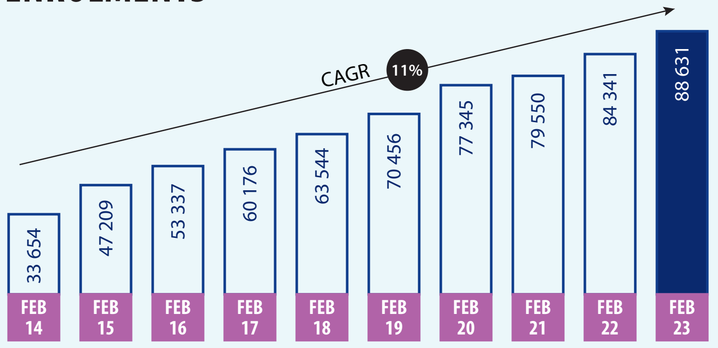
ADvTECH Limited
("ADvTECH" or "the group")
(Incorporated in the Republic of South Africa)
Registration number: 1990/001119/06 **JSE code:** ADH
ISIN number: ZAE000031035
Income taxation number: 9550/190/71/5

INTERIM RESULTS
for the six months ended 30 June 2023

ADvTECH's sound business model with quality assets continues to deliver good results.

Consistent performance demonstrates the group's strong market position in South Africa and a growing presence across the continent.

ENROLMENTS



7% Schools division growth

6% Schools South Africa growth

10% Schools rest of Africa growth

4% Tertiary division growth

Sound balance sheet

Strong financial performance

Good enrolment growth

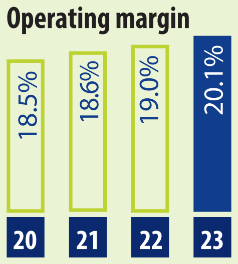
FINANCIAL PERFORMANCE
(year-on-year increase)

SCHOOLS South Africa

Revenue ⇧ **13%**

Operating profit ⬆ **20%**

Operating margin

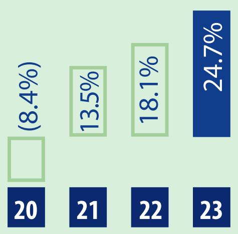


SCHOOLS Rest of Africa

Revenue ⇧ **26%**

Operating profit ⬆ **73%**

Operating margin

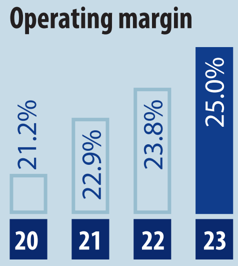


TERTIARY

Revenue ⇧ **13%**

Operating profit ⬆ **19%**

Operating margin

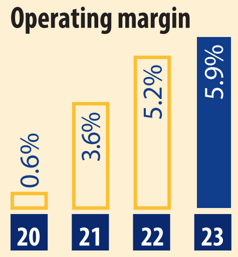


RESOURCING

Revenue ⇧ **26%**

Operating profit ⬆ **44%**

Operating margin



GROUP RESULTS

16% Revenue

23% Operating profit

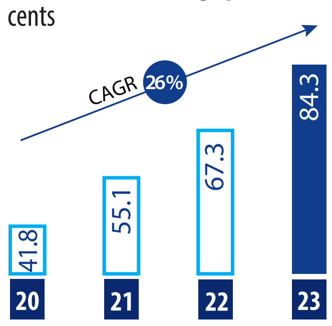
24% Earnings per share

24% Headline earnings per share

25% Normalised earnings per share

30.0 cents
Interim dividend per share

Normalised earnings per share
cents



Features contributing to our success

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

Clear focus on delivering value to our customers

Unrelenting focus on academic excellence central to our strategy

Pan-African education business with a clearly defined strategy and well positioned brands

PROSPECTS

Building off a solid platform and ongoing demand for quality education positions the group to continue to deliver sustainable earnings growth.

Commentary

ADvTECH continues to deliver strong results

The directors are pleased to announce strong results for the six months ended 30 June 2023, as we continue on our journey to sustainable competitive advantage. The focus on teaching and learning, embedding technology and leveraging scale have continued to produce pleasing financial results as a result of the intense focus on the value proposition of our operations. The strategic decision to invest in selected markets in the rest of Africa and diversify earnings continues to bear fruit and is making a meaningful contribution to the group.

The results of our unrelenting focus on enhancing our value proposition to our students are evident in the group's continued enrolment growth despite the challenging economic environment.

Enrolments	Feb 2019	Feb 2020	Feb 2021	Feb 2022	**Feb 2023**	Feb 2022 vs Feb 2023 % increase
Schools: South Africa	25 448	26 393	27 334	29 599	**31 347**	6%
Schools: rest of Africa	5 379	5 977	6 569	7 203	**7 943**	10%
Schools division	30 827	32 370	33 903	36 802	**39 290**	7%
Tertiary: full qualifications	39 629	44 975	45 647	47 539	**49 341**	4%
Total group enrolments	70 456	77 345	79 550	84 341	**88 631**	5%

Having schools and tertiary divisions within the group presents a distinct competitive advantage as we are able to leverage the benefits of our Central Academic Team. This includes developing world class curricula, focused teacher training and investment in research and development programmes, specifically in the field of education.

STRONG FINANCIAL PERFORMANCE

Solid cash generation and sound balance sheet

The financial performance for the first six months of the year was delivered off the back of higher enrolments and moderate fee increases across all parts of the education division together with enhanced operating leverage, while, in our resourcing division, the positive momentum in volumes from the prior year continued.

The group's strong financial performance, solid cash generation and robust balance sheet are evidence of our sound business model, clear market focus and continued emphasis on effectiveness and efficiencies.

Group revenue grew by 16% to R3.9 billion for the period (2022: R3.4 billion) due to good enrolment growth in both the schools and tertiary divisions together with increased business activity in the resourcing division.

Operating profit increased by 23% to R754 million (2022: R612 million) with the group operating margin improving to 19.2% (2022: 18.1%).

The operating margin in the education division improved to 22.8% (2022: 21.3%) through the benefit of operating leverage that, together with the continued efficiency drive, more than offset the additional costs incurred to enhance our offering through the introduction of additional global benchmarking, artificial intelligence tools to support personalised learning and student information systems.

Net finance costs increased marginally to R85 million (2022: R80 million) due to higher interest rates on borrowings and the increased finance costs on lease liabilities that resulted from several new leases being entered into or renewed.

The group's taxation rate increased marginally in the period to 28.3% (2022: 27.9%) due to the current period including a prior year charge, while the prior period benefitted favourably from the impact of the reduced corporate taxation rate on the deferred taxation liability.

Normalised earnings for the period increased by 26% to R459 million (2022: R365 million) while normalised earnings per share increased by 25% to 84.3 cents (2022: 67.3 cents) per share.

We previously reported that we experienced challenges in the tertiary division with the migration to a new integrated business system that resulted in gross trade receivables for the group increasing to R802 million at 31 December 2022. The tertiary division represented R670 million of this balance. Good progress has been made in recovering this amount with R281 million collected up to 30 June 2023. Further progress has been made post the reporting period and trade receivables are expected to normalise by year-end. Gross trade receivables at 30 June 2023 increased by 20% to R906 million (2022: R752 million) and loss allowances increased to R549 million (2022: R417 million), representing a 61% (2022: 55%) coverage of gross trade receivables. Despite the 16% increase in revenue, credit losses for the group increased by only 6% to R119 million (2022: R112 million).

Cash generated by operating activities increased by 13% to R1.7 billion (2022: R1.5 billion). This enabled the funding of capital expenditure of R270 million, payment of finance costs of R91 million, dividends of R225 million, taxation of R176 million, repayment of lease liabilities of R50 million and the net settlement of debt amounting to R970 million. This is indicative of the strong cash generating capacity of the group.

Net borrowings, excluding lease liabilities, reduced to R422 million (2022: R687 million) at 30 June 2023.

Capital expenditure focused on increasing capacity of 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 R650 million and R750 million, depending on the timing of projects.

OPERATIONAL REVIEW

Schools South Africa

Good enrolment growth and solid financial performance

Revenue increased by 13% to R1 402 million (2022: R1 239 million) and operating profit increased by 20% to R282 million (2022: R235 million) with the operating margin improving to 20.1% (2022: 19.0%).

All brands, including the premium brands, have shown volume and operating profit growth. This is underpinned by the continued commitment to excellence in education coupled with a relentless focus on enhancing our value proposition, which has ensured that we continue to win market share in a tough operating environment.

Pinnacle Raslouw in Centurion opened in January 2023 with enrolments well ahead of our expectations necessitating the need to bring phase two of the expansion forward, which is currently underway.

The Bridge Assisted Learning School is expanding its offering to a second school in Morningside, Johannesburg, that will open its doors in January 2024. We remain committed to expanding our niche offering to meet the diverse needs of students and parents.

Schools in the rest of Africa

ADvTECH Schools lead the way in the rest of Africa with pleasing growth and commitment to quality education

All our school brands in the rest of Africa continue to experience good enrolment growth and are operationally sound. Revenue increased by 26% to R193 million (2022: R153 million) and operating profit increased by 73% to R48 million (2022: R28 million) with the operating margin improving from 18.1% to 24.7%.

Gaborone International School (GIS) continues to perform exceptionally well with strong enrolment growth and market leading academic results. The quality of the offering at GIS has led to high demand and capacity is being increased to accommodate 3 000 students. Phase one of this expansion, which included the development of a state-of-the art science and technology centre, was completed in 2022 with phase two currently underway, being the expansion of the preparatory school and re-build of the pre-primary school. Capacity was increased during the year at Crawford International School in Kenya as they continue to experience strong demand owing to their market leading academic offering.

Tertiary/University division

Well established brand portfolio

Revenue increased by 13% to R1 500 million (2022: R1 324 million) and operating profit increased by 19% to R375 million (2022: R315 million). The operating margin increased to 25.0% (2022: 23.8%) benefitting from 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.

As previously reported, the Minister of Higher Education and Training published the draft regulations in September 2022 setting out the criteria to qualify as a "University". The group welcomes this development as a positive step as it allows us to navigate our path to achieving University status. This will ultimately benefit our students who will rightfully be afforded the same status as their peers who obtain similarly accredited qualifications through a Public University. In this regard, we will continue to engage with the Department of Higher Education and Training to bring this to fruition.

Resourcing division

Rest of Africa continues to drive growth

The strategy to expand into the rest of Africa continues to bear fruit with volumes growing substantially and resulting in revenue increasing by 33% to R713 million (2022: R536 million) and operating profit by 52% to R45 million (2022: R29 million).

The South African business' revenue decreased marginally by 4% to R124 million (2022: R129 million) due to the disposal of the group's 51% share of the Contract Accountants group in the second half of 2022. The continuing business performed well in a tough economic environment, increasing revenue by 6%. Operating profit remained flat at R5 million (2022: R5 million).

LOADSHEDDING

ADvTECH is serious about sustainability and we are committed to minimising our environmental impact across all of our operations in South Africa and the rest of Africa. Despite the ongoing challenges of loadshedding in South Africa, we have successfully implemented various measures to ensure that our ability to deliver high-quality education remains unaffected. Most of our sites have back-up generators, with diesel costs amounting to R9 million for the period. In addition, our business has a relatively low electricity usage and our costs in this regard remain contained. We also keep a close eye on our electricity usage and track it while constantly seeking out new opportunities to reduce consumption.

A pilot of solar solutions at two of our sites was successful, confirming the viability of the solution. Solar solutions have now been installed at five sites, with plans to roll this out to the majority of the group's sites.

BOARD CHANGES

The board of directors of the company had adopted an internal non-executive director tenure policy in 2019 in terms of which all non- executive directors may not serve on the board for a tenure of longer than 12 years.

As per SENS released on 17 April 2023, Mr Chris Boulle was due to retire in September 2023 having reached his 12-year tenure on the board, however, a resolution was passed at the AGM held on 18 May 2023 in terms of which shareholders voted in favour of him to hold office until the conclusion of the 2024 AGM. Shareholders will be advised, in accordance with the provisions of the JSE Listings Requirements, as soon as a successor has been appointed.

The board is confident that it has the necessary skills and experience on its current board from which such an appointment can be made.

DECLARATION OF INTERIM DIVIDEND NO. 26

While the board still see significant investment opportunities, the consistent growth trend and continuing strong cash generation, together with a sound balance sheet and reduced borrowings, has given the board the confidence to increase the dividend at a marginally higher rate than the growth in earnings.

The board is pleased to announce the declaration of an interim dividend of 30.0 cents (2022: 23.0 cents) per ordinary share in respect of the six months ended 30 June 2023.

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 24.0 cents per share, while it is 30.0 cents per share to those shareholders who are exempt from DT.

There are 555 513 343 ordinary shares in issue; the interim dividend amount payable is R166.7 million. The salient dates applicable to the interim dividend referred to above are as follows:

	2023
Declaration of interim dividend by the board	**Friday, 25 August**
Announcement of interim results for 2023 on SENS	**Monday, 28 August**
Last day to trade in order to participate in the dividend	**Tuesday, 12 September**
Trading commences ex-dividend	**Wednesday, 13 September**
Record date	**Friday, 15 September**
Dividend payment date	**Monday, 18 September**

Share certificates may not be dematerialised and rematerialised between Wednesday, 13 September and Friday, 15 September 2023 both days inclusive.

PROSPECTS

Demand for quality education persists across all our chosen markets. 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 enrolment growth.

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.

While we acknowledge that current economic conditions place South African consumers under pressure, we believe that ADvTECH is uniquely positioned to benefit from continued growth in demand for education in South Africa and particularly, in the rest of Africa where this pressure is less pronounced. This, together with the good enrolment growth achieved at the start of 2023 in both our schools and tertiary divisions, gives us confidence and an expectation that we will maintain 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

28 August 2023

Condensed consolidated statement of profit or loss

for the six months ended 30 June 2023

R'm	Notes	Percentage increase	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Revenue from contracts with customers	2	16%	**3 931.5**	3 380.4	6 960.6
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		20%	**936.8**	781.7	1 678.2
Operating profit before interest and non-trading items		23%	**754.1**	612.3	1 332.5
Non-trading items	3		**0.5**	1.0	14.3
Net finance costs			**(85.2)**	(80.3)	(172.6)
Interest earned			**7.9**	3.1	7.4
Finance costs incurred			**(40.4)**	(36.1)	(84.0)
Finance costs on lease liabilities			**(52.7)**	(47.3)	(96.0)
Profit before taxation		26%	**669.4**	533.0	1 174.2
Taxation			**(189.7)**	(148.5)	(332.3)
Profit for the period		25%	**479.7**	384.5	841.9
Profit for the period attributable to:					
Owners of the parent			**459.5**	369.5	805.4
Non-controlling interests			**20.2**	15.0	36.5
			479.7	384.5	841.9
Earnings per share (cents)					
Basic		24%	**84.4**	68.2	148.6
Diluted		24%	**83.4**	67.3	147.1

Headline and normalised earnings

for the six months ended 30 June 2023

R'm	Percentage increase	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Determination of headline earnings				
Profit for the period attributable to owners of the parent		**459.5**	369.5	805.4
Items excluded from headline earnings per share		**(0.4)**	(0.9)	(11.3)
Profit on disposal of property, plant and equipment		**(0.5)**	(1.2)	(11.4)
Profit on disposal of subsidiaries		**–**	–	(3.1)
Taxation effects of adjustments		**0.1**	0.3	3.2
Headline earnings	25%	**459.1**	368.6	794.1
Headline earnings per share (cents)				
Basic	24%	**84.3**	68.0	146.5
Diluted	24%	**83.4**	67.1	145.0
Determination of normalised earnings				
Headline earnings		**459.1**	368.6	794.1
Items excluded from normalised earnings per share		**–**	(3.8)	(4.0)
Corporate action costs		**–**	0.2	0.2
Remeasurement of deferred taxation due to rate change		**–**	(4.0)	(4.2)
Normalised earnings	26%	**459.1**	364.8	790.1
Normalised earnings per share (cents)				
Basic	25%	**84.3**	67.3	145.7
Diluted	26%	**83.4**	66.4	144.3

Normalised earnings is a non-IFRS measure that is included to provide an additional basis 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. No adjustments were required in the current period. In the prior period, it included legal fees incurred for loan facilities and the remeasurement of deferred taxation due to the change in the South African company's taxation rate.

Condensed consolidated statement of other comprehensive income

for the six months ended 30 June 2023

R'm	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Profit for the period	**479.7**	384.5	841.9
Other comprehensive income, net of income taxation			
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) on translating foreign operations	**7.2**	(14.0)	(11.1)
Total comprehensive income for the period	**486.9**	370.5	830.8
Total comprehensive income for the period attributable to:			
Owners of the parent	**462.5**	357.8	792.4
Non-controlling interests	**24.4**	12.7	38.4
	486.9	370.5	830.8

Condensed consolidated statement of financial position

as at 30 June 2023

R'm	Note	**Unaudited 30 June 2023**	Unaudited 30 June 2022	Audited 31 December 2022
Assets				
Non-current assets		**8 236.9**	7 658.7	8 061.8
Property, plant and equipment		**5 691.5**	5 143.2	5 527.6
Proprietary technology systems		**107.4**	106.0	110.6
Right-of-use assets		**793.0**	742.9	769.4
Goodwill		**1 452.6**	1 457.5	1 454.4
Other intangible assets		**141.5**	149.0	145.3
Deferred taxation assets		**41.7**	52.1	45.3
Investment in joint venture		**9.2**	8.0	9.2
Current assets		**890.4**	730.1	850.3
Inventories		**5.5**	5.9	7.0
Trade and other receivables	4	**446.2**	417.7	421.4
Taxation		**7.5**	8.9	26.1
Prepayments		**78.2**	51.0	40.7
Cash and cash equivalents		**353.0**	246.6	355.1
Non-current assets held for sale		**–**	24.1	15.5
Total assets		**9 127.3**	8 412.9	8 927.6
Equity and liabilities				
Equity		**5 229.7**	4 605.6	4 951.2
Non-current liabilities		**1 564.4**	1 498.5	1 542.9
Long-term bank loan		**600.0**	600.0	600.0
Deferred taxation liabilities		**120.3**	128.5	127.4
Lease liabilities		**794.6**	722.0	766.3
Acquisition liabilities		**49.5**	48.0	49.2
Current liabilities		**2 333.2**	2 308.8	2 433.5
Current portion of long-term bank loan		**–**	–	0.1
Short-term bank loans		**170.0**	330.1	1 145.5
Current portion of lease liabilities		**199.7**	183.2	186.4
Trade and other payables		**640.3**	596.9	636.4
Current portion of acquisition liabilities		**10.2**	9.1	9.1
Fees received in advance and deposits		**1 304.8**	1 184.1	453.6
Shareholders for capital distribution		**0.8**	0.8	0.8
Shareholders for dividend		**2.2**	1.6	1.6
Bank overdraft		**5.2**	3.0	–
Total liabilities		**3 897.6**	3 807.3	3 976.4
Total equity and liabilities		**9 127.3**	8 412.9	8 927.6

Condensed consolidated segmental report

for the six months ended 30 June 2023

R'm	Percentage increase/ (decrease)	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Revenue from contracts with customers	16%	**3 931.5**	3 380.4	6 960.6
Schools	15%	**1 594.9**	1 391.9	2 825.8
– South Africa	13%	**1 401.9**	1 239.1	2 491.5
– Rest of Africa	26%	**193.0**	152.8	334.3
Tertiary	13%	**1 499.7**	1 324.1	2 727.6
Resourcing	26%	**836.9**	664.4	1 407.2
– South Africa	(4%)	**123.5**	128.5	252.2
– Rest of Africa	33%	**713.4**	535.9	1 155.0
Operating profit before interest and non–trading items	23%	**754.1**	612.3	1 332.5
Schools	25%	**329.3**	262.5	564.1
– South Africa	20%	**281.6**	234.9	484.1
– Rest of Africa	73%	**47.7**	27.6	80.0
Tertiary	19%	**375.1**	315.3	679.9
Resourcing	44%	**49.7**	34.5	88.5
– South Africa	0%	**5.2**	5.2	6.4
– Rest of Africa	52%	**44.5**	29.3	82.1
Property, plant and equipment, proprietary technology systems, right-of-use assets and non-current assets held for sale	10%	**6 591.9**	6 016.2	6 423.1
Schools	12%	**4 473.1**	3 990.3	4 238.4
– South Africa	12%	**3 989.8**	3 563.1	3 773.9
– Rest of Africa	13%	**483.3**	427.2	464.5
Tertiary	5%	**2 090.0**	1 994.8	2 156.9
Resourcing	(7%)	**28.8**	31.1	27.8
– South Africa	(7%)	**25.8**	27.7	24.5
– Rest of Africa	(12%)	**3.0**	3.4	3.3

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2023

R'm	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Balance at beginning of the period	**4 951.2**	4 409.1	4 409.1
Total comprehensive income for the period	**486.9**	370.5	830.8
Dividends declared to shareholders	**(225.9)**	(188.1)	(320.7)
Share-based payment expense	**–**	0.2	0.4
Share award expense under the management share incentive schemes	**19.7**	20.5	36.5
Taxation effect of shares awarded under the management share incentive scheme	**(2.2)**	–	(0.8)
Vesting of subsidiary share award	**–**	(6.6)	(6.9)
Share options exercised	**–**	–	4.0
Disposal of subsidiaries	**–**	–	(1.2)
Balance at end of the period	**5 229.7**	4 605.6	4 951.2

Condensed consolidated statement of cash flows

for the six months ended 30 June 2023

R'm	Note	Percentage increase	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Cash flows from operating activities					
Cash generated from operations	5	20%	**957.0**	798.4	1 713.8
Movement in working capital			**792.0**	744.0	52.4
Cash generated by operating activities		13%	**1 749.0**	1 542.4	1 766.2
Net finance costs paid (inclusive of borrowing costs capitalised to assets and finance costs on lease liabilities)			**(91.1)**	(78.6)	(168.2)
Taxation paid			**(175.5)**	(142.8)	(337.9)
Dividends paid			**(225.3)**	(188.1)	(320.7)
Net cash inflow from operating activities			**1 257.1**	1 132.9	939.4
Cash flows from investing activities					
Additions to property, plant and equipment			**(264.9)**	(221.6)	(704.9)
Additions to proprietary technology systems			**(5.4)**	(2.7)	(15.4)
Proceeds on disposal of property, plant and equipment			**16.8**	1.3	27.5
Proceeds on disposal of subsidiaries			**–**	–	2.9
Net cash outflow from investing activities			**(253.5)**	(223.0)	(689.9)
Cash flows from financing activities					
Settlement of non-current bank loan			**–**	(600.0)	(600.0)
Settlement of current bank loans			**(1 140.0)**	(691.4)	(590.0)
Drawdowns of current bank loans			**170.0**	430.0	1 140.0
Repayment of lease liabilities			**(49.7)**	(50.7)	(98.2)
Cash received on exercise of share options			**–**	–	4.0
Net cash outflow from financing activities			**(1 019.7)**	(912.1)	(144.2)
Net (decrease)/increase in cash and cash equivalents			**(16.1)**	(2.2)	105.3
Cash and cash equivalents (net of bank overdraft) at beginning of the period			**355.1**	245.0	245.0
Net foreign exchange differences on cash and cash equivalents			**8.8**	0.8	4.8
Cash and cash equivalents (net of bank overdraft) at end of the period			**347.8**	243.6	355.1

Free operating cash flow before capex per share

for the six months ended 30 June 2023

R'm	Percentage increase	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Profit for the period		**479.7**	384.5	841.9
Adjusted for non-cash IFRS and other adjustments (after taxation)		**20.2**	16.9	35.8
Net operating profit after taxation – adjusted for non-cash IFRS and other adjustments		**499.9**	401.4	877.7
Depreciation and amortisation		**182.7**	169.4	345.7
Repayment of lease liabilities		**(49.7)**	(50.7)	(98.2)
Taxation adjustment on IFRS 16 leases		**(5.1)**	(5.1)	(11.1)
Profit on disposal of property, plant and equipment (after taxation)		**(0.4)**	(0.9)	(8.2)
Operating cash flow after taxation	22%	**627.4**	514.1	1 105.9
Movement in working capital		**792.0**	744.0	52.4
Free operating cash flow before capex	13%	**1 419.4**	1 258.1	1 158.3
Free operating cash flow before capex per share (cents)	12%	**260.8**	232.3	213.7

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.

Supplementary information

for the six months ended 30 June 2023

R'm	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Capital expenditure	**270.3**	224.3	720.3
Borrowing costs capitalised	**3.0**	1.6	5.6
Total capital expenditure	**273.3**	225.9	725.9
Capital commitments	**1 198.1**	1 380.3	1 141.3
Authorised by directors and contracted for	**458.6**	625.3	292.6
Authorised by directors and not yet contracted for	**739.5**	755.0	848.7
Anticipated timing of spend	**1 198.1**	1 380.3	1 141.3
0 – 1 year	**384.8**	647.2	251.0
1 – 2 years	**311.2**	248.8	158.6
3 – 5 years	**435.4**	397.0	664.8
More than 5 years	**66.7**	87.3	66.9

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2023

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 2023 was supervised by Didier Oesch CA(SA), the group's commercial director and chief financial officer. The directors take full responsibility and have approved the condensed consolidated financial statements.

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 2023 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.

R'm	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
2. Revenue from contracts with customers			
The group derives its revenue from the transfer of services 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	**3 094.6**	2 716.0	5 553.4
– Tuition – Schools	**1 610.9**	1 414.4	2 866.3
– Tuition – Tertiary	**1 494.6**	1 334.2	2 747.2
– Bursaries and discounts	**(121.0)**	(110.7)	(225.5)
Net tuition fees	**2 984.5**	2 637.9	5 388.0
Boarding fees	**38.8**	27.3	54.8
Enrolment and application fees	**44.5**	25.0	55.2
Extramural activities and aftercare	**26.7**	25.8	54.8
Education material and uniforms	**0.1**	–	0.6
Placement fees	**836.9**	664.4	1 407.2
	3 931.5	3 380.4	6 960.6
3. Non-trading items			
Profit on disposal of property, plant and equipment	**0.5**	1.2	11.4
Corporate action costs	**–**	(0.2)	(0.2)
Profit on disposal of subsidiaries	**–**	–	3.1
	0.5	1.0	14.3

Land and buildings, which were no longer required, with a carrying value of R15.5 million were disposed of for proceeds of R15.6 million. The balance of the profit on disposal of property, plant and equipment in the current period results from the disposal of smaller assets. During the prior year, in addition to the disposal of smaller assets, land and buildings, which were no longer required, with a carrying value of R9.1 million were disposed of for proceeds of R22.2 million.

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

- Corporate action costs related to legal fees incurred in relation to loan facilities.
- The profit on disposal of subsidiaries related to the disposal of a 51% shareholding in the Contract Accountants Group.

4. Trade and other receivables

R'm	Percentage increase	**Unaudited 6 months to 30 June 2023**	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Trade receivables		**906.1**	752.4	802.0
Loss allowance		**(548.6)**	(417.1)	(437.5)
		357.5	335.3	364.5
Other receivables		**88.7**	82.4	56.9
Trade and other receivables		**446.2**	417.7	421.4
Profit or loss impact				
Credit losses*	6%	**118.9**	111.9	257.1

* *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 2023	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Reconciliation of profit before taxation to cash generated from operations			
Profit before taxation	**669.4**	533.0	1 174.2
Adjust for non-cash IFRS and other adjustments (before taxation)	**20.2**	16.9	35.8
Share based payment expenses	**19.9**	20.6	36.9
Other non-cash adjustments	**0.3**	(3.7)	(1.1)
	689.6	549.9	1 210.0
Adjustments	**267.4**	248.5	503.8
Depreciation and amortisation	**182.7**	169.4	345.7
Net finance costs	**85.2**	80.3	172.6
Profit on disposal of property, plant and equipment	**(0.5)**	(1.2)	(11.4)
Profit on disposal of subsidiaries	**–**	–	(3.1)
Cash generated from operations	**957.0**	798.4	1 713.8

6. Share information

	Percentage increase	Unaudited 6 months to 30 June 2023	Unaudited 6 months to 30 June 2022	Audited 12 months to 31 December 2022
Number of shares in issue (million)		**555.5**	554.5	554.5
Number of shares in issue net of treasury shares (million)		**545.4**	541.7	544.3
Weighted average number of shares for purposes of basic earnings per share (million)		**544.3**	541.7	542.1
Weighted average number of shares for purposes of diluted earnings per share (million)		**550.8**	549.1	547.6
Net asset value per share including treasury shares (cents)	13%	**941.4**	830.6	892.9
Net asset value per share net of treasury shares (cents)	13%	**958.9**	850.2	909.6
Free operating cash flow before capex per share (cents)	12%	**260.8**	232.3	213.7
Gross dividends per share (cents)	30%	**30.0**	23.0	60.0

SCHOOLS DIVISION

9 brands (2022: 9)
110 Schools (2022: 109)
Revenue contribution 41% (2022: 41%) R1.6 billion (2022: R1.4 billion)

TERTIARY/UNIVERSITY DIVISION

8 brands (2022: 8)
32 Campuses (2022: 32)
Revenue contribution 38% (2022: 39%) R1.5 billion (2022: R1.3 billion)

RESOURCING DIVISION

7 brands (2022: 8)
Revenue contribution 21% (2022: 20%) R0.8 billion (2022: R0.7 billion)

BUSINESS ACTIVITIES

- Student acquisition
- Teaching and learning specialists
- Developing academic excellence through ongoing research and development
- Increasing digital new age technology facilities
- Benchmarking our performance, locally and internationally
- Investing in IT systems (learning analytics student information system)
- Enhancing technology supported teaching and learning – online, contact and distance
- Focusing on graduate employability

BUSINESS ACTIVITIES

- Focusing on the key niche placement areas of: finance, ICT, engineering, supply chain, logistics, freight
- Payroll management and contracting placements

Sponsor: Bridge Capital