ADvTECH Limited ("ADvTECH" or "the group")
(Incorporated in the Republic of South Africa)
Registration number: 1990/001119/06
JSE code: ADH
ISIN number: ZAE000031035
Income taxation number: 9550/190/71/5

Interim results

for the six months ended 30 June 2022

A trend of consistent performance delivery

DIVISIONAL PERFORMANCE

SCHOOLS DIVISION SOUTH AFRICA
Revenue ↑ 14%
Operating profit ↑ 16%

SCHOOLS DIVISION REST OF AFRICA
Revenue ↑ 27%
Operating profit ↑ 70%

TERTIARY DIVISION
Revenue ↑ 9%
Operating profit ↑ 13%

RESOURCING DIVISION SOUTH AFRICA
Revenue ↑ 13%
Operating profit ↑ 58%

RESOURCING DIVISION REST OF AFRICA
Revenue ↑ 65%
Operating profit ↑ 136%

- PAN-AFRICAN EDUCATION BUSINESS WITH A CLEARLY DEFINED STRATEGY AND WELL POSITIONED BRANDS
- GOOD ENROLMENT GROWTH
- STRONG FINANCIAL PERFORMANCE
- SOUND BALANCE SHEET

FEATURES CONTRIBUTING TO OUR SUCCESS

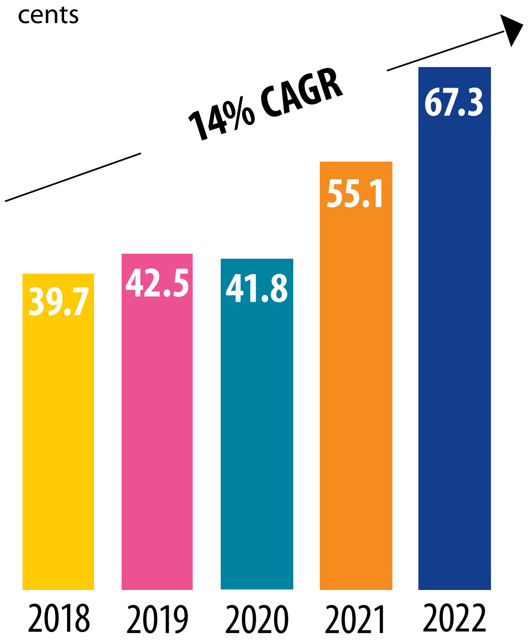
Strong market position through portfolio of brands in both the schools and tertiary divisions

Clear focus on delivering value to our customers

Unrelenting focus on academic excellence central to our strategy

GROUP RESULTS

Normalised earnings per share
cents



18% REVENUE (2021: 1%)

19% OPERATING PROFIT (2021: 16%)

23% HEADLINE EARNINGS PER SHARE (2021: 37%)

22% NORMALISED EARNINGS PER SHARE (2021: 31%)

23.0 cents INTERIM DIVIDEND PER SHARE (2021: 19.0 cents)

"ADvTECH delivered another set of strong results reinforcing the group's consistent performance and highlighting the robust resilient business model."

Roy Douglas, Group CEO

PROSPECTS

Building off a solid platform and ongoing demand for quality education, the group is well positioned to continue to deliver sustainable earnings growth

Commentary

Strong overall performance reflecting commitment to excellence

The directors are pleased to announce strong results for the six months ended 30 June 2022 that demonstrate the continuing trend of increasing the group's scale and enhanced financial performance.

The healthy and robust position of the group reflects the quality of our assets as well as the strength, flexibility and agility of our business model. As industry leaders, our commitment to academic excellence, combined with a clear focus on delivering value to our customers is at the core of the group's strategy and fundamental to our success.

The group continues to differentiate from the market and enhance its competitive advantage of delivering value through its drive to be the leading experts in teaching and learning across the continent, its ability to leverage and embed technology to improve teaching and learning outcomes and to leverage its scale to continuously improve efficiencies and affordability.

Furthermore, the benefit of having both schools and tertiary within the group is a unique advantage. We are able to integrate these divisions through our Central Academic Team, the IIE, which has made significant investment in intellectual property and highly qualified educators. This includes developing world class curricula, focused teacher training and development and investment in research and development programmes, specifically in the field of education.

The results of our unrelenting focus on enhancing our value proposition, outstanding academic delivery, driving operational efficiencies and providing value to our students and their parents, are evident in the continued enrolment growth.

Enrolments	Feb 2018	Feb 2019	Feb 2020	Feb 2021	**Feb 2022**	Feb 2021 vs Feb 2022 % increase
Schools: South Africa	25 443	25 448	26 393	27 334	**29 599**	8%
Schools: rest of Africa	1 965	5 379	5 977	6 569	**7 203**	10%
Schools division	27 408	30 827	32 370	33 903	**36 802**	9%
Tertiary: full qualifications	36 136	39 629	44 975	45 647	**47 539**	4%
Total group enrolments	63 544	70 456	77 345	79 550	**84 341**	6%

Strong financial performance

Strong cash generation and sound balance sheet

The group's strong financial performance, solid cash generation and robust balance sheet are evidence of our sound business model, clear market focus and effective and efficient operations.

Group revenue grew by 18% to R3.4 billion for the period (2021: R2.9 billion) due to good enrolment growth in both the schools and tertiary divisions together with improved business activity in the resourcing division. Operating profit increased by 19% to R612 million (2021: R514 million) with the group operating margin improving to 18.1% (2021: 18.0%).

Net finance costs reduced marginally to R80 million (2021: R82 million) due to the lower finance costs on reduced borrowings that offset the increased finance costs on lease liabilities that resulted from several new leases being entered into or renewed. Net borrowings, excluding lease liabilities, reduced to R687 million (2021: R1 114 million) at 30 June 2022.

A greater proportion of the group's profits are being earned in countries with a lower taxation rate than South Africa. This, together with the South African income taxation rate reducing to 27% with effect from the 2023 year that requires deferred taxation liabilities to be remeasured, resulted in the effective taxation rate reducing to 27.9% (2021: 29.1%).

Normalised earnings for the period increased by 23% to R365 million (2021: R297 million) while normalised earnings per share increased by 22% to 67.3 cents (2021: 55.1 cents) per share.

The continued focus on collections resulted in gross trade receivables increasing by only 5% to R752 million (2021: R717 million) compared to the 18% increase in revenue. The credit loss allowance at 30 June 2022 amounted to R417 million (2021: R430 million) representing a 55% (2021: 60%) coverage of gross trade receivables. The reduction is due to the improved ageing profile of the debtors' book. The credit losses for the period increased to R112 million from R79 million in the prior period that benefited from a reducing loss allowance coverage as the group exited the COVID-19 pandemic.

Cash generated by operating activities increased by 9% to R1.5 billion (2021: R1.4 billion). This enabled the funding of capital expenditure of R223 million, payment of finance costs of R79 million, dividends of R188 million, taxation of R143 million, repayment of lease liabilities of R51 million and the net settlement of debt amounting to R861 million. This, again, emphasises the inherent cash generating ability of our business.

Capital expenditure was focused on increasing capacity on existing sites to meet demand, the development of a new school and new tertiary site, acquiring equipment to enhance our teaching and learning through technology and enhancing business systems to enable the standardisation of processes across the group to allow for further efficiency improvements. Capital expenditure for the full year is expected to amount to between R600 million and R700 million, depending on the timing of projects.

Schools South Africa

Encouraging performance in line with expectations

Revenue increased by 14% to R1 239 million (2021: R1 086 million) and operating profit increased by 16% to R235 million (2021: R202 million) with the operating margin improving to 19.0% (2021: 18.6%).

The continued focus on our brand portfolio alignment, clear value propositions and improved attention to customer service has resulted in further enrolment growth in the first half of 2022. All our brands, including the premium brands, continue to grow while boarding, extramural and aftercare continued to recover following the disruptions caused by COVID-19. The ongoing initiatives focused on eliminating waste and duplication of effort continues to further enhance the quality of our offering.

Pinnacle Raslouw in Centurion will open in January 2023.

Schools in the rest of Africa

Continued strong growth underscores the viability of our investments

All our school brands in the rest of Africa continue to experience good enrolment growth and are operationally sound. Revenue increased by 27% to R153 million (2021: R120 million) and operating profit increased by 70% to R28 million (2021: R16 million) with the operating margin improving from 13.5% to 18.1%.

Gaborone International School in Botswana continues to experience strong demand and its capacity is being expanded to accommodate 3 000 students. The next phase in the development of the Crawford International site in Kenya is underway. This will accommodate an additional 350 students. Makini Schools is being refurbished to improve the facilities and to portray a more aspirational appearance.

Tertiary/University division

Well established brand portfolio

Revenue increased by 9% to R1 324 million (2021: R1 218 million) and operating profit increased by 13% to R315 million (2021: R280 million). The operating margin increased to 23.8% (2021: 22.9%) as a result of effective cost containment measures.

Our tertiary division performed well and continues to grow on the back of a well-established, quality brand portfolio that offers a comprehensive range of programmes and qualifications. Our ability to provide multi-channel modes of delivery (contact, blended, online, full-time, part-time and distance) is fundamental to our value strategy and allows us to meet the requirements of every student at any time and at any location.

The Minister of Higher Education and Training recently published the draft regulations setting out the criteria to qualify as a "University". We welcome this development as a positive step as it allows us to plot our path to achieving University status, that will ultimately benefit our students who will rightfully be afforded the same status as their peers who obtain similar accredited qualifications through a Public University.

Resourcing division

Strong performance in the rest of Africa

The strategy to expand into the rest of Africa continues to pay dividends as our growing presence in the region resulted in revenue increasing by 65% to R536 million (2021: R324 million) and operating profit by 136% to R29 million (2021: R12 million).

The performance of the South African business was encouraging as it continued to grow market share in a tough environment, increasing their revenue by 13% to R129 million (2021: R113 million) and operating profit by 58% to R5 million (2021: R3 million).

Declaration of interim dividend no. 24

Following a period of significant investment, the group is now benefiting from the resulting returns. The growth trend and continuing strong cash generation, together with a sound balance sheet and reduced borrowings, have informed the board's decision to continue with the payment of dividends at a similar cover ratio as in the prior year.

The board is pleased to announce the declaration of an interim dividend of 23.0 cents (2021: 19.0 cents) per ordinary share in respect of the six months ended 30 June 2022.

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 18.4 cents per share, while it is 23.0 cents per share to those shareholders who are exempt from DT.

There are 554 459 991 ordinary shares in issue; the total dividend amount payable is R127.5 million. The salient dates applicable to the dividend referred to above are as follows:

	2022
Declaration of dividend by the board	**Friday, 26 August**
Announcement of interim results for 2022 on SENS	**Monday, 29 August**
Last day to trade in order to participate in the dividend	**Tuesday, 13 September**
Trading commences ex-dividend	**Wednesday, 14 September**
Record date	**Friday, 16 September**
Payment date	**Monday, 19 September**

Share certificates may not be dematerialised and rematerialised between Wednesday, 14 September 2022 and Friday, 16 September 2022, both days inclusive.

Prospects

Demand for quality education is unrelenting. We continue to strengthen our competitive advantage by further enhancing our offering to deliver value in the provision of quality education. This, combined with the clear market positions of our brands in both the schools and tertiary divisions, has enabled us to enjoy good growth over the past few years.

We are determined to continue with this approach to optimise our performance in both South Africa and the rest of Africa. Our revised structures and improved systems have not only realised efficiency benefits but have also enabled us to be agile and responsive in dealing with both unforeseen challenges and a difficult socio-economic environment.

The inherent strong cash generation of our business model has further strengthened our balance sheet and will enable us to invest with confidence in areas of opportunity.

We believe that the ADvTECH group is uniquely positioned to leverage all these advantages and to benefit from the continued growth in demand for education both in South Africa and the rest of Africa. This gives us confidence for the future and an expectation that we will continue on our growth trajectory.

On behalf of the board

Chris Boulle
Chairman

Roy Douglas
Chief Executive Officer

Didier Oesch
Group Commercial Director and Chief Financial Officer

29 August 2022

Condensed consolidated statement of profit or loss

for the six months ended 30 June 2022

R'm	Notes	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Revenue	2	18%	**3 380.4**	2 859.8	5 917.2
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		17%	**781.7**	665.3	1 422.8
Operating profit before interest and non-trading items		19%	**612.3**	513.9	1 108.3
Non-trading items	3		**1.0**	16.8	12.2
Net finance costs			**(80.3)**	(82.1)	(161.4)
Interest earned			**3.1**	6.9	7.7
Finance costs incurred			**(36.1)**	(57.6)	(102.1)
Finance costs on lease liabilities			**(47.3)**	(31.4)	(67.0)
Profit before taxation		19%	**533.0**	448.6	959.1
Taxation			**(148.5)**	(130.4)	(279.7)
Profit for the period		21%	**384.5**	318.2	679.4
Profit for the period attributable to:					
Owners of the parent			**369.5**	310.3	664.9
Non-controlling interests			**15.0**	7.9	14.5
			384.5	318.2	679.4
Earnings per share (cents)					
Basic		19%	**68.2**	57.5*	123.1
Diluted		18%	**67.3**	56.9*	121.8

* *The number of normal and diluted treasury shares in issue have been restated. Refer to note 7 for more information.*

Headline and normalised earnings

for the six months ended 30 June 2022

R'm	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Determination of headline earnings				
Profit for the period attributable to owners of the parent		**369.5**	310.3	664.9
Items excluded from headline earnings per share		**(0.9)**	(12.9)	(8.4)
Profit on disposal of property, plant and equipment		**(1.2)**	(16.8)	(11.3)
Profit on right-of-use assets from early termination of leases		**–**	–	(0.4)
Taxation effects of adjustments		**0.3**	3.9	3.3
Headline earnings	24%	**368.6**	297.4	656.5
Headline earnings per share (cents)				
Basic	23%	**68.0**	55.1*	121.6
Diluted	23%	**67.1**	54.5*	120.3
Determination of normalised earnings				
Headline earnings		**368.6**	297.4	656.5
Items excluded from normalised earnings per share		**(3.8)**	–	(0.5)
Corporate action costs/(income)		**0.2**	–	(0.5)
Remeasurement of deferred taxation due to rate change		**(4.0)**	–	–
Normalised earnings	23%	**364.8**	297.4	656.0
Normalised earnings per share (cents)				
Basic	22%	**67.3**	55.1*	121.5
Diluted	22%	**66.4**	54.5*	120.2

Normalised earnings is a non-IFRS measure which is included to provide an additional basis on which to measure the group's normalised earnings performance. It excludes the impact of certain operational income and expense items that are not from the day-to-day operations of the business. In the current period, it includes legal fees incurred for loan facilities and the remeasurement of deferred taxation due to the change in the South African company's taxation rate. In the prior year this included an income made on adjustment of the purchase price of a prior year acquisition.

Condensed consolidated statement of other comprehensive income

for the six months ended 30 June 2022

R'm	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Profit for the period	**384.5**	318.2	679.4
Other comprehensive income, net of income taxation			
Items that may be reclassified subsequently to profit or loss			
Exchange (loss)/gain on translating foreign operations	**(14.0)**	(11.8)	30.1
Total comprehensive income for the period	**370.5**	306.4	709.5
Total comprehensive income for the period attributable to:			
Owners of the parent	**357.8**	298.6	693.3
Non-controlling interests	**12.7**	7.8	16.2
	370.5	306.4	709.5

Condensed consolidated statement of financial position

as at 30 June 2022

R'm	Note	**Unaudited 30 June 2022**	Unaudited 30 June 2021	Audited 31 December 2021
Assets				
Non-current assets		**7 658.7**	7 094.9	7 437.5
Property, plant and equipment		**5 143.2**	4 892.0	5 035.0
Proprietary technology systems		**106.0**	112.0	111.2
Right-of-use assets		**742.9**	426.4	612.4
Goodwill		**1 457.5**	1 449.7	1 461.2
Intangible assets		**149.0**	157.3	156.0
Deferred taxation assets		**52.1**	49.2	53.8
Investment in joint venture		**8.0**	8.3	7.9
Current assets		**730.1**	661.1	620.9
Inventories		**5.9**	14.3	10.4
Trade and other receivables	4	**417.7**	347.9	293.4
Taxation		**8.9**	13.8	36.3
Prepayments		**51.0**	60.2	35.8
Bank balances and cash		**246.6**	224.9	245.0
Non-current assets held for sale		**24.1**	–	8.6
Total assets		**8 412.9**	7 756.0	8 067.0
Equity and liabilities				
Equity		**4 605.6**	4 068.6	4 409.1
Non-current liabilities		**1 498.5**	1 768.8	1 392.3
Long-term bank loans		**600.0**	1 200.0	600.0
Deferred taxation liabilities		**128.5**	129.7	152.1
Lease liabilities		**722.0**	389.8	591.9
Acquisition liabilities		**48.0**	49.3	48.3
Current liabilities		**2 308.8**	1 918.6	2 265.6
Current portion of long-term bank loan		**–**	–	600.0
Short-term bank loans		**330.1**	138.5	591.4
Current portion of lease liabilities		**183.2**	169.5	165.8
Trade and other payables		**596.9**	518.4	538.6
Current portion of acquisition liabilities		**9.1**	5.4	7.3
Fees received in advance and deposits		**1 184.1**	1 084.4	360.1
Shareholders for capital distribution		**0.8**	0.8	0.8
Shareholders for dividend		**1.6**	1.6	1.6
Bank overdraft		**3.0**	–	–
Total liabilities		**3 807.3**	3 687.4	3 657.9
Total equity and liabilities		**8 412.9**	7 756.0	8 067.0

Condensed consolidated segmental report

for the six months ended 30 June 2022

R'm	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Revenue	18%	**3 380.4**	2 859.8	5 917.2
Schools	15%	**1 391.9**	1 206.7	2 457.6
– South Africa	14%	**1 239.1**	1 086.4	2 189.6
– Rest of Africa	27%	**152.8**	120.3	268.0
Tertiary	9%	**1 324.1**	1 218.4	2 441.6
Resourcing	52%	**664.4**	437.5	1 018.0
– South Africa	13%	**128.5**	113.4	226.3
– Rest of Africa	65%	**535.9**	324.1	791.7
Intra group revenue		**–**	(2.8)	–
Operating profit before interest and non-trading items	19%	**612.3**	513.9	1 108.3
Schools	20%	**262.5**	218.6	460.2
– South Africa	16%	**234.9**	202.4	412.8
– Rest of Africa	70%	**27.6**	16.2	47.4
Tertiary	13%	**315.3**	279.6	609.4
Resourcing	120%	**34.5**	15.7	38.7
– South Africa	58%	**5.2**	3.3	6.0
– Rest of Africa	136%	**29.3**	12.4	32.7
Property, plant and equipment, proprietary technology systems, right-of-use assets and non-current assets held for sale	11%	**6 016.2**	5 430.4	5 767.2
Schools	6%	**3 990.3**	3 773.4	3 874.3
– South Africa	6%	**3 563.1**	3 364.9	3 446.7
– Rest of Africa	5%	**427.2**	408.5	427.6
Tertiary	23%	**1 994.8**	1 627.0	1 861.7
Resourcing	4%	**31.1**	30.0	31.2
– South Africa	0%	**27.7**	27.6	29.6
– Rest of Africa	42%	**3.4**	2.4	1.6

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2022

R'm	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Balance at beginning of the period	**4 409.1**	3 867.8	3 867.8
Total comprehensive income for the period	**370.5**	306.4	709.5
Dividends declared to shareholders	**(188.1)**	(110.3)	(223.9)
Share-based payment expense	**0.2**	0.4	0.9
Share award expense under the management share incentive schemes	**20.5**	12.7	51.5
Share award vested	**(6.6)**	–	–
Taxation effect of shares awarded under the management share incentive scheme	**–**	–	(0.1)
Share issue costs	**–**	–	(0.1)
Share options exercised	**–**	–	9.7
Acquisition of additional shares in subsidiaries	**–**	(8.4)	(6.2)
Balance at end of the period	**4 605.6**	4 068.6	4 409.1

Condensed consolidated statement of cash flows

for the six months ended 30 June 2022

R'm	Note	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Cash flows from operating activities					
Cash generated from operations	5	19%	**798.4**	672.0	1 471.9
Movement in working capital			**744.0**	742.0	117.5
Cash generated by operating activities		9%	**1 542.4**	1 414.0	1 589.4
Net finance costs paid (inclusive of borrowing costs capitalised to assets and finance costs on lease liabilities)			**(78.6)**	(80.4)	(157.9)
Taxation paid			**(142.8)**	(155.4)	(309.3)
Dividends paid			**(188.1)**	(110.2)	(223.8)
Net cash inflow from operating activities			**1 132.9**	1 068.0	898.4
Cash flows from investing activities					
Additions to property, plant and equipment			**(221.6)**	(98.4)	(330.0)
Additions to proprietary technology systems			**(2.7)**	(8.6)	(12.7)
Proceeds on disposal of property, plant and equipment			**1.3**	33.7	38.8
Dividend received from joint venture			**–**	–	1.0
Net cash outflow from investing activities			**(223.0)**	(73.3)	(302.9)
Cash flows from financing activities					
Settlement of non-current bank loan			**(600.0)**	(600.0)	(600.0)
Settlement of current bank loans			**(691.4)**	(422.3)	(441.2)
Drawdowns of current bank loans			**430.0**	120.0	590.0
Repayment of lease liabilities			**(50.7)**	(38.3)	(94.0)
Acquisition of additional shares in subsidiaries			**–**	(8.4)	(8.4)
Cash received on exercise of share options			**–**	–	9.7
Shares issued to non-controlling interest			**–**	–	1.7
Net cash outflow from financing activities			**(912.1)**	(949.0)	(542.2)
Net (decrease)/increase in cash and cash equivalents			**(2.2)**	45.7	53.3
Cash and cash equivalents (net of bank overdraft) at beginning of the period			**245.0**	181.7	181.7
Net foreign exchange differences on cash and cash equivalents			**0.8**	(2.5)	10.0
Cash and cash equivalents (net of bank overdraft) at end of the period			**243.6**	224.9	245.0

Free operating cash flow before capex per share

for the six months ended 30 June 2022

R'm	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Profit for the period		**384.5**	318.2	679.4
Adjusted for non-cash IFRS and other adjustments (after taxation)		**16.9**	6.7	48.6
Net operating profit after taxation – adjusted for non-cash IFRS and other adjustments		**401.4**	324.9	728.0
Depreciation and amortisation		**169.4**	151.4	314.5
Repayment of lease liabilities		**(50.7)**	(38.3)	(94.0)
Taxation adjustment on IFRS 16 leases		**(5.1)**	(4.2)	(6.3)
Profit on disposal of property, plant and equipment (after taxation)		**(0.9)**	(12.9)	(8.1)
Operating cash flow after taxation	22%	**514.1**	420.9	934.1
Movement in working capital		**744.0**	742.0	117.5
Free operating cash flow before capex	8%	**1 258.1**	1 162.9	1 051.6
Free operating cash flow before capex per share (cents)	8%	**232.3**	215.4*	194.7

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.

* *The number of normal treasury shares in issue have been restated. Refer to note 7 for more information.*

Supplementary information

for the six months ended 30 June 2022

R'm	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Capital expenditure (inclusive of borrowing costs capitalised)	**225.9**	109.2	346.8
Capital commitments	**1 380.3**	851.7	1 388.6
Authorised by directors and contracted for	**625.3**	358.2	499.3
Authorised by directors and not yet contracted for	**755.0**	493.5	889.3
Anticipated timing of spend	**1 380.3**	851.7	1 388.6
0 – 1 year	**647.2**	370.5	489.2
1 – 2 years	**248.8**	59.5	274.0
3 – 5 years	**397.0**	341.3	536.6
more than 5 years	**87.3**	80.4	88.8

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2022

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 2022 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 2022 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.

2. Revenue

R'm	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
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	**2 716.0**	2 425.1	4 899.2
– Tuition – Schools	**1 414.4**	1 246.7	2 528.1
– Tuition – Tertiary	**1 334.2**	1 222.8	2 459.6
– Bursaries and discounts	**(110.7)**	(110.6)	(223.4)
Net tuition fees	**2 637.9**	2 358.9	4 764.3
Boarding fees	**27.3**	17.4	35.9
Enrolment and application fees	**25.0**	30.7	54.8
Extramural activities and aftercare	**25.8**	17.4	43.4
Education material and uniforms	**–**	0.7	0.8
Placement fees	**664.4**	437.5	1 018.0
Intra group revenue	**–**	(2.8)	–
	3 380.4	2 859.8	5 917.2

3. Non-trading items

R'm	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Profit on disposal of property, plant and equipment	**1.2**	16.8	11.3
Profit on right-of-use assets from early termination of leases	**–**	–	0.4
Corporate action (costs)/income	**(0.2)**	–	0.5
	1.0	16.8	12.2

During the current period, the profit on disposal of property, plant and equipment results from the disposal of assets. During the prior year, in addition to the disposal of smaller assets, land and buildings that were no longer required were disposed of.

During the prior year, profit on right-of-use assets from early termination of leases comprises of the net income statement impact of derecognising right-of-use assets and lease liabilities on termination of leases before completion of the contracted lease term.

In the current period, corporate action costs relate to legal fees incurred in relation to loan facilities. During the prior year, corporate action income related to an adjustment on the purchase price of a prior year acquisition.

4. Trade and other receivables

R'm	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Trade receivables		**752.4**	717.3	564.8
Loss allowance		**(417.1)**	(429.7)	(321.0)
		335.3	287.6	243.8
Other receivables		**82.4**	60.3	49.6
Trade and other receivables		**417.7**	347.9	293.4
Profit or loss impact				
Credit losses[$]	42%	**111.9**	79.0	117.3

[$] *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 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Reconciliation of profit before taxation to cash generated from operations			
Profit before taxation	**533.0**	448.6	959.1
Adjust for non-cash IFRS and other adjustments (before taxation)	**16.9**	6.7	48.6
	549.9	455.3	1 007.7
Adjustments	**248.5**	216.7	464.2
Depreciation and amortisation	**169.4**	151.4	314.5
Net finance costs	**80.3**	82.1	161.4
Profit on disposal of property, plant and equipment	**(1.2)**	(16.8)	(11.3)
Profit on right-of-use assets from early termination of leases	**–**	–	(0.4)
Cash generated from operations	**798.4**	672.0	1 471.9

6. Share information

	Percentage increase	**Unaudited 6 months to 30 June 2022**	Unaudited 6 months to 30 June 2021	Audited 12 months to 31 December 2021
Number of shares in issue (million)		**554.5**	551.8	554.5
Number of shares in issue net of treasury shares (million)		**541.7**	539.0*	541.7
Weighted average number of shares for purposes of basic earnings per share (million)		**541.7**	539.8*	540.1
Weighted average number of shares for purposes of diluted earnings per share (million)		**549.1**	545.4*	545.9
Net asset value per share including treasury shares (cents)	13%	**830.6**	737.3*	795.1
Net asset value per share net of treasury shares (cents)	13%	**850.2**	754.8*	813.9
Free operating cash flow before capex per share (cents)	8%	**232.3**	215.4*	194.7
Gross dividends per share (cents)	21%	**23.0**	19.0	50.0

* *The number of normal and diluted treasury shares in issue have been restated. Refer to note 7 for more information.*

7. Prior period restatement

Shares held within the group for the management share incentive scheme were recognised as issued and presented as stated capital in the prior period. This was due to an error in the interpretation of the IFRS requirements for these shares. The restrictions and vesting conditions applicable to these shares require them to be treated as unissued and therefore presented as treasury shares. The reclassification results in a change to the prior period weighted average number of shares used for the purpose of calculating basic earnings per share and diluted earnings per share by increasing the number of treasury shares taken into account for this calculation. There were no changes to the earnings for the prior period. The impact is as follows:

	As previously reported Unaudited 6 months to 30 June 2021	Impact of restatement	As restated Unaudited 6 months to 30 June 2021
Impact on shares in issue net of treasury shares			
Number of shares in issue net of treasury shares (million)	545.0	(6.0)	539.0
Impact on weighted average number of shares			
Weighted average number of shares for purposes of basic earnings per share (million)	545.0	(5.2)	539.8
Dilutive effect of share awards (million)	–	5.6	5.6
Weighted average number of shares for purposes of diluted earnings per share (million)	545.0	0.4	545.4
Impact on basic and diluted earnings per share			
Basic (cents)	56.9	0.6	57.5
Diluted (cents)	56.9	0.0	56.9
Impact on basic and diluted headline earnings per share			
Basic (cents)	54.6	0.5	55.1
Diluted (cents)	54.6	(0.1)	54.5
Impact on basic and diluted normalised earnings per share			
Basic (cents)	54.6	0.5	55.1
Diluted (cents)	54.6	(0.1)	54.5
Impact on free operating cash flow before capex per share			
Free operating cash flow before capex per share (cents)	213.4	2.0	215.4

Sponsor:
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SCHOOLS DIVISION **9** Brands (2021: 9) **108** Schools (2021: 108)

Crawford International, TRINITYHOUSE, Junior Colleges, evolve, PINNACLE COLLEGES, THE BRIDGE ASSISTED LEARNING CENTRE, ABBOTTS COLLEGE High School, Makini Schools

TERTIARY / UNIVERSITY DIVISION **8** Brands (2021: 9) **32** Campuses (2021: 32)

THE INDEPENDENT INSTITUTE OF EDUCATION, IIE Vega, IIE Rosebank College, IIE Varsity College, IIE MSA, IIE School of Hospitality & Service Management, Oxbridge Academy, Capsicum Culinary Studio

RESOURCING DIVISION **8** Brands (2021: 8) Across **19** countries

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