compared to 30 June 2020, while Schools rest of Africa gross debtors have more than halved. Tertiary have also shown a marginal decrease in gross debtors. This has resulted in credit losses reducing to R79 million (2020: R165 million). Most of the loss allowance, amounting to R430 million (2020: R437 million), relates to inactive students attributed to prior financial periods.

Cash generated by operating activities increased by 12% to R1.4 billion (2020: R1.3 billion). This enabled the funding of investments and capital expenditure of R115 million, payment of financing costs of R80 million, dividends of R110 million, taxation of R155 million, repayment of lease liabilities of R38 million and the net settlement of debt amounting to R902 million. This, again, emphasises the inherent cash generating ability of our business.

Capital expenditure was focused on increasing capacity on sites to meet demand; acquiring equipment to enhance our delivery of online and hybrid tuition; and enhancing business systems to enable the standardisation of processes across the group and allow for further efficiency improvements. Capital expenditure for the full year is expected to amount to approximately R400 million.

## Schools South Africa

### Encouraging performance by providing quality education through various modes of delivery

Our restructuring effort and initiatives that are focused on eliminating wastage and duplication of effort have delivered benefits and have sharpened our quality offering and allowed us to forego a fee increase. The mid-fee sector continues to show good enrolment growth, while Evolve Online School has been launched successfully with 460 students enrolled in its first year of operation. The repositioning of Abbotts College at a lower price point has been well received by the market with enrolments growing by 15%. The premium brands managed to maintain student numbers despite more students than usual leaving or being excluded for financial reasons. Due to a large number of parents still working from home, demand for aftercare remains subdued.

Revenue increased by 1% to R1 086 million (2020: R1 072 million) and operating profit increased by 2% to R202 million (2020: R199 million). The operating margin increased to 18.6% (2020: 18.5%).

## Schools in the rest of Africa

### Strong recovery

All our school brands in the rest of Africa have experienced good enrolment growth. Crawford International in Kenya has emerged from the J-curve while Makini is making a strong recovery following the setback in 2020 where, due to a government directive, they were not able to deliver the curriculum for a large part of the year and consequently not able to charge students. One of the mitigating actions taken by the school was the introduction of the Cambridge International Curriculum to allow those students who chose to, to continue with their schooling. This initiative has proven so successful that it has now been embedded into the brand's offering and positions them for continued growth in the future due to the high level of demand. Gaborone International School continues to perform exceptionally well and options are being explored to increase capacity to absorb demand.

Revenue increased by 11% to R120 million (2020: R108 million) and an operating profit of R16 million was achieved (2020: loss of R9 million). The operating margin is 13.5% and is expected to increase as Crawford International fills its capacity and the operating efficiency projects at Makini deliver the anticipated benefits.

## Tertiary/University division

### Sustained performance

ADvTECH's tertiary division continued to grow enrolments despite a severely disrupted recruitment and registration cycle due to the delayed release of matric results. The majority of the enrolment growth was achieved in Rosebank College with the premium brands succeeding in maintaining enrolments under these trying circumstances.

Revenue increased by 3% to R1 218 million (2020: R1 187 million) and operating profit increased by 11% to R280 million (2020: R252 million). The operating margin increased to 22.9% (2020: 21.2%) as a result of effective cost containment measures and reduced credit losses.

## Resourcing division

### Return to profits and volumes return

The strategy to expand into the rest of Africa continues to pay dividends and the division continues to increase its presence and number of placements. In South Africa, we have continued to increase market share in a tough environment. This, together with good cost controls, has allowed the South African business to return to profitability.

The 6% decline in revenue reported is due to the increase in "agency contracts" and a decrease in "principal contracts", together with an approximately 10% impact on translation due to Rand strength relative to the corresponding period. Underlying volumes have increased in both South Africa and the rest of Africa. Operating profit increased to R16 million (2020: R3 million).

## Leadership changes

The following changes to the board occurred:

- We welcome Monde Nkosi, who was appointed to the board with effect from 1 April 2021.
- Dr Jane Hofmeyr and Jens Zimmerman both retired by rotation at the Annual General Meeting held on 27 May 2021.
- Dr Shirley Zinn will be retiring as non-executive director and chair and member of the Remuneration committee, effective 31 December 2021. She will also step down from the Nominations committee and Transformation, social and ethics committee.

## Declaration of interim dividend no. 22

Following a period of significant investment, the group is now benefiting from the returns. With a lower level of capital expenditure over the last 18 months, together with the robust performance and strong cash generation of the group, net borrowings have significantly reduced, a trend which is expected to continue in future. This has given the board confidence to re-instate the payment of dividends at a similar cover ratio as was in place prior to the economic disruption caused by the COVID-19 pandemic.

The board is pleased to announce the declaration of an interim dividend of 19.0 cents (2020: no dividend) per ordinary share in respect of the six months ended 30 June 2021.

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend taxation (DT) rate is 20%. The net amount per share payable to shareholders who are not exempt from DT is 15.2 cents per share, while it is 19.0 cents per share to those shareholders who are exempt from DT.

There are 551.8 million ordinary shares in issue; the total dividend amount payable is R104.8 million. The salient dates applicable to the dividend referred to above are as follows:

	2021
Declaration of dividend	<b>Monday, 30 August</b>
Announcement of interim results for 2021	<b>Tuesday, 31 August</b>
Last day to trade in order to participate in the dividend	<b>Tuesday, 14 September</b>
Trading commences ex-dividend	<b>Wednesday, 15 September</b>
Record date	<b>Friday, 17 September</b>
Payment date	<b>Monday, 20 September</b>

Share certificates may not be dematerialised and rematerialised between Wednesday, 15 September 2021, and Friday, 17 September 2021, both days inclusive.

## Prospects

With the ongoing demand for quality education in South Africa and across the continent, we remain confident that we will be able to navigate an uncertain and subdued socio and macro-economic environment in South Africa. The group has demonstrated its ability to perform well on all fronts in an extremely challenging environment and we continue to focus on maintaining a sustainable business that can withstand and be responsive to the current economic environment, while enhancing our educational offerings to ensure that they continue to remain relevant over the long-term.

The initiatives undertaken further enhance our value proposition and drive operational efficiencies. In this way, we focus on outstanding academic delivery and provide value to our students and their parents, while positioning the group well to continue to deliver a solid financial performance.

The sound balance sheet and the inherent strong cash generation of the business demonstrates that it is able to absorb any further shocks while allowing us to invest as opportunities arise.

Finally, the resilience and commitment of our employees and students is much appreciated and contributes significantly to the success of our business.

On behalf of the board

**Chris Boule**  
Chairman

**Roy Douglas**  
Chief executive officer

**Didier Oesch**  
Group commercial director and chief financial officer

**31 August 2021**

## Condensed consolidated statement of profit or loss

for the six months ended 30 June 2021

R'm	Notes	Percentage increase	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>Revenue</b>	2	1%	<b>2 859.8</b>	2 828.5	5 499.2
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		9%	<b>665.3</b>	610.5	1 254.5
<b>Operating profit before interest and non-trading items</b>		16%	<b>513.9</b>	444.7	908.1
Non-trading items*	3		<b>16.8</b>	(43.7)	(28.8)
Net finance costs			<b>(82.1)</b>	(117.8)	(204.8)
Interest earned			<b>6.9</b>	1.1	2.3
Finance costs incurred			<b>(57.6)</b>	(86.5)	(146.5)
Finance costs on lease liabilities			<b>(31.4)</b>	(32.4)	(60.6)
Profit before taxation		58%	<b>448.6</b>	283.2	674.5
Taxation			<b>(130.4)</b>	(98.5)	(209.0)
<b>Profit for the period</b>		72%	<b>318.2</b>	184.7	465.5
<b>Profit for the period attributable to:</b>					
Owners of the parent			<b>310.3</b>	181.9	461.1
Non-controlling interests			<b>7.9</b>	2.8	4.4
			<b>318.2</b>	184.7	465.5
<b>Earnings per share (cents)</b>					
Basic		69%	<b>56.9</b>	33.6	85.1
Diluted		69%	<b>56.9</b>	33.6	85.1

\* Profit/loss on disposal of property, plant and equipment has been reclassified as a non-trading item due to the non-recurring nature of these transactions. This is to improve the comparability of the results from period to period. The comparative results have been re-presented with a corresponding adjustment made to operating profit before interest and non-trading items in the condensed consolidated statement of profit or loss above and the condensed consolidated segmental report below. The underlying figures for the year ended 31 December 2020 are audited. However, the reclassification has not been audited or reviewed by the group's auditors.

## Headline and normalised earnings

for the six months ended 30 June 2021

R'm	Percentage increase	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>Determination of headline earnings</b>				
Profit for the period attributable to owners of the parent		<b>310.3</b>	181.9	461.1
Items excluded from headline earnings per share		<b>(12.9)</b>	34.5	33.0
(Profit)/loss on disposal of property, plant and equipment		<b>(16.8)</b>	0.5	(1.4)
Loss on disposal of subsidiaries		-	6.8	6.7
Impairment of property, plant and equipment		-	11.1	11.1
Impairment of intangible assets		-	24.9	24.9
Taxation effects of adjustments		<b>3.9</b>	(8.8)	(8.3)
<b>Headline earnings</b>	37%	<b>297.4</b>	216.4	494.1
<b>Headline earnings per share (cents)</b>				
Basic	37%	<b>54.6</b>	40.0	91.2
Diluted	37%	<b>54.6</b>	40.0	91.2
<b>Determination of normalised earnings</b>				
Headline earnings		<b>297.4</b>	216.4	494.1
Items excluded from normalised earnings per share		-	9.8	(7.8)
Corporate action costs		-	0.4	0.5
Remeasurement of deferred taxation assets		-	4.7	-
Write-off of deferred taxation assets		-	4.8	4.8
Gain on settlement of contingent consideration		-	-	(13.0)
Taxation effects of adjustments		-	(0.1)	(0.1)
<b>Normalised earnings</b>	31%	<b>297.4</b>	226.2	486.3
<b>Normalised earnings per share (cents)</b>				
Basic	31%	<b>54.6</b>	41.8	89.8
Diluted	31%	<b>54.6</b>	41.8	89.8

Normalised earnings is a non-IFRS measure and excludes the impact of certain non-operational income and expense items (such as legal and other corporate actions costs, the write-off or remeasurement of deferred taxation assets in certain subsidiaries and the gain on settlement of contingent consideration in the prior periods) from reported headline earnings. The income and expense items adjusted for in normalised earnings are once-off in nature and provide shareholders with a measure of underlying performance that is comparable from period to period.

## Condensed consolidated statement of other comprehensive income

for the six months ended 30 June 2021

R'm	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>Profit for the period</b>	<b>318.2</b>	184.7	465.5
<b>Other comprehensive income, net of income taxation</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange (loss)/gain on translating foreign operations	<b>(11.8)</b>	86.4	(15.1)
<b>Total comprehensive income for the period</b>	<b>306.4</b>	271.1	450.4
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the parent	<b>298.6</b>	266.4	445.8
Non-controlling interests	<b>7.8</b>	4.7	4.6
	<b>306.4</b>	271.1	450.4

## Condensed consolidated statement of financial position

as at 30 June 2021

R'm	Note	Unaudited 30 June 2021	Unaudited 30 June 2020	Audited 31 December 2020
<b>Assets</b>		<b>7 094.9</b>	7 176.7	7 080.8
<b>Non-current assets</b>		<b>4 892.0</b>	4 882.4	4 854.9
Property, plant and equipment		<b>112.0</b>	102.9	106.5
Proprietary technology systems		<b>426.4</b>	485.2	442.9
Right-of-use assets		<b>1 449.7</b>	1 484.5	1 452.4
Goodwill		<b>157.3</b>	173.1	162.2
Intangible assets		<b>49.2</b>	40.1	53.9
Deferred taxation assets		<b>8.3</b>	8.5	8.0
Investment in joint arrangement		-	-	-
<b>Current assets</b>		<b>661.1</b>	831.9	511.1
Trade and other receivables	4	<b>347.9</b>	490.9	270.3
Taxation		<b>13.8</b>	15.3	7.0
Other current assets		<b>74.5</b>	78.1	52.1
Bank balances and cash		<b>224.9</b>	247.6	181.7
Non-current assets held for sale		-	67.7	48.8
<b>Total assets</b>		<b>7 756.0</b>	8 076.3	7 640.7
<b>Equity and liabilities</b>		<b>4 068.6</b>	3 679.8	3 867.8
<b>Equity</b>		<b>1 768.8</b>	2 441.9	1 830.0
<b>Non-current liabilities</b>		<b>1 200.0</b>	1 800.0	1 200.0
Long-term bank loans		<b>129.7</b>	148.4	152.6
Deferred taxation liabilities		<b>389.8</b>	414.6	427.3
Lease liabilities		<b>49.3</b>	78.9	50.1
Acquisition liabilities		-	-	-
<b>Current liabilities</b>		<b>1 918.6</b>	1 954.6	1 942.9
Current portion of long-term bank loan		-	-	600.0
Short-term bank loans		<b>138.5</b>	143.9	441.2
Current portion of lease liabilities		<b>169.5</b>	181.7	137.7
Current portion of acquisition liabilities		<b>5.4</b>	-	3.8
Trade and other payables		<b>520.8</b>	499.7	449.4
Fees received in advance and deposits		<b>1 084.4</b>	1 109.6	310.8
Bank overdraft		-	19.7	-
<b>Total liabilities</b>		<b>3 687.4</b>	4 396.5	3 772.9
<b>Total equity and liabilities</b>		<b>7 756.0</b>	8 076.3	7 640.7

## Condensed consolidated segmental report

for the six months ended 30 June 2021

R'm	Percentage increase/(decrease)	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
Revenue	1%	<b>2 859.8</b>	2 828.5	5 499.2
Schools	2%	<b>1 206.7</b>	1 179.4	2 311.2
- South Africa	1%	<b>1 086.4</b>	1 071.5	2 114.3
- Rest of Africa	11%	<b>120.3</b>	107.9	196.9
Tertiary Resourcing	3%	<b>1 218.4</b>	1 187.4	2 343.6
- South Africa	(6%)	<b>437.5</b>	463.9	848.2
- Rest of Africa	14%	<b>113.4</b>	99.2	183.0
- Rest of Africa	(11%)	<b>324.1</b>	364.7	665.2
Intra group revenue		<b>(2.8)</b>	(2.2)	(3.8)
Operating profit before interest and non-trading items	16%	<b>513.9</b>	444.7	908.1
Schools	15%	<b>218.6</b>	189.6	366.5
- South Africa	2%	<b>202.4</b>	198.7	376.0
- Rest of Africa		<b>16.2</b>	(9.1)	(9.5)
Tertiary Resourcing	11%	<b>279.6</b>	252.2	538.7
- South Africa	441%	<b>15.7</b>	2.9	2.9
- Rest of Africa	11%	<b>3.3</b>	(8.3)	(18.5)
- Rest of Africa		<b>12.4</b>	11.2	21.4
Property, plant and equipment, proprietary technology systems, right-of-use assets and non-current assets held for sale	(2%)	<b>5 430.4</b>	5 538.2	5 453.1
Schools	(2%)	<b>3 773.4</b>	3 863.3	3 798.4
- South Africa	0%	<b>3 364.9</b>	3 354.4	3 387.2
- Rest of Africa <sup>#</sup>	(20%)	<b>408.5</b>	508.9	411.2
Tertiary Resourcing	(1%)	<b>1 627.0</b>	1 649.9	1 633.8
- South Africa	20%	<b>30.0</b>	25.0	20.9
- Rest of Africa	35%	<b>27.6</b>	20.4	17.7
- Rest of Africa	(48%)	<b>2.4</b>	4.6	3.2

<sup>#</sup> Approximately 85% of the movement in schools rest of Africa relates to the movement in exchange rates.

## Condensed consolidated statement of changes in equity

for the six months ended 30 June 2021

R'm	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
Balance at beginning of the period	<b>3 867.8</b>	3 420.3	3 420.3
Total comprehensive income for the period	<b>306.4</b>	271.1	450.4
Dividends declared to shareholders	<b>(110.3)</b>	(0.2)	(3.8)
Share-based payment expense	<b>0.4</b>	0.9	1.8
Share award expense under the management share incentive scheme (MSI)	<b>12.7</b>	-	17.1
Taxation effect of shares awarded under the management share incentive scheme (MSI)	-	-	(0.4)
Non-controlling interest on disposal of subsidiaries	-	3.4	3.4
Acquisition of additional shares in subsidiaries	<b>(8.4)</b>	(15.7)	(21.0)
<b>Balance at end of the period</b>	<b>4 068.6</b>	3 679.8	3 867.8

## Condensed consolidated statement of cash flows

for the six months ended 30 June 2021

R'm	Note	Percentage increase	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>Cash flows from operating activities</b>					
Cash generated from operations	5	11%	672.0	606.4	1 264.5
Movement in working capital			742.0	661.4	48.0
Cash generated by operating activities		12%	1 414.0	1 267.8	1 312.5
Net finance costs paid (inclusive of borrowing costs capitalised to assets and finance costs on lease liabilities)			(80.4)	(118.4)	(201.1)
Taxation paid			(155.4)	(97.4)	(212.5)
Dividends paid			(110.2)	(0.2)	(3.8)
Net cash inflow from operating activities			1 068.0	1 051.8	895.1
<b>Cash flows from investing activities</b>					
Additions to property, plant and equipment			(98.4)	(137.2)	(267.0)
Additions to proprietary technology systems			(8.6)	(24.8)	(36.5)
Proceeds on disposal of property, plant and equipment			33.7	1.5	29.4
Proceeds on disposal of subsidiaries			–	0.3	0.3
Net cash outflow from investing activities			(73.3)	(160.2)	(273.8)
<b>Cash flows from financing activities</b>					
Settlement of non-current bank loan			(600.0)	–	–
Settlement of current bank loans			(422.3)	(861.7)	(848.9)
Drawdowns of current bank loans			120.0	120.0	410.0
Repayment of lease liabilities			(38.3)	(45.5)	(97.9)
Acquisition of additional shares in subsidiaries <sup>#</sup>			(8.4)	(15.7)	(21.0)
Settlement of contingent consideration			–	–	(9.1)
Net cash outflow from financing activities			(949.0)	(802.9)	(566.9)
Net increase in cash and cash equivalents			45.7	88.7	54.4
Cash and cash equivalents (net of bank overdraft) at beginning of the period			181.7	125.3	125.3
Net foreign exchange differences on cash and cash equivalents			(2.5)	13.9	2.0
<b>Cash and cash equivalents (net of bank overdraft) at end of the period</b>			<b>224.9</b>	<b>227.9</b>	<b>181.7</b>

<sup>#</sup> An amount of R15.7 million was reclassified from investing activities to financing activities for the period ended 30 June 2020. This related to the purchase of additional shares in subsidiaries which were controlled by the group.

## Free operating cash flow before capex per share

for the six months ended 30 June 2021

R'm	Percentage increase	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
Profit for the period		318.2	184.7	465.5
Adjusted for non-cash IFRS and other adjustments (after taxation)		6.7	(3.7)	10.5
Net operating profit after taxation – adjusted for non-cash IFRS and other adjustments		324.9	181.0	476.0
Depreciation, amortisation and impairment		151.4	201.8	382.4
Repayment of lease liabilities		(38.3)	(45.5)	(97.9)
Taxation adjustment on IFRS 16 leases		(4.2)	(2.2)	(8.7)
(Profit)/loss on disposal of property, plant and equipment (after taxation)		(12.9)	0.4	(1.0)
Operating cash flow after taxation	25%	420.9	335.5	750.8
Movement in working capital		742.0	661.4	48.0
Free operating cash flow before capex	17%	1 162.9	996.9	798.8
Free operating cash flow before capex per share (cents)	16%	213.4	184.1	147.5

Free operating cash flow before capex is calculated by subtracting non-cash items, repayment of lease liabilities net of taxation, and movement in working capital from profit for the period. This is a non-IFRS measure. Free operating cash flow before capex per share is calculated by dividing free operating cash flow before capex by the weighted average number of ordinary shares in issue during the period, net of shares repurchased and the group's interest in its own ordinary shares.

## Supplementary information

for the six months ended 30 June 2021

R'm	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
Capital expenditure (inclusive of borrowing costs capitalised)	109.2	165.0	308.4
Capital commitments	851.7	1 048.8	869.2
Authorised by directors and contracted for	358.2	287.4	293.0
Authorised by directors and not yet contracted for	493.5	761.4	576.2
Anticipated timing of spend	851.7	1 048.8	869.2
0 – 1 year	370.5	79.6	282.4
1 – 2 years	59.5	201.6	139.7
3 – 5 years	341.3	455.7	152.4
more than 5 years	80.4	311.9	294.7

## Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2021

### 1.1 Statement of compliance

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements, and the requirements of the Companies Act of South Africa applicable to condensed financial statements. The Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), 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 and methods of computations applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The preparation of the condensed consolidated interim financial results for the six months ended 30 June 2021 was supervised by Didier Oesch CA(SA), the group's commercial director and chief financial officer.

These interim results have not been audited or reviewed.

Any forward looking statements contained in this announcement have not been reviewed nor reported on by the company's external auditors.

### 1.2 Events after the reporting period

The directors are not aware of any matter or circumstance occurring between the date of the statement of financial position and the date of this report that materially affects the results of the group for the period ended 30 June 2021 or the financial position at that date.

### 1.3 Financial instruments

The directors consider that the carrying amount of the financial assets and financial liabilities recognised in the condensed consolidated interim financial statements approximate their fair values.

All of the group's financial instruments are carried at amortised cost and are therefore not classified in terms of the fair value hierarchy.

R'm	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>2. Revenue</b>			
The group derives its revenue from the transfer of services over time in the following major income streams. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see condensed consolidated segmental report):			
Education services	2 425.1	2 366.8	4 654.8
– Tuition – Schools	1 246.7	1 219.6	2 406.8
– Tuition – Tertiary	1 222.8	1 192.0	2 360.9
– Bursaries and discounts	(110.6)	(109.5)	(223.1)
Net tuition fees	2 358.9	2 302.1	4 544.6
Boarding fees	17.4	9.2	18.8
Enrolment and application fees	30.7	32.5	57.8
Extramural activities and aftercare	17.4	22.6	30.1
Education material and uniforms	0.7	0.4	3.5
Placement fees	437.5	463.9	848.2
Intra group revenue	(2.8)	(2.2)	(3.8)
	<b>2 859.8</b>	<b>2 828.5</b>	<b>5 499.2</b>
<b>3. Non-trading items</b>			
Profit/(loss) on disposal of property, plant and equipment	16.8	(0.5)	1.4
Corporate action costs	–	(0.4)	(0.5)
Impairment of property, plant and equipment	–	(11.1)	(11.1)
Impairment of intangible assets	–	(24.9)	(24.9)
Loss on disposal of subsidiaries	–	(6.8)	(6.7)
Gain on settlement of contingent consideration	–	–	13.0
	<b>16.8</b>	<b>(43.7)</b>	<b>(28.8)</b>

During the current period land and buildings, which were no longer required, with a carrying value of R8.4 million were disposed of for proceeds of R24.5 million. The balance of the profit/(loss) on disposal of property, plant and equipment in the current and prior period results from the disposal of smaller assets.

The non-trading items in the prior period related to:

- Corporate action costs related to legal and consulting costs incurred in business combinations.
- Trinityhouse Palm Lakes and Trinityhouse North-Riding were closed as at 31 December 2020 and as a result, land and buildings were impaired by R11.1 million in anticipation of its disposal in the future.
- Intangible assets with a carrying value of R24.9 million relating to the brand value of Maragon (in the schools division) was impaired. The reason for the impairment was the strategic re-positioning and re-branding of these schools which is currently in progress.
- Loss on disposal of subsidiaries related to the disposal of Ubiquity Open Academy Holdings Proprietary Limited and its subsidiaries.
- The gain on settlement of contingent consideration related to a reduction that was negotiated on the acquisition consideration for Makini Schools Limited.

R'm	Percentage decrease	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>4. Trade and other receivables</b>				
Trade receivables		717.3	865.3	609.2
Loss allowance		(429.7)	(437.3)	(375.7)
		<b>287.6</b>	428.0	233.5
Other receivables		60.3	62.9	36.8
Trade and other receivables		<b>347.9</b>	490.9	270.3
<b>Profit or loss impact</b>				
Credit losses*	(52%)	<b>79.0</b>	164.6	263.6

\* Includes the profit or loss impact of net bad debts written-off and the movement in the loss allowance.

#### 5. Note to the condensed consolidated statement of cash flows

R'm		Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
<b>Reconciliation of profit before taxation to cash generated from operations</b>				
Profit before taxation		448.6	283.2	674.5
Adjust for non-cash IFRS and other adjustments (before taxation)		6.7	(3.7)	10.5
		<b>455.3</b>	279.5	685.0
Adjustments		<b>216.7</b>	326.9	579.5
Depreciation, amortisation and impairment		151.4	201.8	382.4
Net finance costs		82.1	117.8	204.8
(Profit)/loss on disposal of property, plant and equipment		(16.8)	0.5	(1.4)
Loss on disposal of subsidiaries		-	6.8	6.7
Gain on settlement of contingent consideration		-	-	(13.0)
<b>Cash generated from operations</b>		<b>672.0</b>	606.4	1 264.5

#### 6. Business combination

##### 6.1 Oxbridge Academy Proprietary Limited

A further 44% of Oxbridge Academy Proprietary Limited was acquired on 1 May 2021 for a cash consideration of R8.4 million. The total holding is 95% of the share capital.

#### 7. Share information

	Percentage increase	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
Number of shares in issue (million)		551.8	548.8	551.8
Number of shares in issue net of treasury shares (million)		545.0	541.4	544.4
Weighted average number of shares for purposes of basic earnings per share (million)		545.0	541.4	541.6
Weighted average number of shares for purposes of diluted earnings per share (million)		545.0	541.4	541.6
Net asset value per share including treasury shares (cents)	10%	737.3	670.5	700.9
Net asset value per share net of treasury shares (cents)	10%	746.5	679.7	710.5
Free operating cash flow before capex per share (cents)	16%	213.4	184.1	147.5
Gross dividends per share (cents)		19.0	-	20.0

### SCHOOLS DIVISION



### TERTIARY DIVISION



### RESOURCING DIVISION



 Read more on our website [www.advtech.co.za](http://www.advtech.co.za)