

ADvTECH Limited

(Incorporated in the Republic of South Africa)

(Registration number 1990/001119/06)

Share code: ADH ISIN: ZAE000031035

("the company" or "ADvTECH" or "the group")

## **TRADING STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2021**

In terms of paragraph 3.4(b) of the Listings Requirements of the JSE Limited, issuers are required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next period to be reported on will show a 20% or more difference from those of the previous corresponding period.

The group continues to benefit from strategic initiatives implemented to improve overall performance, including:

- restructuring and rationalisation;
- efficiency improvement activities;
- delivery of value for money quality offerings to clearly defined relevant markets segments; and
- providing superior support and delivery methods.

The performance of the group during the six months ended 30 June 2021 has been most encouraging with all divisions delivering an increase in operating profit. Our schools in rest of Africa as well as resourcing in South Africa, which were severely impacted by the economic effects of the COVID-19 pandemic in the corresponding prior period, have both returned to profitability.

The education divisions (schools and tertiary) have benefited from good enrolment growth and cost controls, together with significantly improved collections of trade receivables, while resourcing in the rest of Africa continued to deliver a robust performance.

Profit before tax benefited from the disposal of land and buildings which are no longer required. In addition, net financing costs have decreased due to the reduction in net borrowings and a lower interest rate.

The group reports normalised earnings per share ("NEPS") as a way of excluding the effect of one-off transactions and corporate action costs from its results.

NEPS for the six months ended 30 June 2021 is expected to be between 28% and 33% higher than the comparative reporting period for the six months ended 30 June 2020 ("the comparative period") or between 53.5 and 55.6 cents per share as compared to 41.8 cents per share in the comparative period.

There were no adjustments required to NEPS in order to calculate headline earnings per share ("HEPS") in the current reporting period. In the comparative period the following adjustments were excluded from NEPS in determining HEPS:

- legal and other corporate actions costs;
- write-off of deferred tax assets in subsidiaries where it is considered non-recoverable; and
- the revaluation of deferred tax assets in the Kenya subsidiaries which had a reduction in the tax rate.

Headline earnings per share is expected to be between 34% and 39% higher than the comparative period or between 53.6 and 55.6 cents per share as compared to 40.0 cents per share in the comparative period.

To calculate earnings per share ("EPS"), in the current period the following adjustments are excluded from HEPS:

- Profit on sale of property, plant and equipment.

In addition to this, in the prior year, the following adjustments were also excluded from the calculation:

- The loss on the disposal of University of Africa; and
- The one-off non-cash accounting impairment on the intended re-branding of the remainder of the Maragon schools and closure of two non-performing schools within the group.

Earnings per share ("EPS") for the six months ended 30 June 2021 is expected to be between 66% and 71% higher than the comparative period or between 55.8 and 57.5 cents per share as compared to 33.6 cents per share for the comparative period, including the effect of the above adjustments.

The financial information on which this trading update is based has not been reviewed or audited by the group's external auditors.

ADvTECH expects to release results for the six months ended 30 June 2021 on the JSE's Stock Exchange News Service on or about Tuesday, 31 August 2021.

11 August 2021

Johannesburg

Sponsor: Bridge Capital Advisors Proprietary Limited