ADTECH GROUP

A TREND OF CONSISTENT PERFORMANCE DELIVERY

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

SUBDUED ECONOMIC ENVIRONMENT

Household earnings R20K+ — 66% debt repayment to income ratio

SA 2023 IMF GDP growth forecast (unchanged) — 1.4%

Highest unemployment rate — 34.5%

GDP projected to grow in 2022 and 2023 — 1.8% and 1.3%

Current inflation rate — 7.8%

South African economy remains muted

Source: STATSSA, World Bank/IMF, Institute for Security Studies

FACTORS AFFECTING DEMAND FOR QUALITY EDUCATION

1 Public schools

Continue to experience shortages of critical resources

From 2000 – 2021, students enrolled in:

- Public schools: ▼ **14%**
- Private schools: ▲ **121%**

2 Quality of teaching

Public schools: **1:34**

Amnesty International:

"For South Africa to comply with both its own constitutional and international human rights obligations with respect to education, major change is needed urgently"

3 Matric pass rate

By 2021, out of 100 students from the class of 2010:

- **67** reached matric
- **48** passed matric
- **23** obtained bachelor passes

DBE students
76% matric pass rate

ADvTECH IEB students **99.3% matric** pass rate

IEB bachelor degree pass rate: **98.4%**

4 University subsidies

Education budget as % of national budget decreasing

- 2019: 21.1%
- 2020: 20.2%
- 2021: 19.9%
- 2022: 18.0%

Source: Department of Basic Education

EDUCATION DIVISIONS

Schools: SA
Revenue 14%
Operating profit 16%

Schools: Rest of Africa
Revenue 27%
Operating profit 70%

Tertiary Division
Revenue 9%
Operating profit 13%

The healthy and robust position of the group reflects the quality of our assets

RESOURCING DIVISION

Resourcing: SA
Revenue 13%
Operating profit 58%

Resourcing: Rest of Africa
Revenue 65%
Operating profit 136%

Good recovery in South Africa and strong growth in the rest of Africa

STRONG OVERALL PERFORMANCE

Positioned to deliver sustainable earnings growth

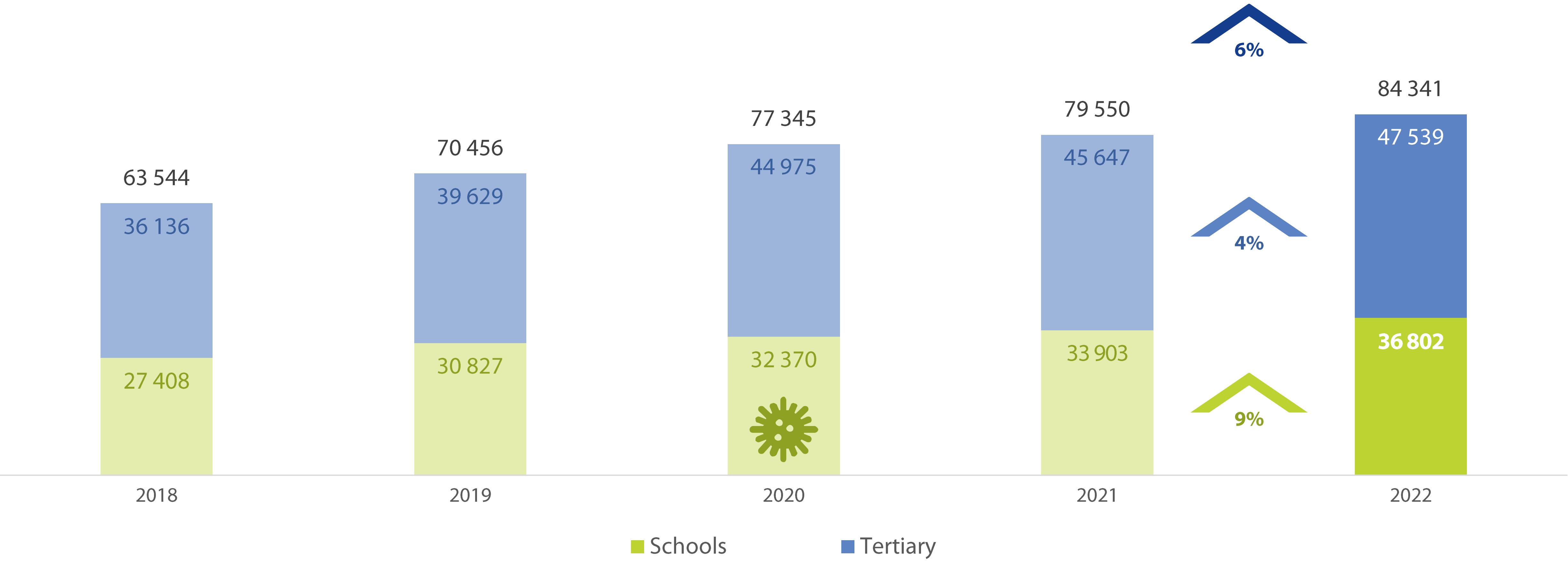
18%
Revenue

19%
Operating profit

23%
Headline earnings per share

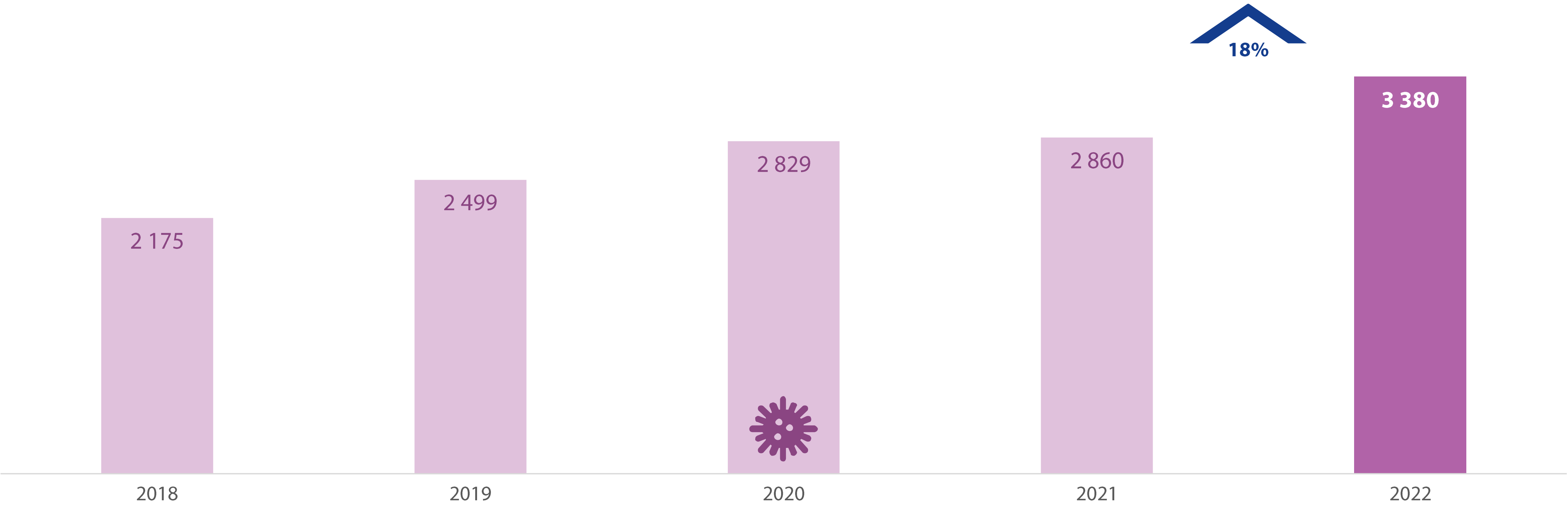
22%
Normalised earnings per share

TOTAL ENROLMENTS



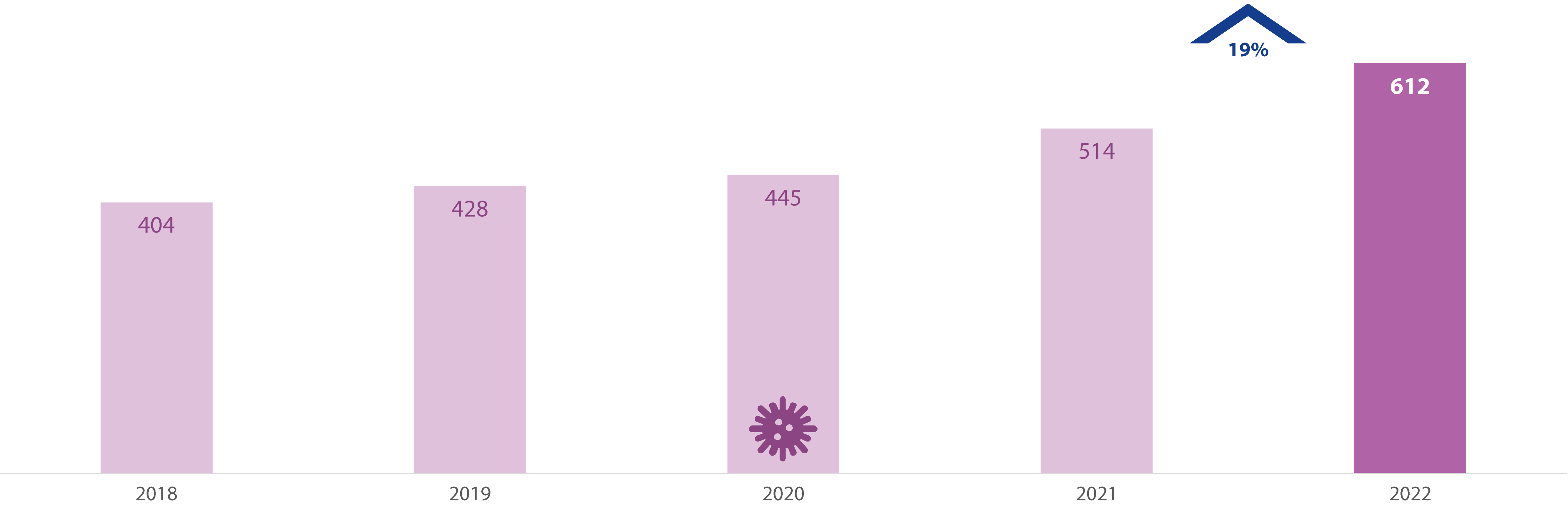
GROUP REVENUE (R'M)

Continued trend of increasing the group's scale and enhanced financial performance



GROUP OPERATING PROFIT (R'M)

Continued trend of increasing the group's scale and enhanced financial performance

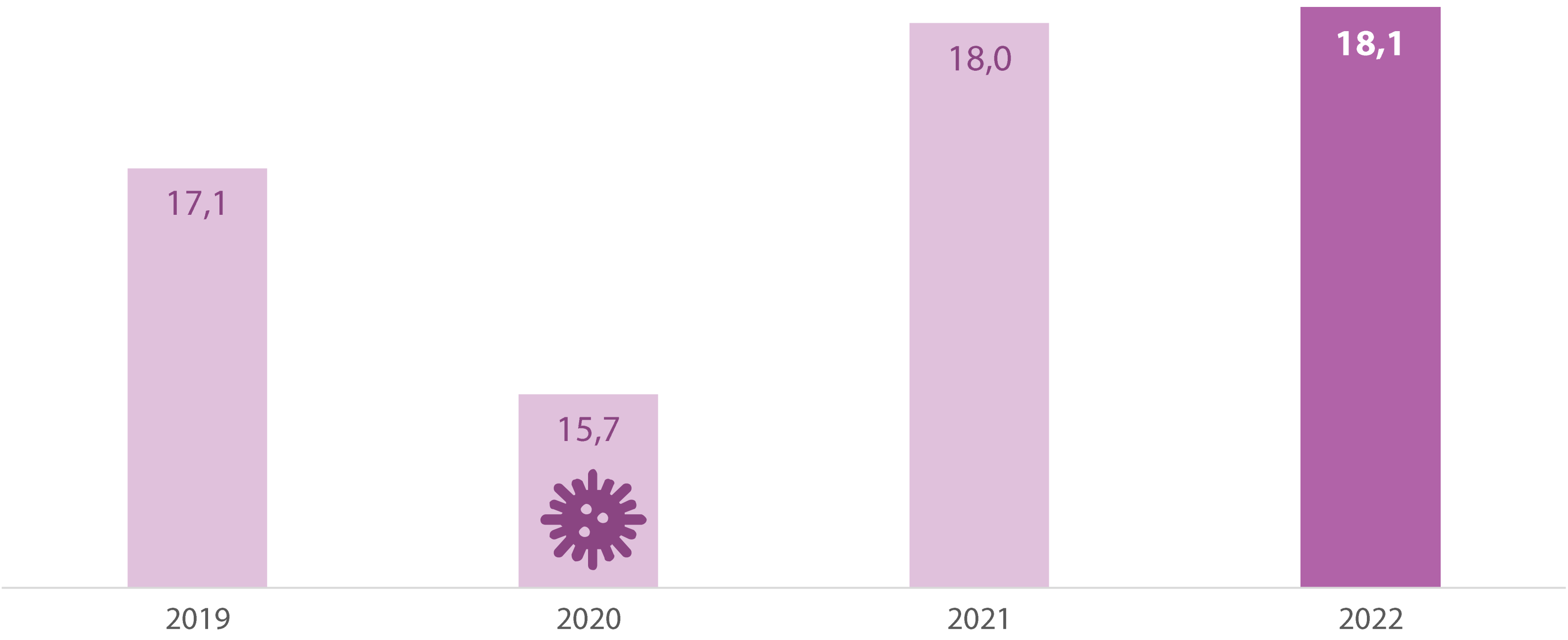


GROUP OPERATING MARGIN (%)

Continued trend of increasing the group's scale and enhanced financial performance

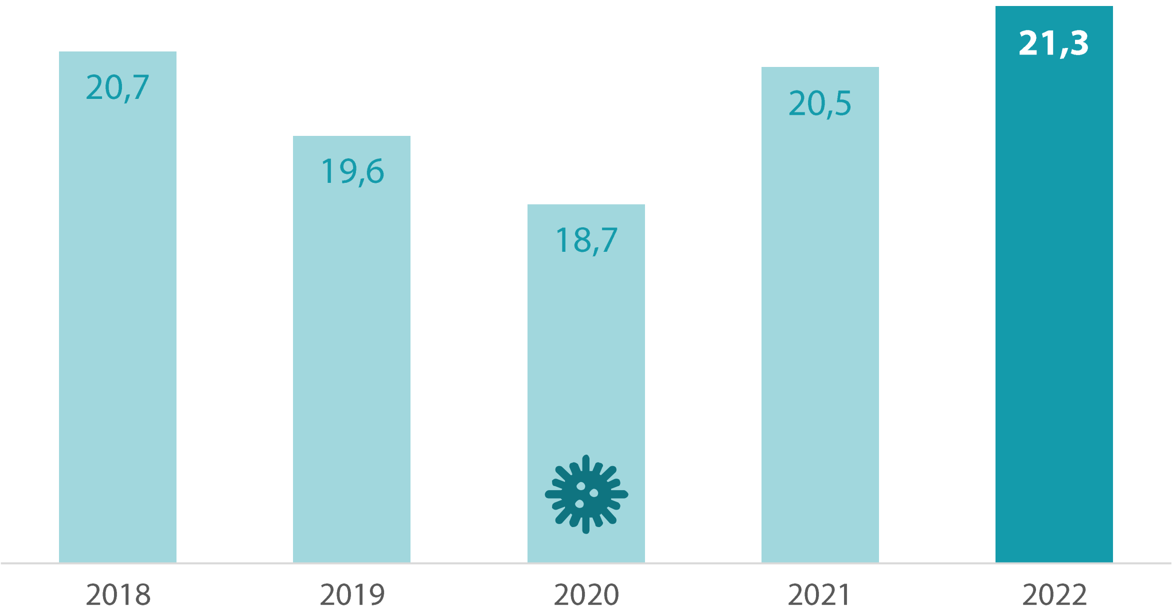
Improved due to:

- Operating leverage resulting from good enrolment growth
- Effective cost containment measures and continued focus on efficiency improvements
- Continued focus on collections

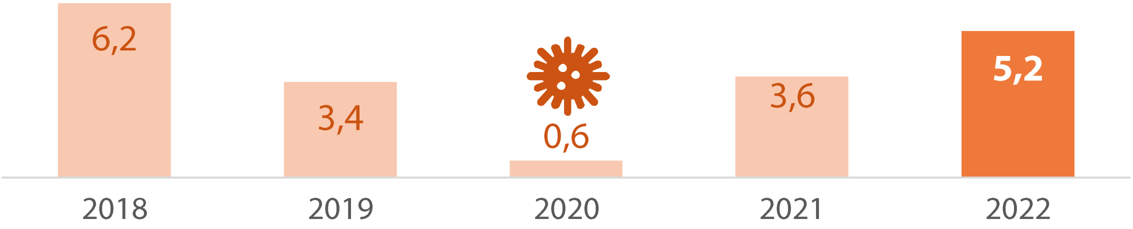


GROUP OPERATING MARGIN:

Educational business



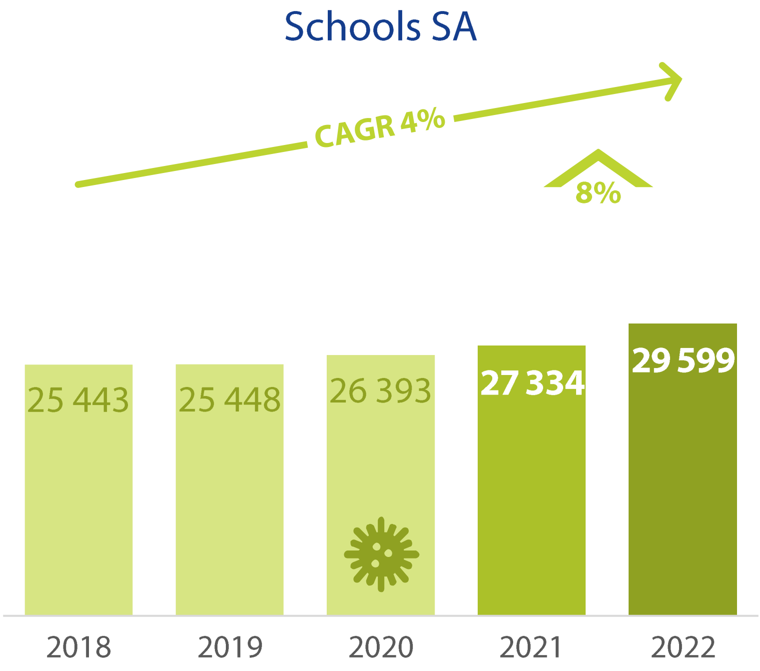
Resourcing division



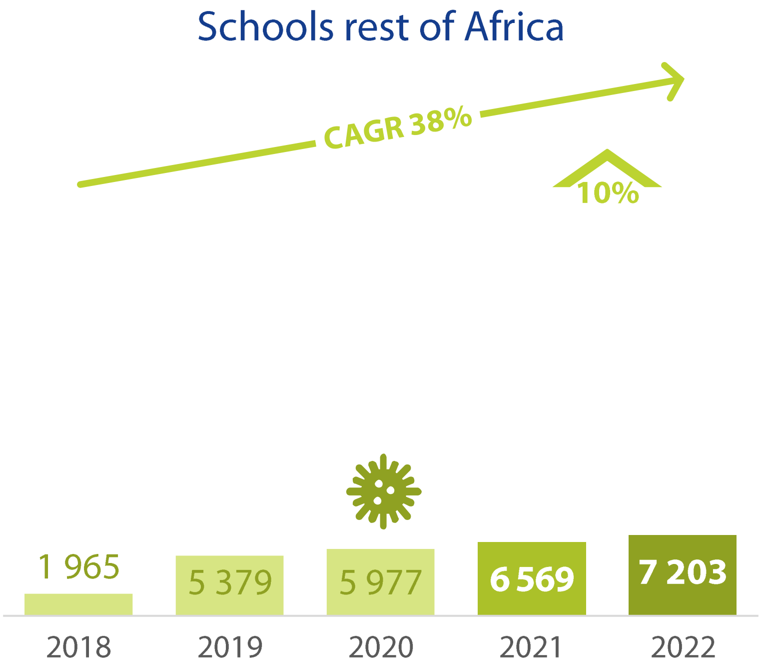
SCHOOLS DIVISION

SCHOOLS: STUDENT ENROLMENTS

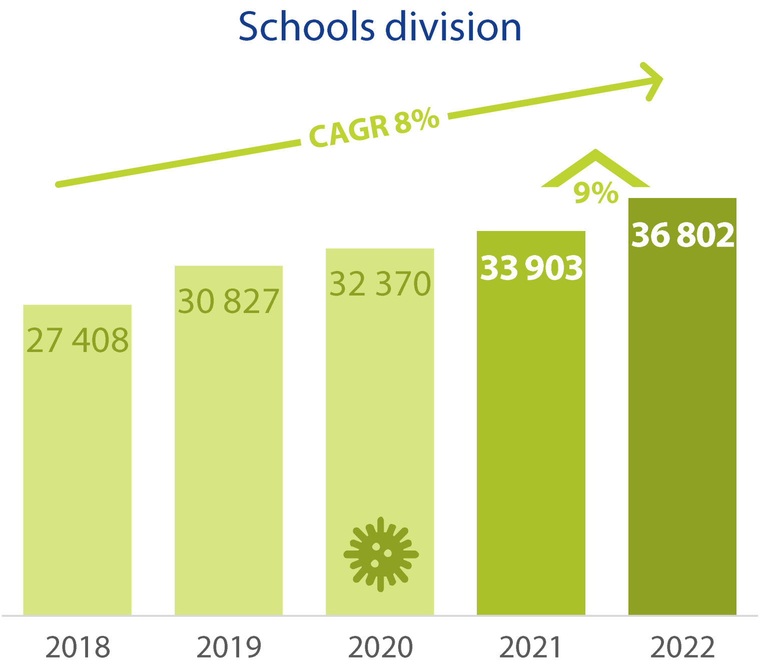
Strong enrolment growth in 2022 evidence of gathering momentum



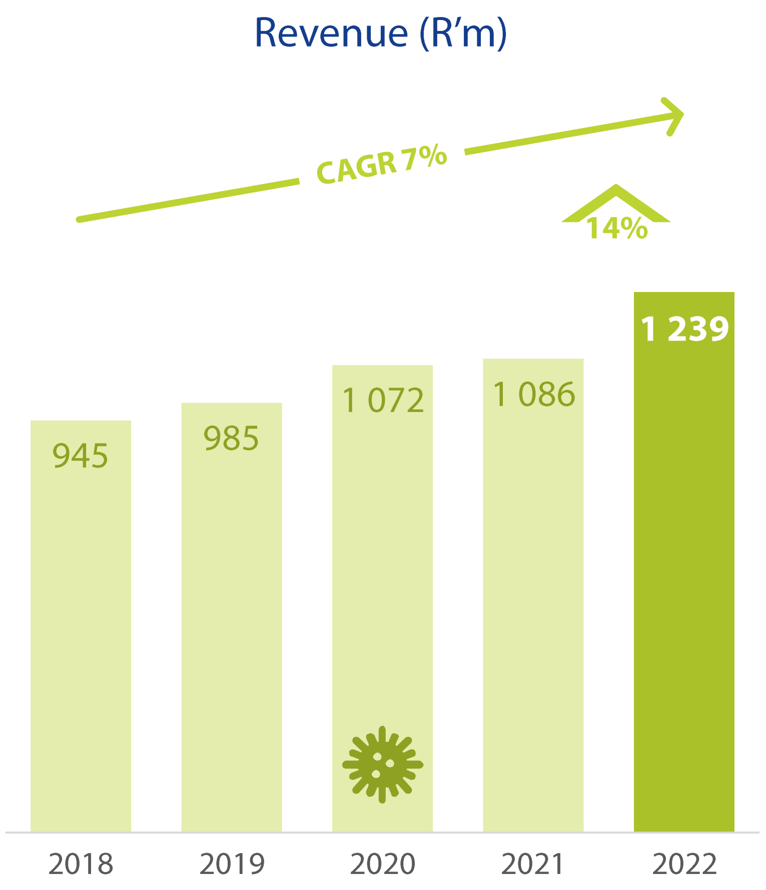
- All our brands including the premium brands have shown growth

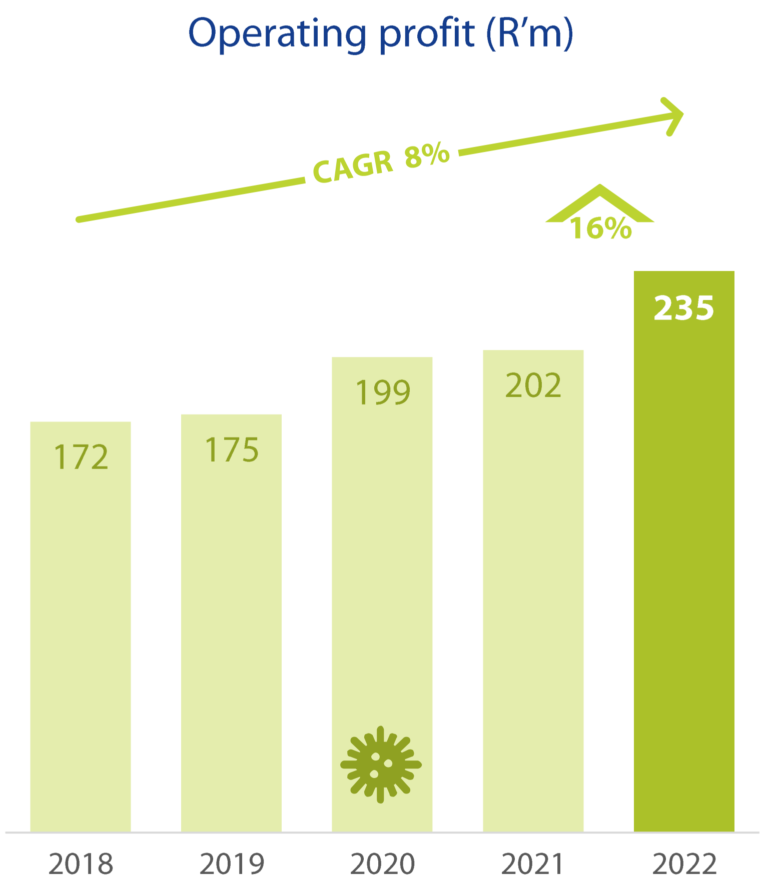


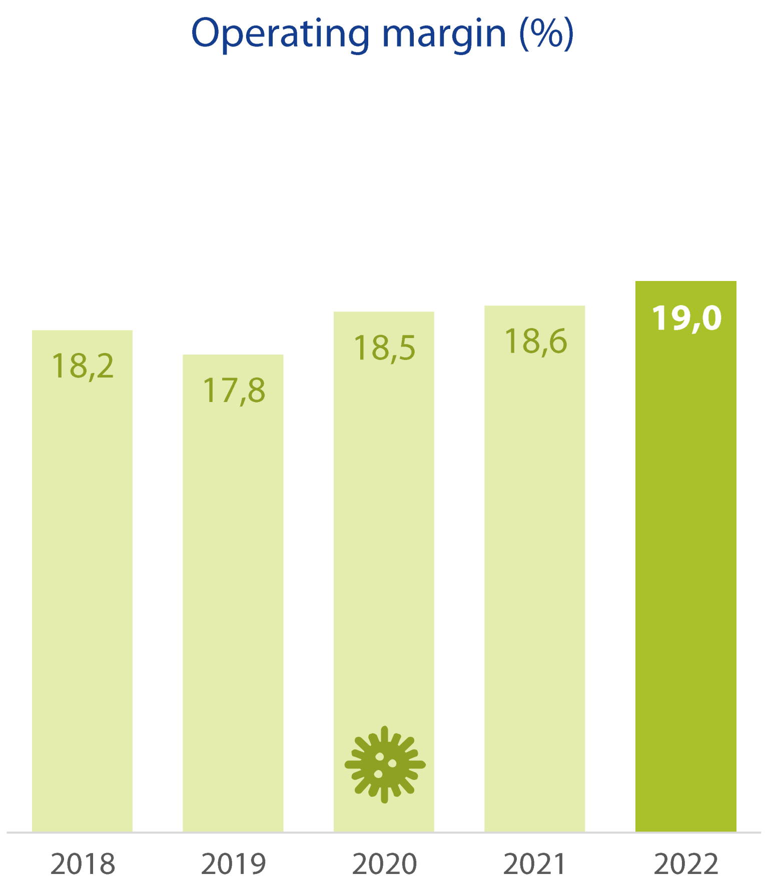
- Exciting growth in student numbers



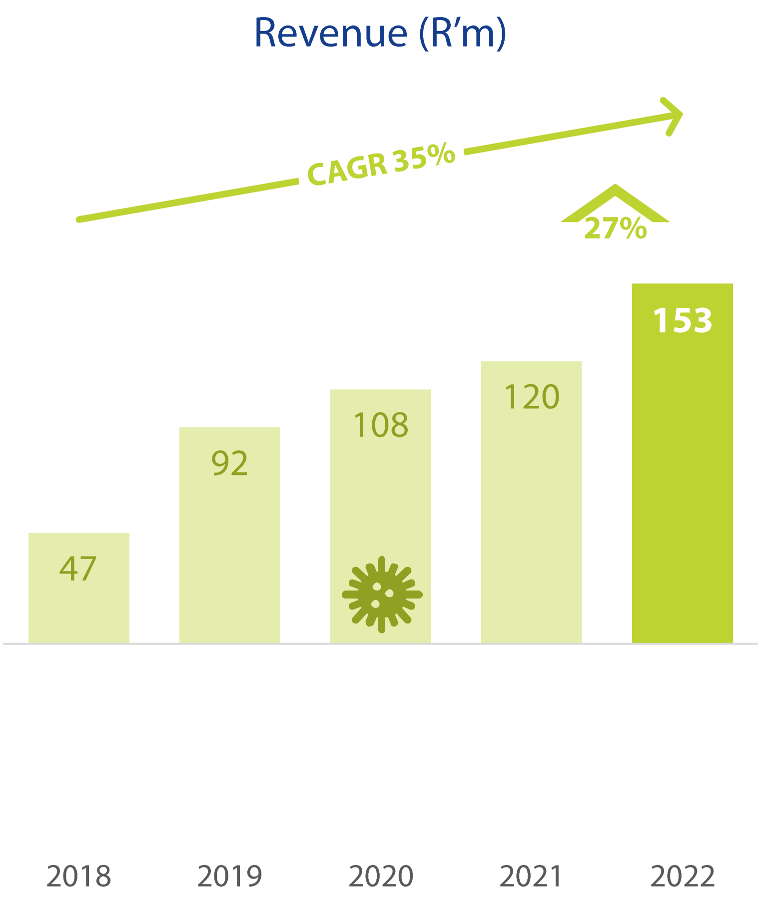
SCHOOLS SOUTH AFRICA

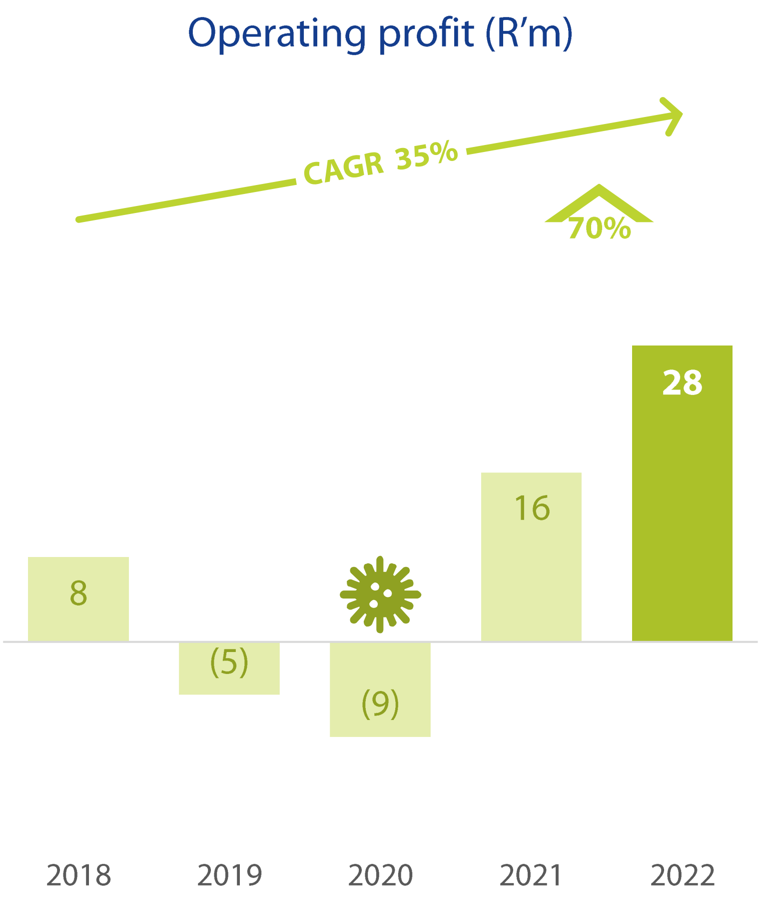


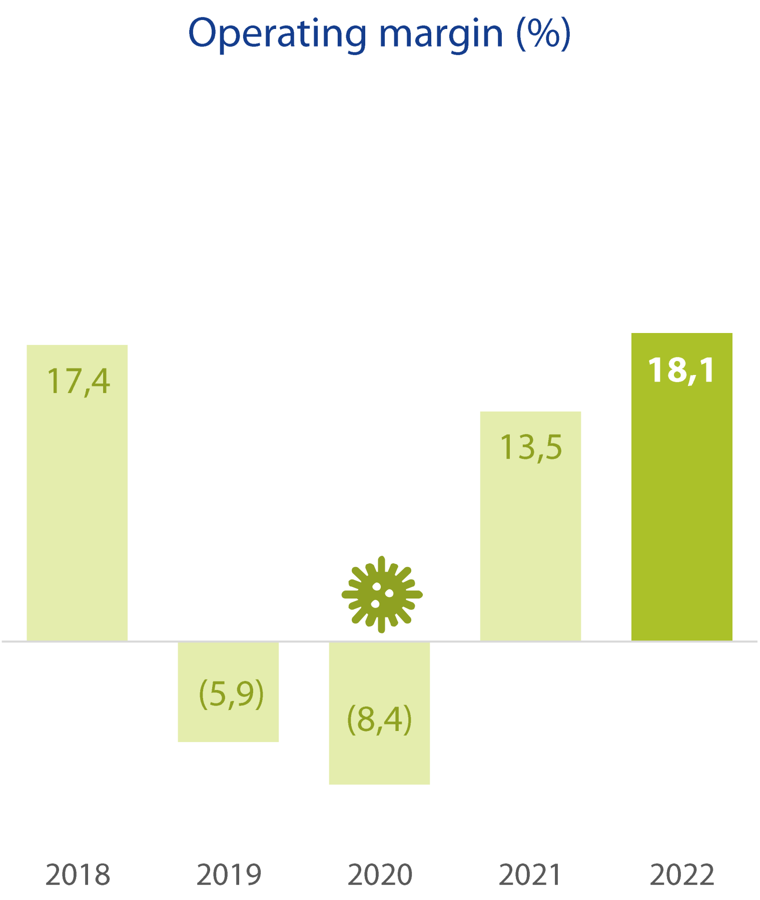




SCHOOLS REST OF AFRICA

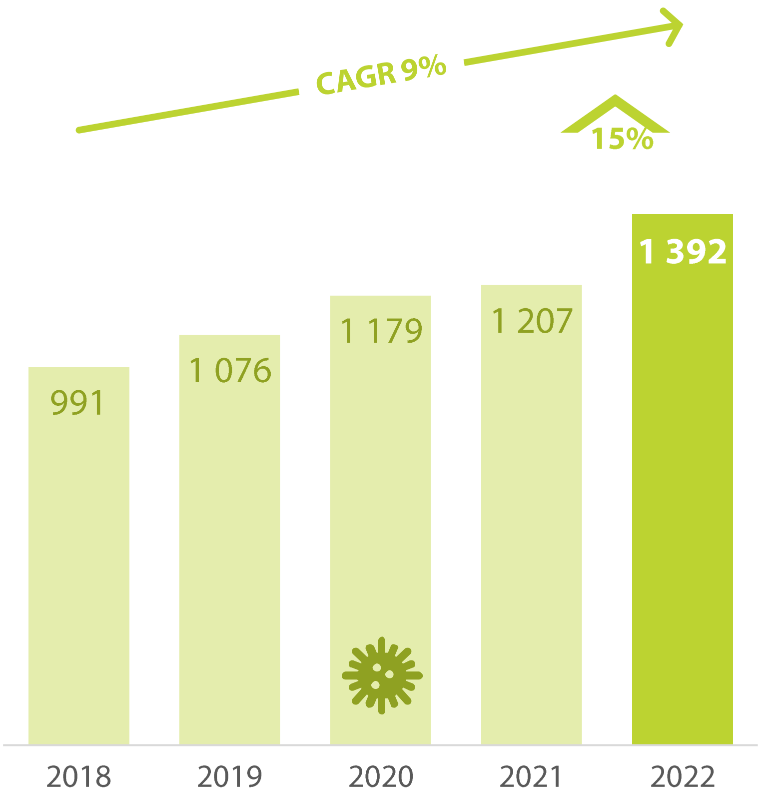




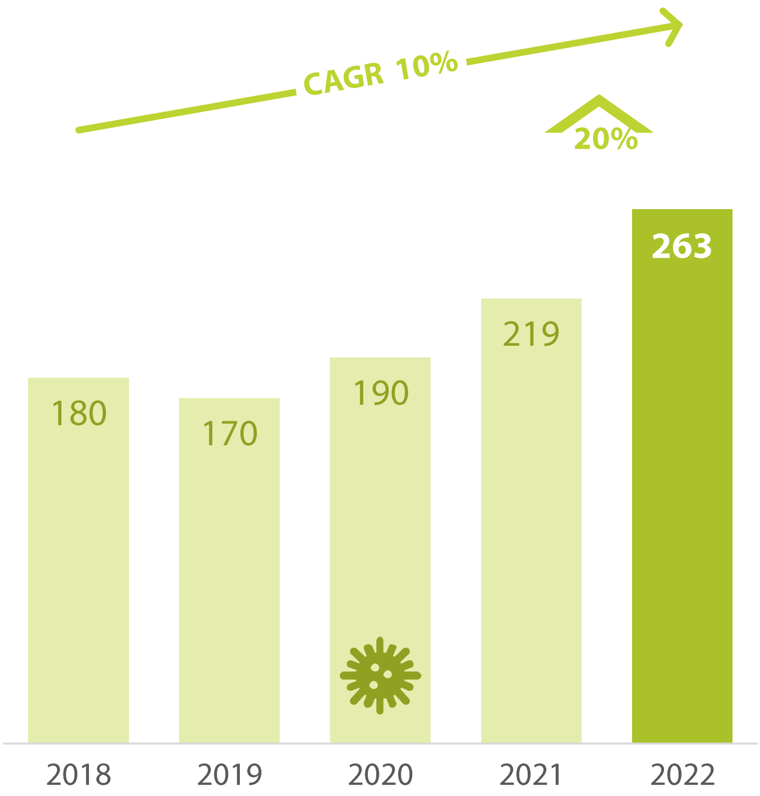


SCHOOLS DIVISION

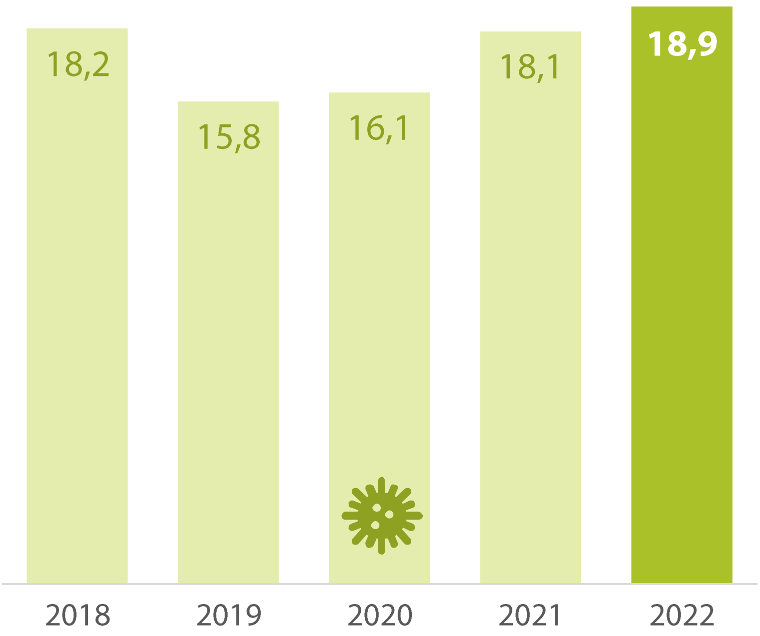
Revenue (R'm)



Operating profit (R'm)



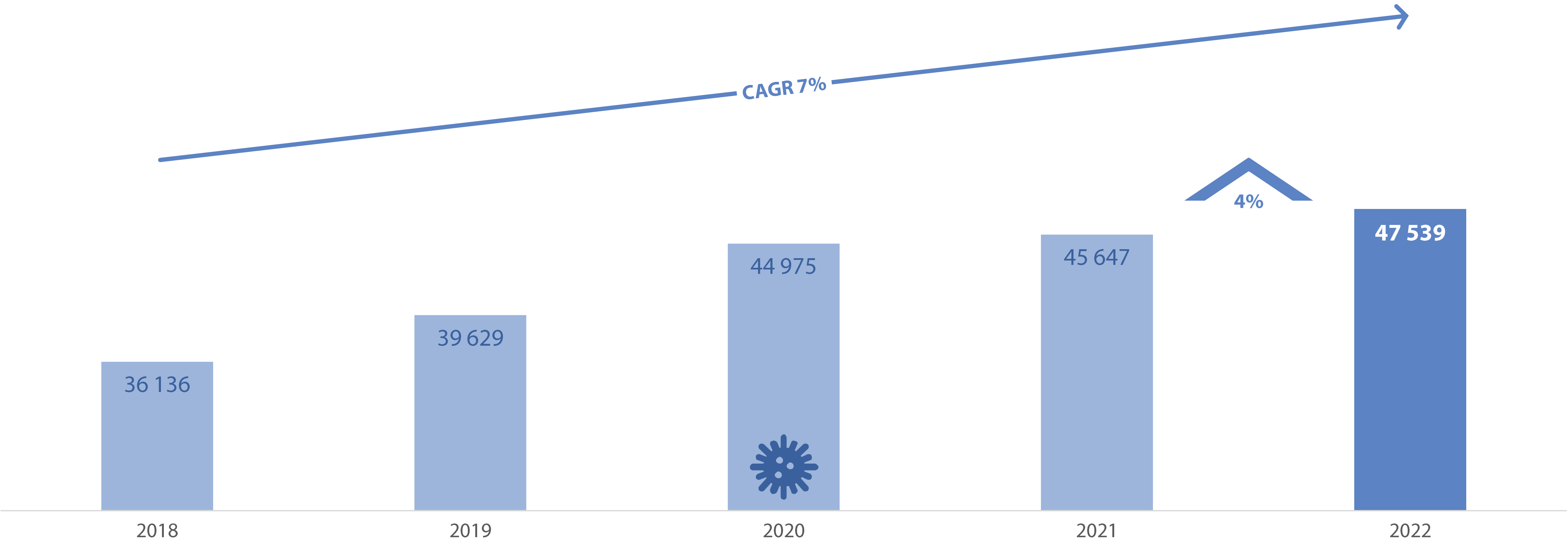
Operating margin (%)



TERTIARY DIVISION

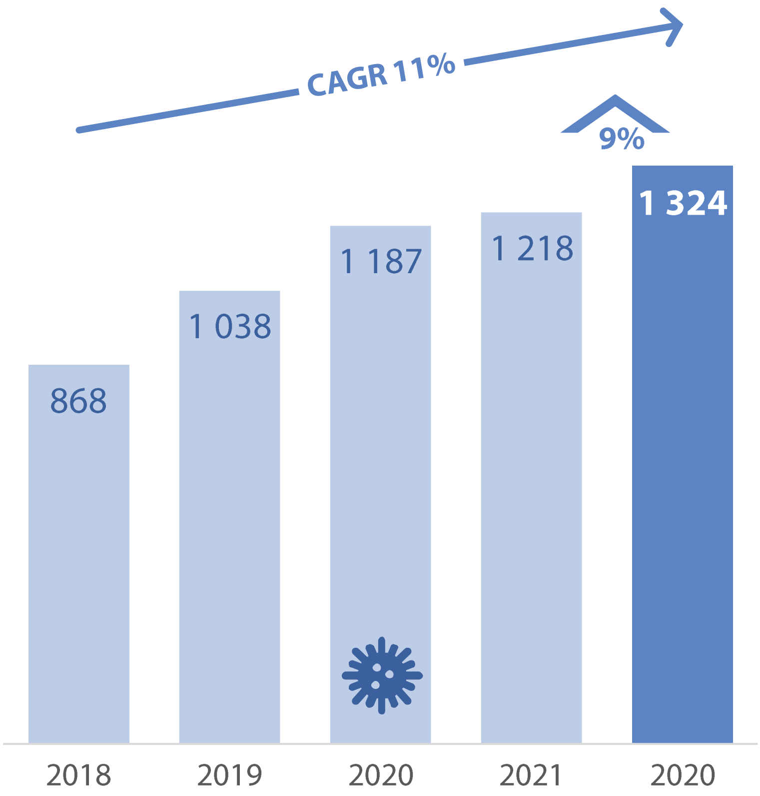
TERTIARY: FULL QUALIFICATION STUDENT ENROLMENTS

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

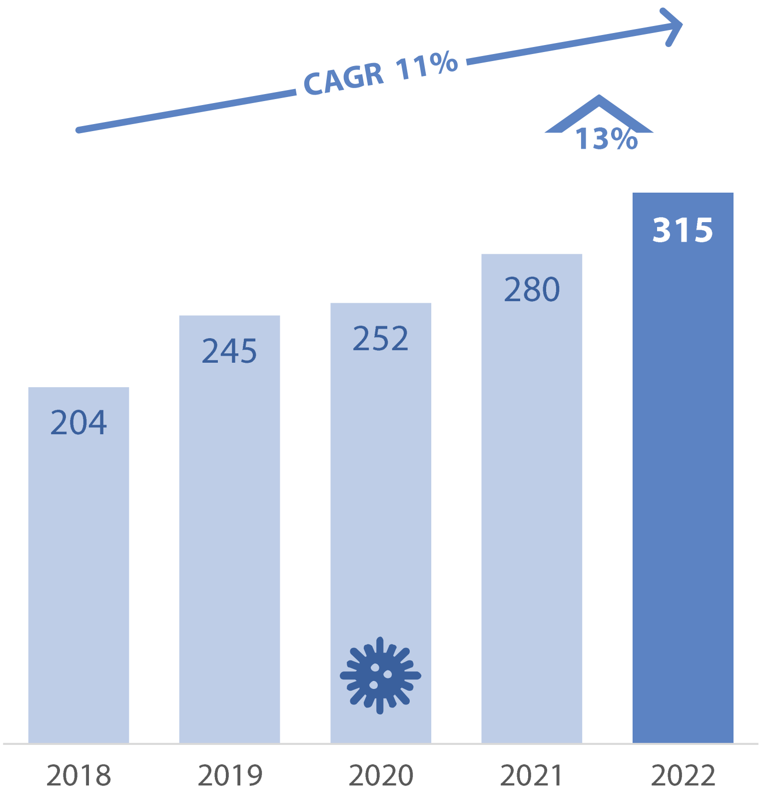


TERTIARY DIVISION

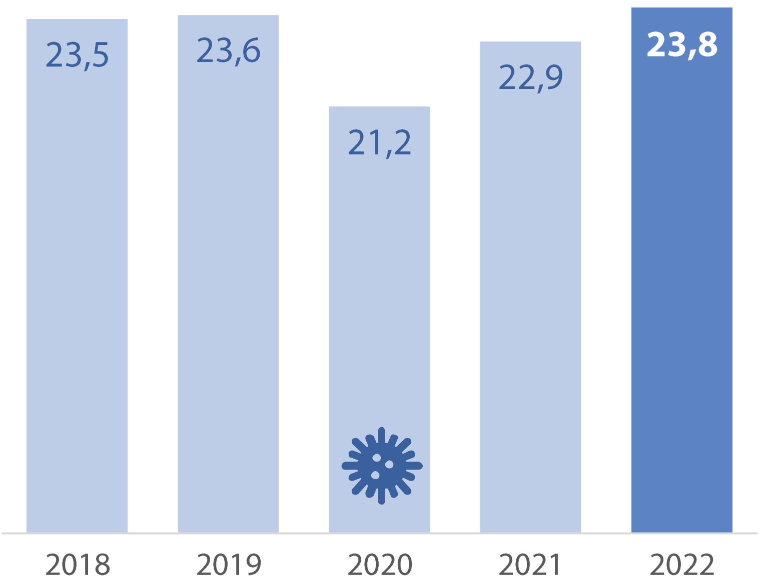
Revenue (R'm)



Operating profit (R'm)

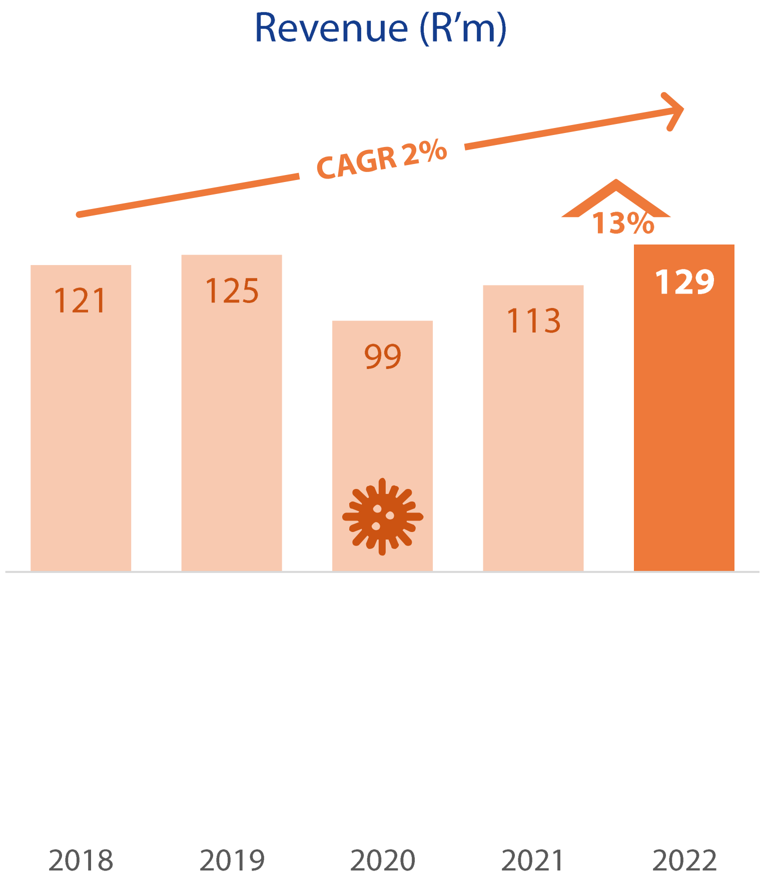


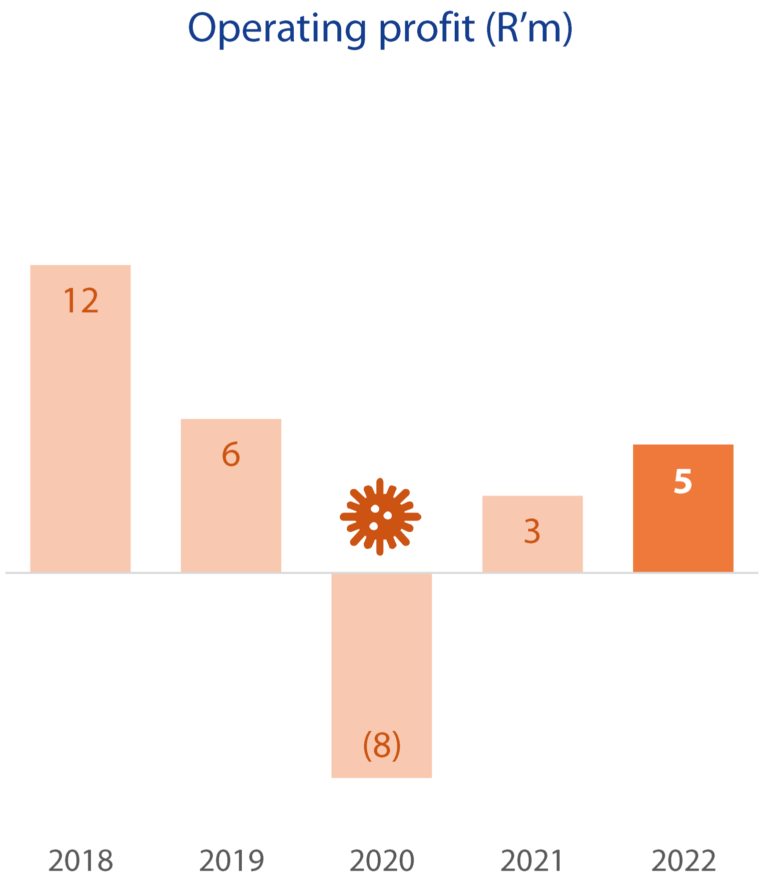
Operating margin (%)

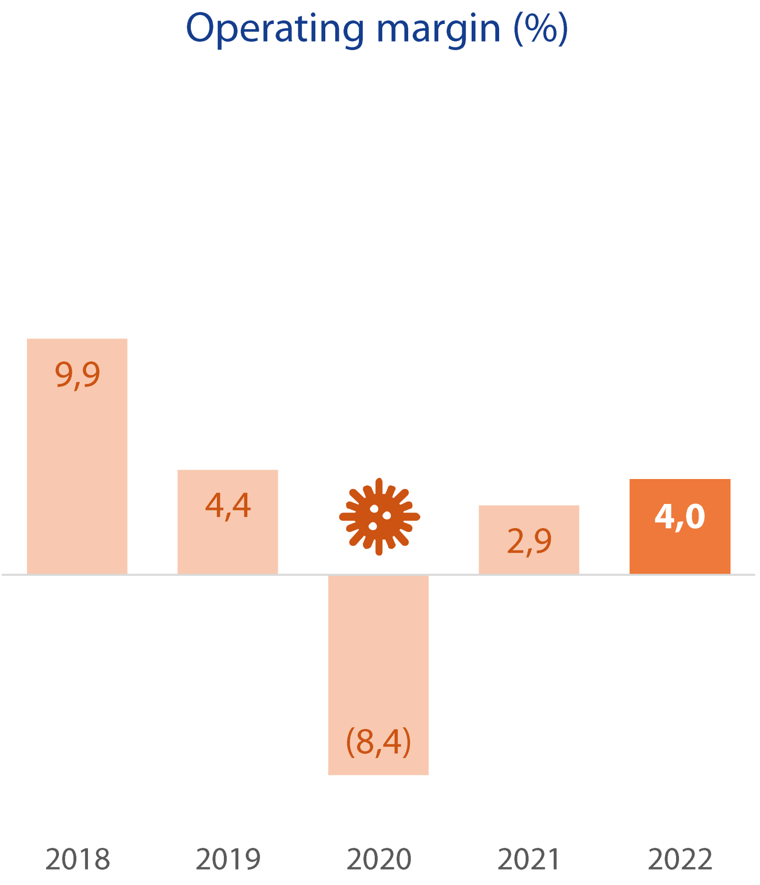


RESOURCING DIVISION

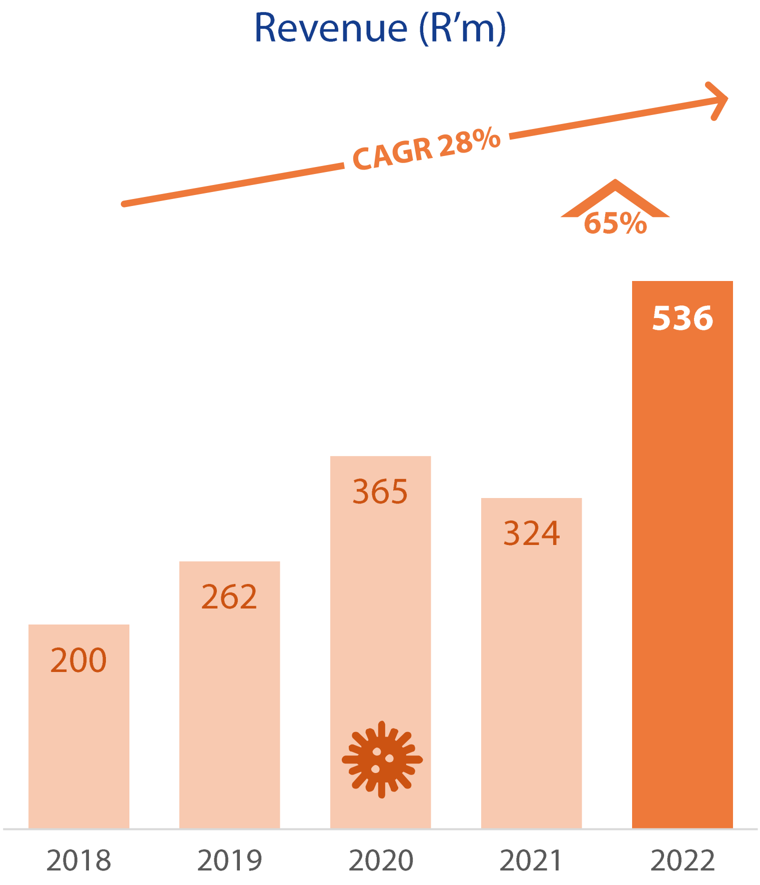
RESOURCING SOUTH AFRICA

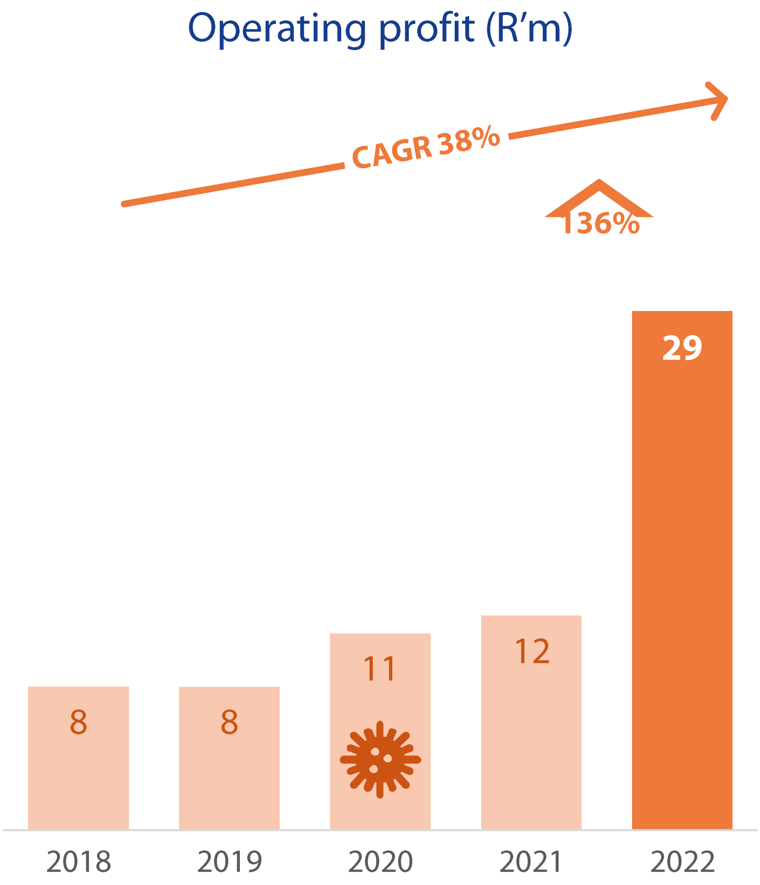


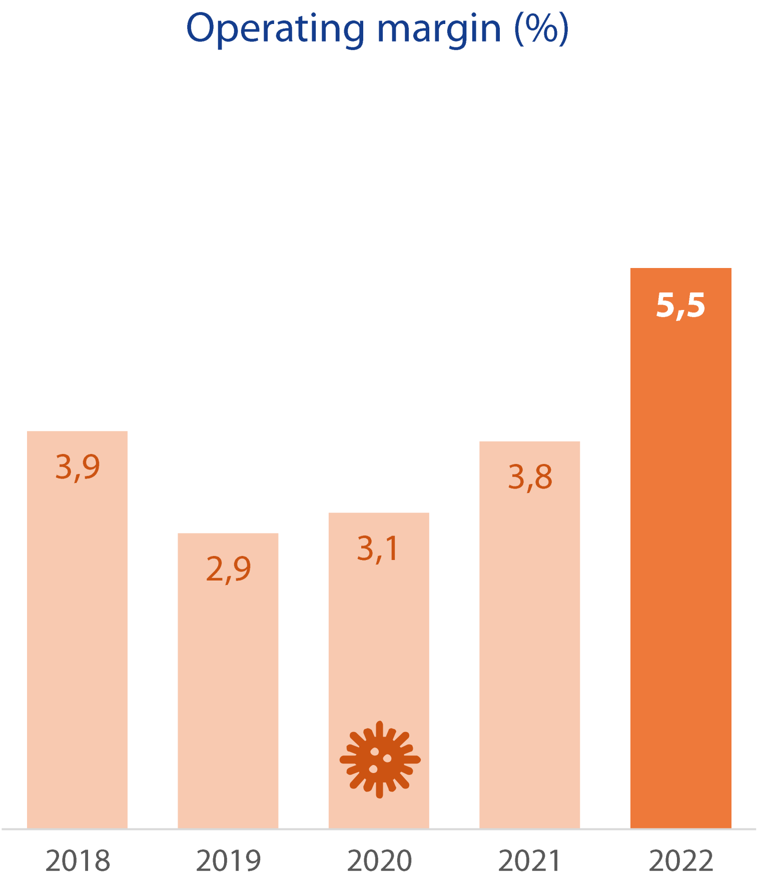




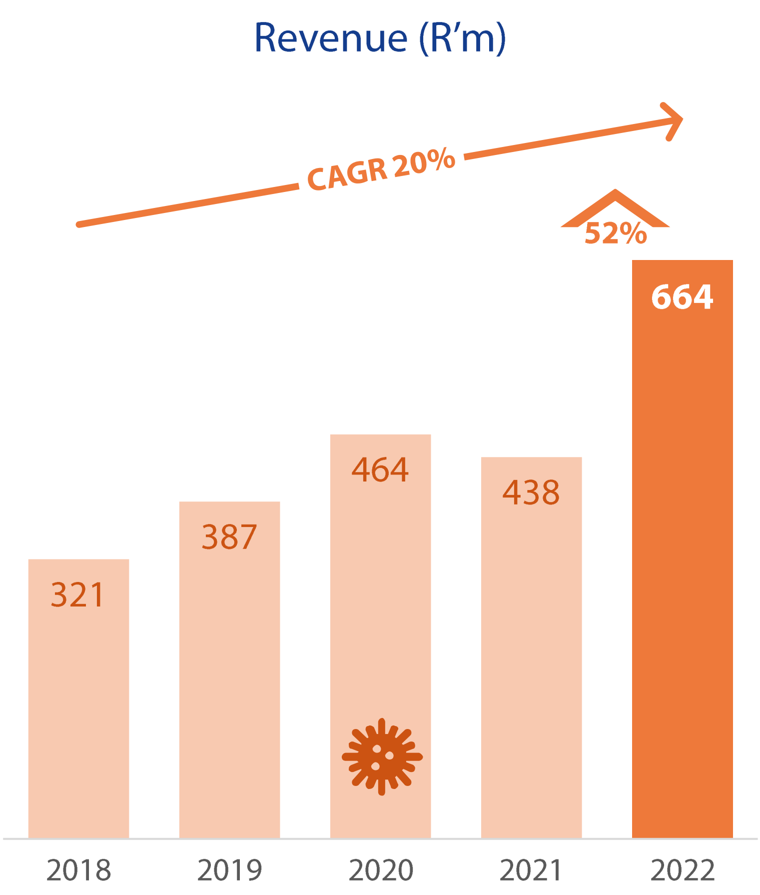
RESOURCING REST OF AFRICA

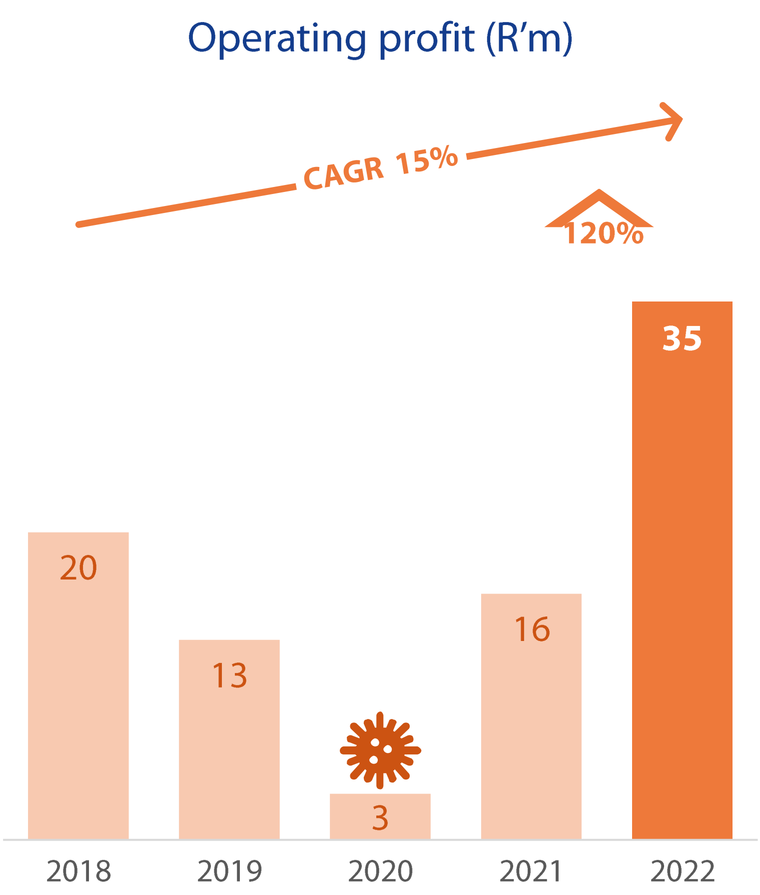


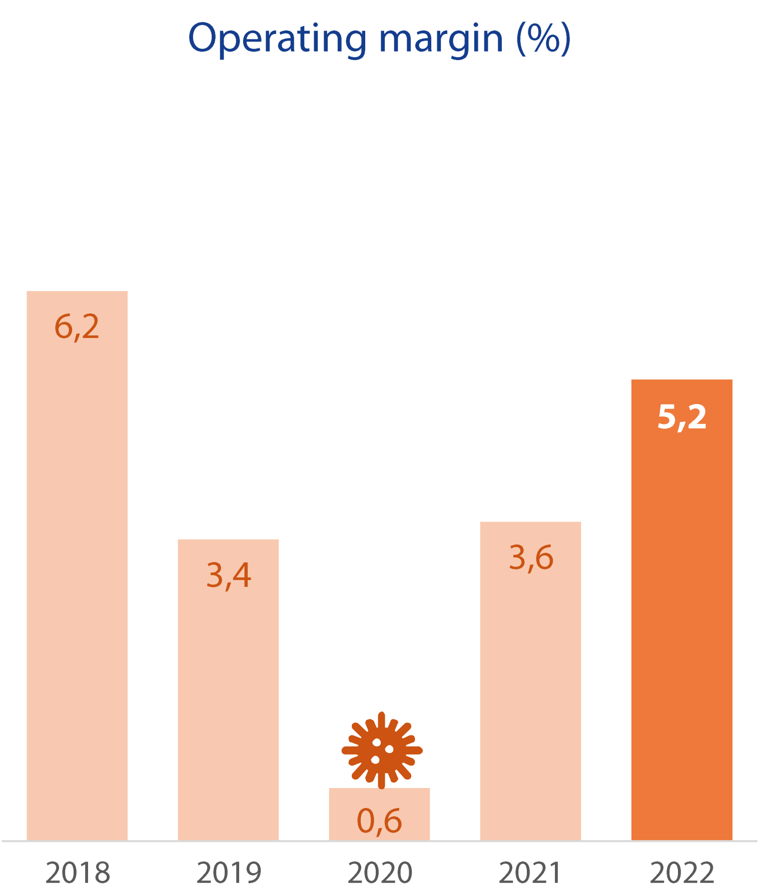




RESOURCING DIVISION

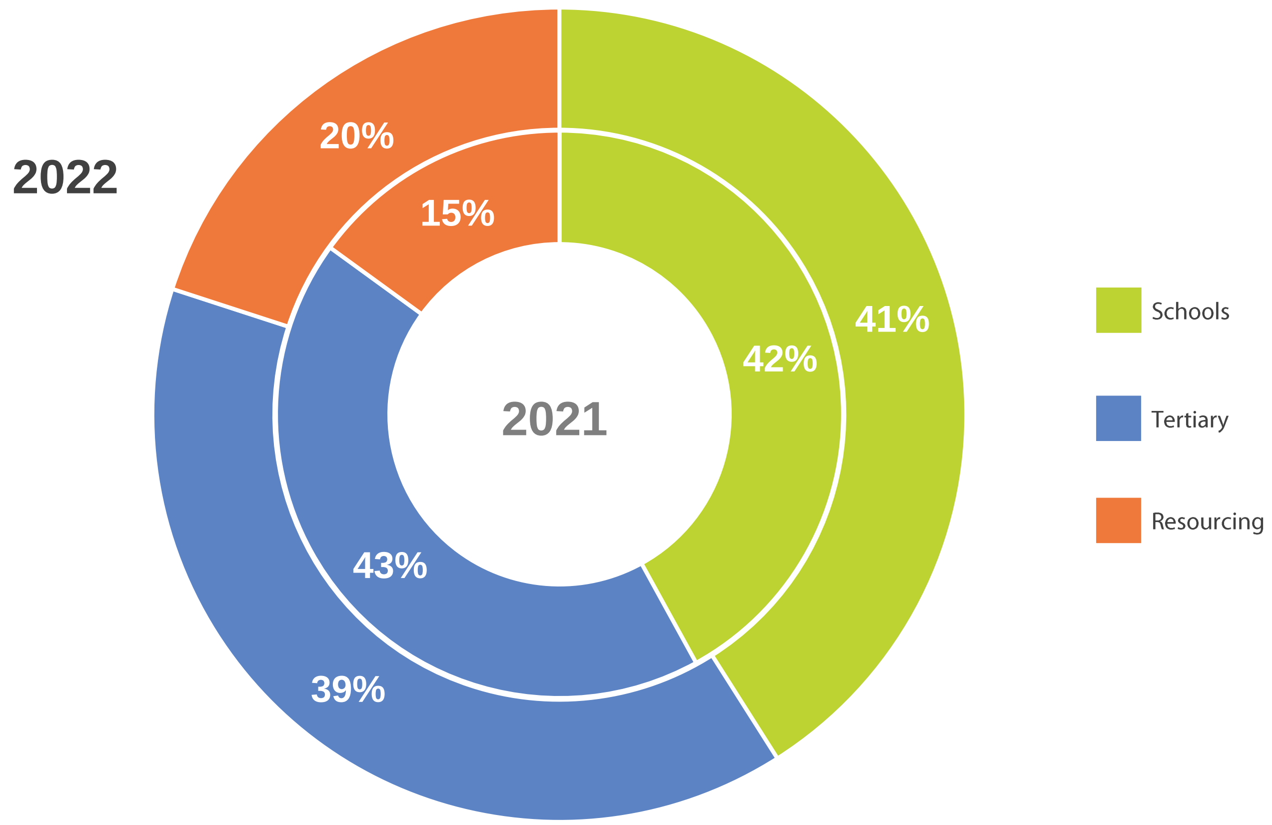




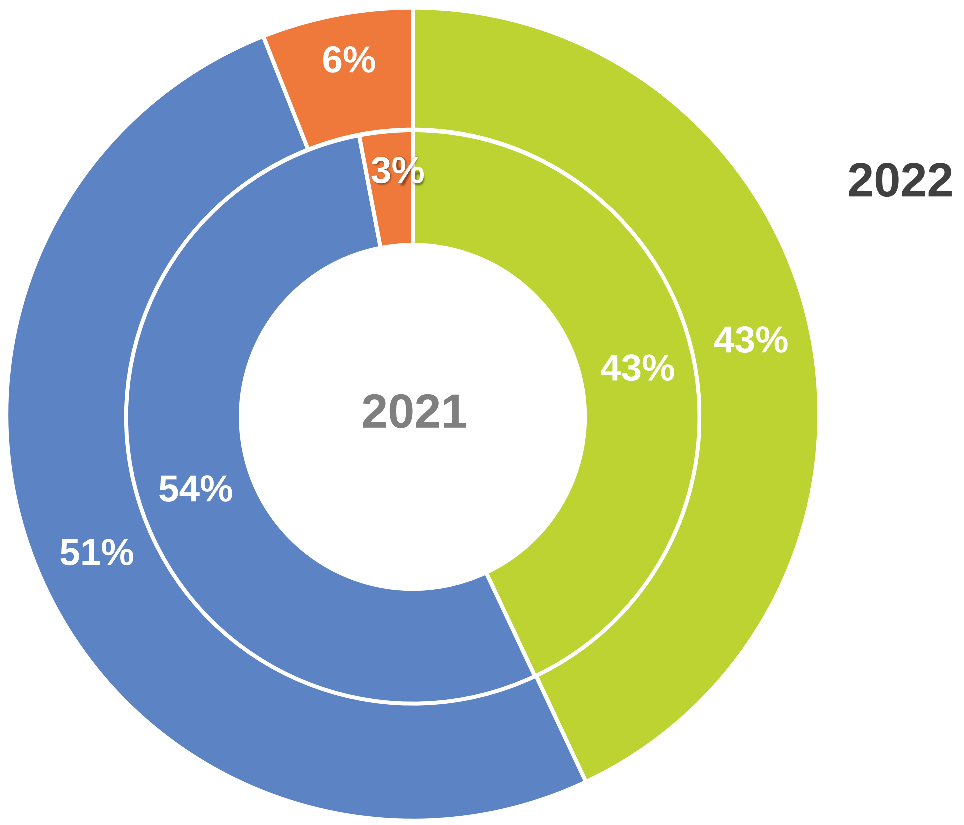


SEGMENTAL OVERVIEW

Revenue contribution

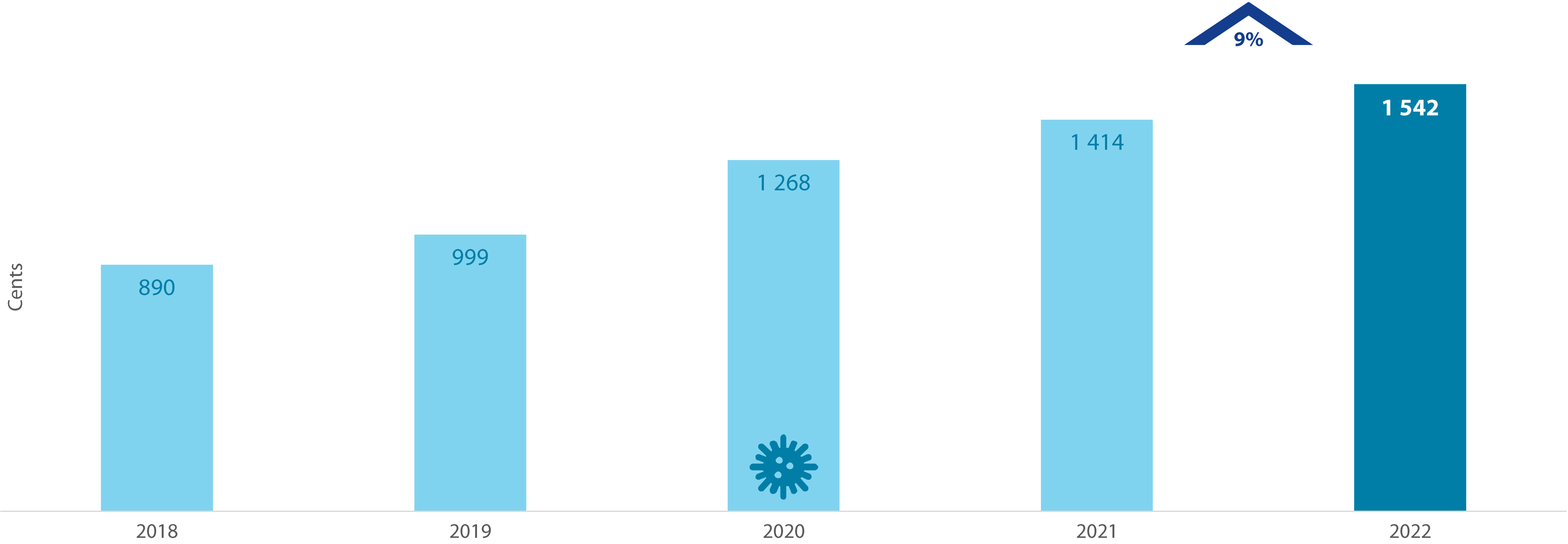


Operating profit contribution



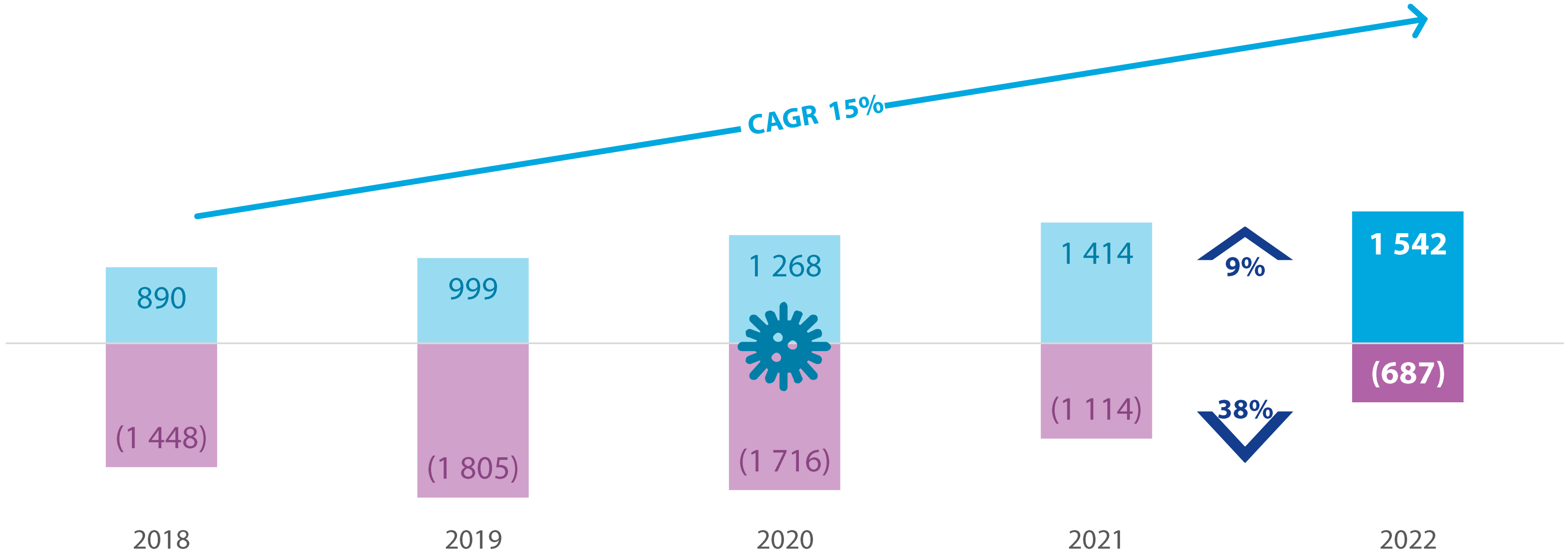
CASH FLOW GENERATION BY OPERATING ACTIVITIES

Emphasises the inherent cash generating ability of our business



REDUCED NET BORROWINGS

Strong cash generation and sound balance sheet



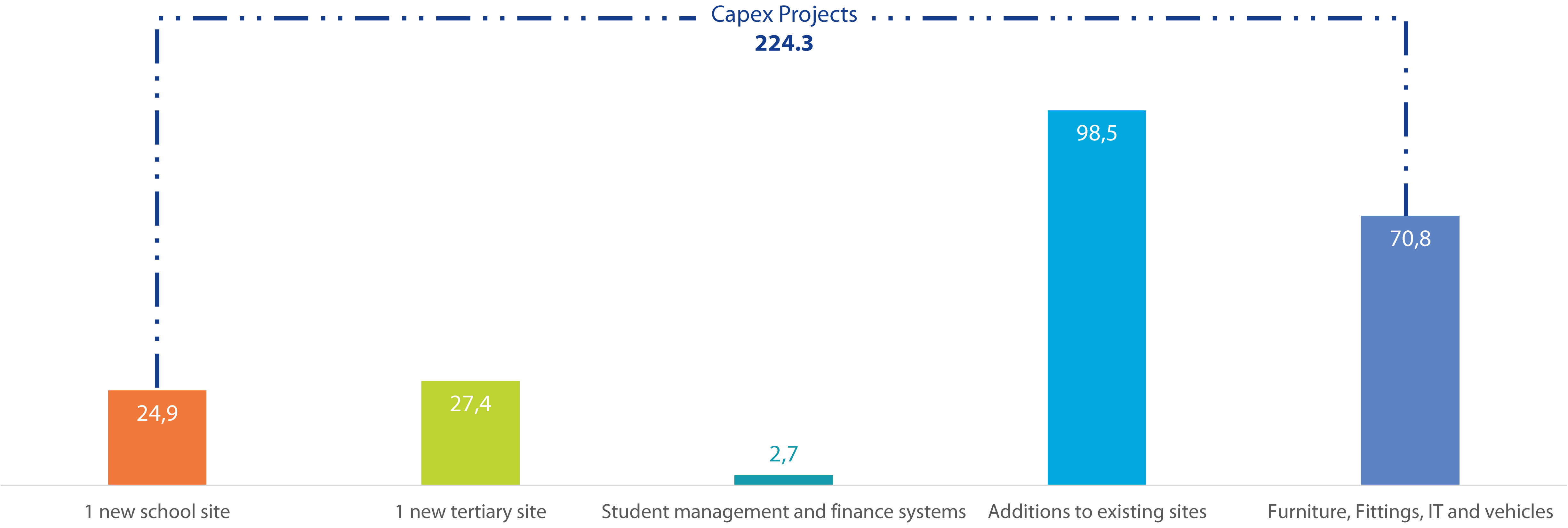
	2018	2019	2020	2021	2022
Ratio = Net borrowing to cash generation	1.6	1.8	1.4	0.8	0.4

Cash generated by operations   Net borrowings

DEBTORS PROVISION – TRADE AND OTHER RECEIVABLES

R'm	% Change	Unaudited	
		30 Jun 2022	30 Jun 2021
Trade receivables	5%	752.4	717.3
Loss allowance	(3%)	(417.1)	(429.7)
	17%	**335.3**	**287.6**
Other receivables	37%	82.4	60.3
Trade and other receivables	20%	417.7	347.9
Profit or loss impact			
Credit losses	**42%**	**111.9**	**79.0**

CAPEX (R'm)


Capex Projects
224.3
24,9
27,4
2,7
98,5
70,8
1 new school site
1 new tertiary site
Student management and finance systems
Additions to existing sites
Furniture, Fittings, IT and vehicles

BUILDING COMPETITIVE ADVANTAGE

COMPETITIVE ADVANTAGE

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

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

3 Leveraging scale to deliver value
- Integrated education business in both schools and tertiary presents unique advantage
- Systems capability & standardisation

ACADEMIC EXCELLENCE - TERTIARY DIVISION / "PRIVATE UNIVERSITY"

Advantage of a central academic team

THE INDEPENDENT INSTITUTE OF EDUCATION

Multi-channel modes of delivery:

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

- Full-time
- Part-time

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

Centralised Academic Team:

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

ACADEMIC EXCELLENCE - TERTIARY DIVISION / "PRIVATE UNIVERSITY"

The Independent Institute of Education (The IIE)

THE INDEPENDENT INSTITUTE OF EDUCATION

7 Faculties

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

210 Accredited Programmes

	National Certificates	Higher Certificate	Advanced Certificate	Diploma	Advanced Diploma	Degree	Postgraduate Diplomas	Honours	Masters	Doctorate	Total
210 Accredited Programmes	59	35	3	31	3	41	15	14	8	1	= 210
Pipeline		1		1	3	8	11		5	1	= 30

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

1 **Draft criteria published**

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

2 **Public comment**

3 **Gazette**

INVESTMENT CASE

BRAND PORTFOLIO

Tertiary division

IIE Varsity College / IIE MSA

- Degrees
- Postgrad to masters
- Face-to-face
- Online
- Blended
- Part-time
- 9 campuses

IIE Rosebank College

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

IIE Vega School — Design • Brand • Business

- Degrees
- Postgrad to doctoral
- Face-to-face
- Online
- Blended
- Part-time
- SLP
- 4 campuses

Capsicum Culinary Studio / IIE School of Hospitality & Service Management

- Vocational
- Higher certificates
- Diplomas
- Advanced diploma
- Degrees
- 8 campuses

Oxbridge Academy — effortless excellence in education

- Vocational
- Higher certificates
- Diplomas
- SLP
- Distance

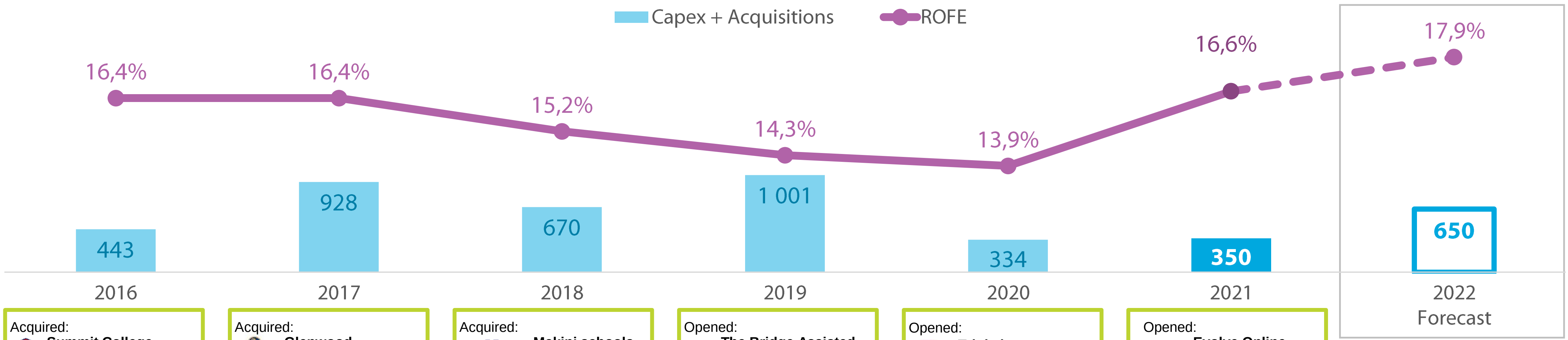
BRAND PORTFOLIO

Schools division

Progressive / Modern	Traditional / Holistic	Specialised academic support and assisted learning	Mid-fee	Early childhood development	Online / homeschooling
Crawford International	TRINITYHOUSE Pre-Primary • Preparatory • High	THE BRIDGE ASSISTED LEARNING CENTRE; ABBOTTS COLLEGE HIGH SCHOOL	PINNACLE COLLEGES; Makini Schools Preschool | Primary | High	Junior COLLEGES EARLY LEARNING	evolve
27 Schools	20 Schools	8 Schools	45 Schools	5 Schools	3 Schools

In 5 years

IMPROVING RETURNS ON FUNDS EMPLOYED



2016

Schools:
Acquired:
- Summit College (Rebranded Pinnacle College Kyalami)

Opened:
- Pinnacle College Founders Hill

Tertiary:
Acquired:
- Capsicum Culinary Studio
- Oxbridge Academy

Opened:
- Rosebank College Polokwane Connected Campus

2017

Schools:
Acquired:
- Glenwood House
- Greenwood Bay College
- Elkanah House - Western Cape

Opened:
- Pinnacle College Copperleaf

Tertiary:
Acquired:
- The Private Hotel School

2018

Schools:
Acquired:
- Makini schools

Opened:
- Crawford International School Kenya

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

2019

Schools:
Opened:
- The Bridge Assisted Learning School

Tertiary:
Acquired:
- IIE MSA (Monash SA)

2020

Schools:
Opened:
- Trinityhouse Glenvista
- Pinnacle College Linden
- Pinnacle College Waterfall

Tertiary:
Opened:
- Rosebank College Cape Town
- Rosebank College Nelson Mandela Bay

2021

Schools:
Opened:
- Evolve Online School

Schools
Tertiary

Improving returns after a period of investment

INVESTMENT CASE

Inherent underlying demand for quality education

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

Robust, flexible business model

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

Quality asset base

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

ADvTECH subscribes to relevant ESG principles

INVESTMENT CASE

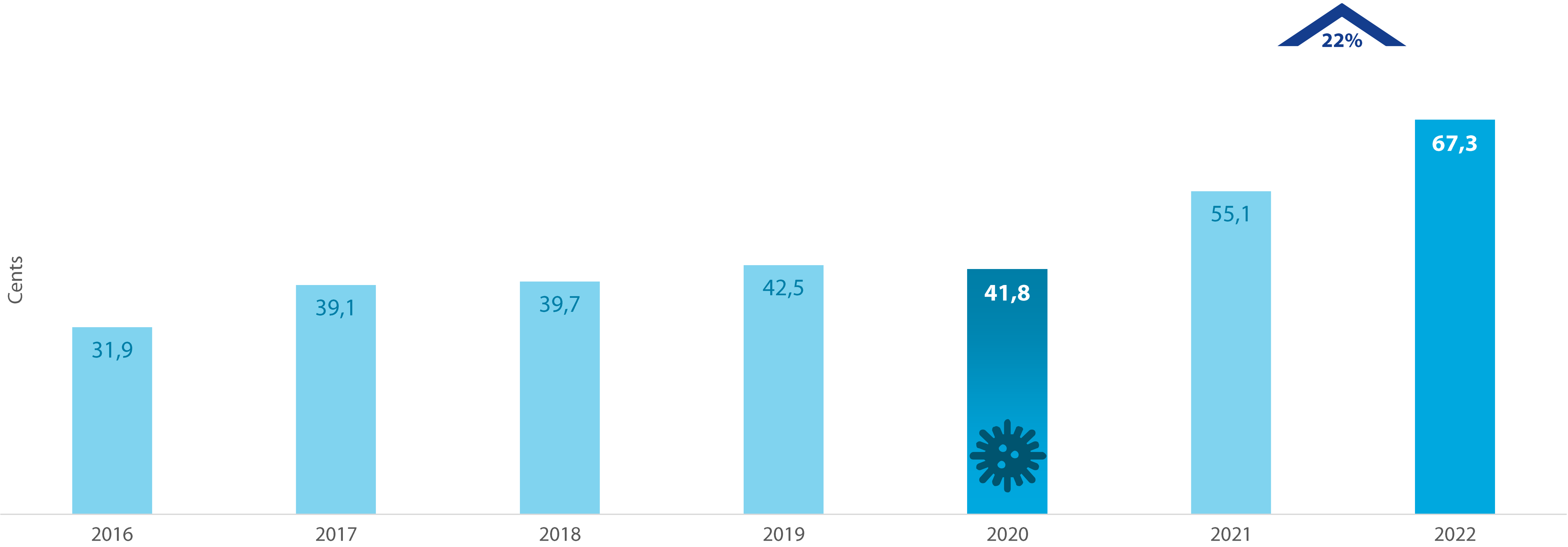
ADvTECH
Uniquely positioned with real competitive advantage

Growth opportunities
Invest in the future with confidence

Agile and responsive business model
With inherent strong cash generation and a sound balance sheet

Sound operational base
- Built a coherent brand strategy in both schools and tertiary divisions
- Improved structures, systems and processes
- Resourced with capable competent expertise

NORMALISED EARNINGS PER SHARE



DECLARATION OF INTERIM DIVIDEND

Strong cash generation and sound balance sheet

23.0

cents per share

- Confidence in the robustness and sustainability of our business
- Current performance makes the dividend prudent and affordable
- Dividend ▲21% comparative period

QUESTIONS

ADTECH GROUP

THANK YOU