Preliminary audited results

FOR THE YEAR ENDED 31 DECEMBER 2022

ADvTECH Limited
(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
("ADvTECH" or "the group")

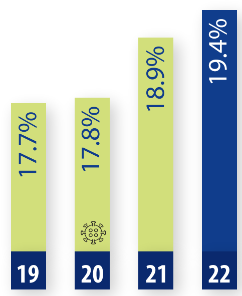
ADvTECH DELIVERS ANOTHER STRONG PERFORMANCE ON THE BACK OF CONTINUED ENROLMENT GROWTH.

The trend of consistent performance demonstrates the group's strong market position in South Africa, and a growing presence across the continent.

DIVISIONAL PERFORMANCE

SCHOOLS South Africa
Revenue **14%**
Operating profit **17%**

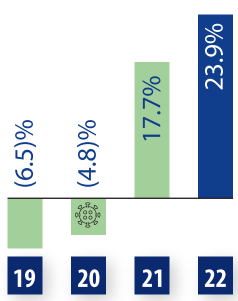
Operating margin



RESOURCING South Africa
Revenue **11%**
Operating profit **7%**

SCHOOLS Rest of Africa
Revenue **25%**
Operating profit **69%**

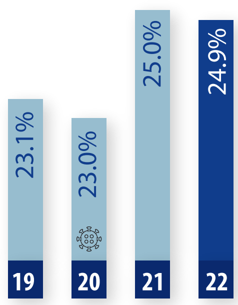
Operating margin



RESOURCING Rest of Africa
Revenue **46%**
Operating profit **151%**

TERTIARY
Revenue **12%**
Operating profit **12%**

Operating margin



COVID-19

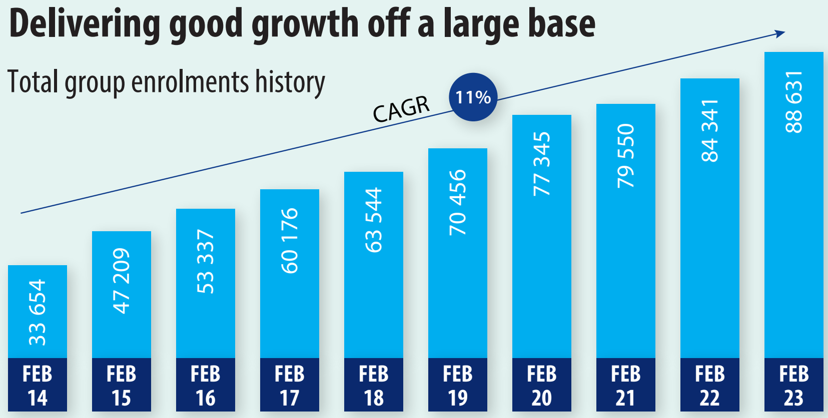
Features contributing to our success

- Strong market position through a 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

Good enrolment growth | **Strong financial performance** | **Sound balance sheet**

Delivering good growth off a large base

Total group enrolments history



GROUP RESULTS

18% Revenue

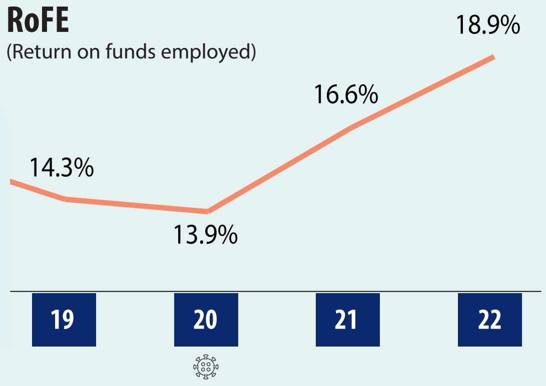
20% Operating profit

20% Headline earnings per share

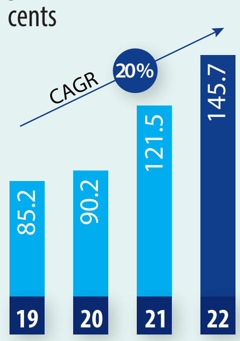
20% Normalised earnings per share

37.0 cents Final dividend per share

RoFE
(Return on funds employed)



Normalised earnings per share
cents



> "ADvTECH delivered another set of strong results reinforcing that the group's well positioned brands continue to increase market share in a difficult operating environment."
>
> **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

ADvTECH continues to deliver strong results

The directors are pleased to announce strong results for the year ended 31 December 2022, that continue the trend of delivering a consistent performance reflective of the quality of our assets, the group's scale and resilience. The strategic decision to invest in selected markets in Africa is delivering results and making a significant contribution to the group with the combined operating profit for schools rest of Africa division and resourcing rest of Africa division for the year amounting to R162 million (2021: R80 million).

The healthy and robust position of the group reflects the strength, flexibility and agility of our business model. Central to our strategy, and fundamental to our business's success, is our commitment to academic excellence combined with a clear focus on delivering value to our customers.

The benefit of having both schools and tertiary within the group presents a distinct competitive advantage. Not only do we benefit from the scale of operations to deliver meaningful efficiencies and significant cost advantages, but we can leverage the substantial investment in intellectual property housed in our Central Academic Team (CAT). We are focused on developing the most effective teaching and learning practices through the use of applied research, technology and sophisticated systems and processes as a means of clearly differentiating ourselves in our chosen markets.

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

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%

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 continued emphasis on effectiveness and efficiencies.

Group revenue grew by 18% to R7.0 billion for the year (2021: R5.9 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 20% to R1 333 million (2021: R1 108 million) with the group operating margin improving to 19.1% (2021: 18.7%).

Net finance costs increased marginally to R173 million (2021: R161 million) due to the increased finance costs on lease liabilities as a consequence of several new leases being entered into or renewed that were partially offset by lower finance costs on reduced borrowings.

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 assets and liabilities to be remeasured, resulted in the effective taxation rate reducing to 28.3% (2021: 29.2%).

Normalised earnings for the period increased by 20% to R790 million (2021: R656 million) while normalised earnings per share increased by 20% to 145.7 cents (2021: 121.5 cents) per share.

The continued focus on collections resulted in gross trade receivables at schools and resourcing, amounting to R91 million (2021: R82 million) and R42 million (2021: R36 million) respectively, to reduce to 3.2% (2021: 3.3%) and 3.0% (2021: 3.5%) of revenue respectively. In the tertiary division, however, we experienced challenges with the transferring of data during our migration to a new integrated business system at the beginning of 2022, resulting in billing issues, which largely affected returning students. This meant that several students were only presented with correct statements late in the year and in some cases led to delays in them servicing their accounts. As a result, gross trade receivables for tertiary increased by 50% to R670 million (2021: R447 million). Overall, gross trade receivables for the group increasing by 42% to R802 million (2021: R565 million) and the credit loss allowance at 31 December 2022 increased to R438 million (2021: R321 million) representing a 55% (2021: 57%) coverage of gross trade receivables.

Owing to the increased credit loss allowance made against the tertiary trade receivables, credit losses for the year increased to R257 million (2021: R117 million). Compounding the negative year on year comparison is the fact that the credit losses reported in the prior year also benefitted from collections post the COVID-19 lockdowns exceeding expectations. The system issues have now been resolved and the billing for 2023 enrolments is running smoothly.

Cash generated by operating activities increased by 11% to R1.8 billion (2021: R1.6 billion). This enabled the funding of capital expenditure of R720 million, payment of finance costs of R168 million, dividends of R321 million, taxation of R338 million, repayment of lease liabilities of R98 million and the net settlement of debt amounting to R50 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, acquiring equipment to enhance our teaching and learning through technology as well as enhancing business systems to enable the standardisation of processes across the group to allow for further efficiency improvements.

As capacity utilisation improves, following the significant investments in the 2015 to 2019 period, together with the benefits of our efficiency drive, return on funds employed (ROFE) improved from 16.6% to 18.9%.

OPERATIONAL REVIEW

Schools South Africa

Good enrolment growth and solid financial performance

Revenue increased by 14% to R2.5 billion (2021: R2.2 billion) and operating profit increased by 17% to R484 million (2021: R413 million) with the operating margin improving to 19.4% (2021: 18.9%).

All of our brands, including the premium brands, have shown growth. This is testament to the recognition of ADvTECH's excellence in education. Our improved systems and processes have ensured that we continue to win market share in a tough operating environment.

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 full year of 2022. Our offering continues to be enhanced by our focus on academic excellence through teaching and learning as well as with our extra-curricula offerings such as boarding, extramural and aftercare. The ongoing initiatives focused on enhancing productivity by eliminating waste and duplication of effort continues to further progress the effectiveness of our offering.

The group recorded exceptional results in the 2022 Independent Examinations Board examinations, resulting in the group retaining a leadership position in private education in South Africa. Our students achieved an impressive 99.5% pass rate and 90.8% obtained a bachelor degree pass.

Pinnacle Raslouw in Centurion opened in January 2023 and enrolments have exceeded expectations necessitating the need to bring forward phase two of the project to 2023.

Schools building capacity	Feb 2019	Feb 2020	Feb 2021	Feb 2022	**Feb 2023**
Students enrolled ('000)	30.8	32.4	33.9	36.8	**39.3**
Existing building capacity ('000)	38.2	41.2	41.5	44.5	**46.7**
% Existing building capacity utilised	81%	79%	82%	83%	**84%**
Ultimate capacity ('000)	54.8	56.8	56.8	56.8	**59.8**
% of ultimate capacity utilised	56%	57%	60%	65%	**66%**

Schools in the rest of Africa

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

All our school brands in the rest of Africa continue to experience strong enrolment growth and are operationally sound. Revenue increased by 25% to R334 million (2021: R268 million) and operating profit increased by 69% to R80 million (2021: R47 million) with the operating margin improving from 17.7% to 23.9%.

Gaborone International School continues to perform exceptionally well with strong enrolment growth and market leading academic results. The students achieved a 100% pass rate in the International General Certificate of Secondary Education (IGCSE) exams and averaged three distinctions per candidate, with 16% of students in the class achieving 'full house A's'.

The quality of the offering has led to strong demand and capacity is being increased to accommodate 3 000 students. Phase 1 of this expansion, which included the development of a state-of-the art science and technology centre, was completed in 2022 with phase 2 currently underway.

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. Of the final year students completing their A-Level qualification at the school, 95% have been accepted into international universities in the US, UK, Europe, Canada, Hong-Kong, Asia and Australia. Furthermore, 19% of the year students achieved 'full house A's' while one student was the top ranked scholar for French in Kenya.

The introduction of the Cambridge International Curriculum at Makini Schools in 2020 has proven successful with enrolments for this offering now approaching 1 000 students. We continue to invest in refurbishing the sites in order to improve the facilities and to portray a more aspirational appearance.

Tertiary/University division

Well established brand portfolio

Revenue increased by 12% to R2.7 billion (2021: R2.4 billion) and operating profit increased by 12% to R680 million (2021: R609 million). The operating margin remained flat at 25%.

Our tertiary division performed well and continues to grow off 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 mentioned in our half year results, the Minister of Higher Education and Training published the draft regulations in 2022 setting out the criteria to qualify as a "University". The group welcomes this development as a positive step as it allows us to plot 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.

The Varsity College campuses in Pretoria and Midrand were expanded in order to increase capacity in response to growing demand. The buildings adjacent to Rosebank College's Braamfontein and Pretoria mega campuses, which have reached full capacity, were acquired to allow for further growth.

Resourcing division

Strong overall performance lead by outstanding performance in the rest of Africa

The strategy to expand into the rest of Africa continues to pay dividends. The resourcing division continues to increase its presence and number of placements across 19 countries on the continent with the bulk of its revenue and operating profit being generated outside of South Africa. Revenue increasing by 38% to R1 407 million (2021: R1 018 million) and operating profit by 129% to R89 million (2021: R39 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 challenge 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 generators. 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 using meters, while constantly seeking out new opportunities to reduce consumption.

We are currently piloting solar solutions at two of our sites to better understand the viability of rolling this out group wide.

BOARD CHANGES

The following changes to the non-executive directors on the board occurred during the year under review:

- We welcomed Mr Stewart Van Graan, who was appointed to the board effective 1 October 2022;
- Mr Daniel Smith, who was appointed to the board as an alternate director to Mr Monde Nkosi, a non-executive director, effective 1 October 2022; and
- Professor Alexandra Watson, who was appointed to the board effective 1 November 2022.

DECLARATION OF FINAL DIVIDEND NO. 25

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 a final gross dividend declaration of 37.0 cents (2021: 31.0 cents) per ordinary share in respect of the year ended 31 December 2022.

This brings the full year dividend to 60.0 cents (2021: 50.0 cents) per share. 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 29.6 cents per share, while net amount per share is 37.0 cents for those shareholders who are exempt from DT.

There are 554 459 991 ordinary shares in issue; the total dividend amount payable is R205.2 million. The salient dates applicable to the dividend referred to above are as follows:

	2023
Declaration of dividend by the board	**Thursday, 23 March**
Announcement of annual results for 2022 on SENS	**Monday, 27 March**
Last day to trade in order to participate in the dividend	**Tuesday, 18 April**
Trading commences ex-dividend	**Wednesday, 19 April**
Record date	**Friday, 21 April**
Payment date	**Monday, 24 April**

Share certificates may not be dematerialised and rematerialised between Wednesday, 19 April 2023 and Friday, 21 April 2023, both days inclusive.

PROSPECTS

Demand for quality education remains high. 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 student 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 put South African consumers under pressure, we believe that ADvTECH is uniquely positioned to leverage all these advantages and 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 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

27 March 2023

Summarised consolidated statement of profit or loss

for the year ended 31 December 2022

R'm	Notes	Percentage increase	Audited 31 December 2022	Audited 31 December 2021
Revenue from contracts with customers	2	18%	**6 960.6**	5 917.2
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		18%	**1 678.2**	1 422.8
Operating profit before interest and non-trading items		20%	**1 332.5**	1 108.3
Non-trading items	3		**14.3**	12.2
Net finance costs			**(172.6)**	(161.4)
Interest earned			**7.4**	7.7
Finance costs incurred			**(84.0)**	(102.1)
Finance costs on lease liabilities			**(96.0)**	(67.0)
Profit before taxation		22%	**1 174.2**	959.1
Taxation			**(332.3)**	(279.7)
Profit for the year		24%	**841.9**	679.4
Profit for the year attributable to:				
Owners of the parent		21%	**805.4**	664.9
Non-controlling interests			**36.5**	14.5
			841.9	679.4
Earnings per share (cents)				
Basic		21%	**148.6**	123.1
Diluted		21%	**147.1**	121.8

Headline and normalised earnings

for the year ended 31 December 2022

R'm	Percentage increase	Audited 31 December 2022	Audited 31 December 2021
Determination of headline earnings			
Profit for the year attributable to owners of the parent		**805.4**	664.9
Items excluded from headline earnings per share		**(11.3)**	(8.4)
Profit on disposal of property, plant and equipment		**(11.4)**	(11.3)
Profit on right-of-use assets from early termination of leases		**–**	(0.4)
Profit on disposal of subsidiaries		**(3.1)**	–
Taxation effects of adjustments		**3.2**	3.3
Headline earnings	21%	**794.1**	656.5
Headline earnings per share (cents)			
Basic	20%	**146.5**	121.6
Diluted	21%	**145.0**	120.3
Determination of normalised earnings			
Headline earnings		**794.1**	656.5
Items excluded from normalised earnings per share		**(4.0)**	(0.5)
Corporate action costs/(income)		**0.2**	(0.5)
Remeasurement of deferred taxation due to rate change		**(4.2)**	–
Normalised earnings	20%	**790.1**	656.0
Normalised earnings per share (cents)			
Basic	20%	**145.7**	121.5
Diluted	20%	**144.3**	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 year, 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.

Summarised consolidated statement of other comprehensive income

for the year ended 31 December 2022

R'm	Audited 31 December 2022	Audited 31 December 2021
Profit for the year	**841.9**	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	**(11.1)**	30.1
Total comprehensive income for the year	**830.8**	709.5
Total comprehensive income for the year attributable to:		
Owners of the parent	**792.4**	693.3
Non-controlling interests	**38.4**	16.2
	830.8	709.5

Summarised consolidated statement of financial position

as at 31 December 2022

R'm	Note	Audited 31 December 2022	Audited 31 December 2021
Assets			
Non-current assets		**8 061.8**	7 437.5
Property, plant and equipment		**5 527.6**	5 035.0
Proprietary technology systems		**110.6**	111.2
Right-of-use assets		**769.4**	612.4
Goodwill		**1 454.4**	1 461.2
Other intangible assets		**145.3**	156.0
Deferred taxation assets		**45.3**	53.8
Investment in joint venture		**9.2**	7.9
Current assets		**850.3**	620.9
Inventories		**7.0**	10.4
Trade and other receivables	4	**421.4**	293.4
Taxation		**26.1**	36.3
Prepayments		**40.7**	35.8
Cash and cash equivalents		**355.1**	245.0
Non-current assets held for sale		**15.5**	8.6
Total assets		**8 927.6**	8 067.0
Equity and liabilities			
Equity		**4 951.2**	4 409.1
Non-current liabilities		**1 542.9**	1 392.3
Long-term bank loan		**600.0**	600.0
Deferred taxation liabilities		**127.4**	152.1
Lease liabilities		**766.3**	591.9
Acquisition liabilities		**49.2**	48.3
Current liabilities		**2 433.5**	2 265.6
Current portion of long-term bank loan		**0.1**	600.0
Short-term bank loans		**1 145.5**	591.4
Current portion of lease liabilities		**186.4**	165.8
Trade and other payables		**636.4**	538.6
Current portion of acquisition liabilities		**9.1**	7.3
Fees received in advance and deposits		**453.6**	360.1
Shareholders for capital distribution		**0.8**	0.8
Shareholders for dividend		**1.6**	1.6
Total liabilities		**3 976.4**	3 657.9
Total equity and liabilities		**8 927.6**	8 067.0

Summarised consolidated segmental report

for the year ended 31 December 2022

R'm	Percentage increase/ (decrease)	Audited 31 December 2022	Audited 31 December 2021
Revenue from contracts with customers	18%	**6 960.6**	5 917.2
Schools	15%	**2 825.8**	2 457.6
– South Africa	14%	**2 491.5**	2 189.6
– Rest of Africa	25%	**334.3**	268.0
Tertiary	12%	**2 727.6**	2 441.6
Resourcing	38%	**1 407.2**	1 018.0
– South Africa	11%	**252.2**	226.3
– Rest of Africa	46%	**1 155.0**	791.7
Operating profit before interest and non-trading items	20%	**1 332.5**	1 108.3
Schools	23%	**564.1**	460.2
– South Africa	17%	**484.1**	412.8
– Rest of Africa	69%	**80.0**	47.4
Tertiary	12%	**679.9**	609.4
Resourcing	129%	**88.5**	38.7
– South Africa	7%	**6.4**	6.0
– Rest of Africa	151%	**82.1**	32.7
Property, plant and equipment, proprietary technology systems, right-of-use assets and non-current assets held for sale	11%	**6 423.1**	5 767.2
Schools	9%	**4 238.4**	3 874.3
– South Africa	9%	**3 773.9**	3 446.7
– Rest of Africa	9%	**464.5**	427.6
Tertiary	16%	**2 156.9**	1 861.7
Resourcing	(11%)	**27.8**	31.2
– South Africa	(17%)	**24.5**	29.6
– Rest of Africa	106%	**3.3**	1.6

Summarised consolidated statement of changes in equity
for the year ended 31 December 2022

R'm	**Audited 31 December 2022**	Audited 31 December 2022
Balance at beginning of the year	**4 409.1**	3 867.8
Total comprehensive income for the year	**830.8**	709.5
Dividends declared to shareholders	**(320.7)**	(223.9)
Share-based payment expense	**0.4**	0.9
Share award expense under the management share incentive scheme	**36.5**	51.5
Taxation effect of shares awarded under the management share incentive scheme	**(0.8)**	(0.1)
Share issue costs	**–**	(0.1)
Vesting of subsidiary share award	**(6.9)**	–
Share options exercised	**4.0**	9.7
Acquisition of additional shares in subsidiaries	**–**	(6.2)
Disposal of subsidiaries	**(1.2)**	–
Balance at end of the year	**4 951.2**	4 409.1

Summarised consolidated statement of cash flows
for the year ended 31 December 2022

R'm	Note	Percentage increase	**Audited 31 December 2022**	Audited 31 December 2021
Cash flows from operating activities				
Cash generated from operations	5	16%	**1 713.8**	1 471.9
Movement in working capital			**52.4**	117.5
Cash generated by operating activities		11%	**1 766.2**	1 589.4
Net finance costs paid (inclusive of borrowing costs capitalised to assets and finance costs on lease liabilities)			**(168.2)**	(157.9)
Taxation paid			**(337.9)**	(309.3)
Dividends paid			**(320.7)**	(223.8)
Net cash inflow from operating activities			**939.4**	898.4
Cash flows from investing activities				
Additions to property, plant and equipment			**(704.9)**	(330.0)
Additions to proprietary technology systems			**(15.4)**	(12.7)
Proceeds on disposal of property, plant and equipment			**27.5**	38.8
Proceeds on disposal of subsidiaries			**2.9**	–
Dividend received from joint venture			**–**	1.0
Net cash outflow from investing activities			**(689.9)**	(302.9)
Cash flows from financing activities				
Settlement of non-current bank loan			**(600.0)**	(600.0)
Settlement of current bank loans			**(590.0)**	(441.2)
Drawdowns of current bank loans			**1 140.0**	590.0
Repayment of lease liabilities			**(98.2)**	(94.0)
Cash received on exercise of share options			**4.0**	9.7
Acquisition of additional shares in subsidiaries			**–**	(8.4)
Shares issued to non-controlling interest			**–**	1.7
Net cash outflow from financing activities			**(144.2)**	(542.2)
Net increase in cash and cash equivalents			**105.3**	53.3
Cash and cash equivalents at beginning of the year			**245.0**	181.7
Net foreign exchange differences on cash and cash equivalents			**4.8**	10.0
Cash and cash equivalents at end of the year			**355.1**	245.0

Free operating cash flow before capex per share
for the year ended 31 December 2022

R'm	Percentage increase	**Audited 31 December 2022**	Audited 31 December 2021
Profit for the year		**841.9**	679.4
Adjusted for non-cash IFRS and other adjustments (after taxation)		**35.8**	48.6
Net operating profit after taxation – adjusted for non-cash IFRS and other adjustments		**877.7**	728.0
Depreciation and amortisation		**345.7**	314.5
Repayment of lease liabilities		**(98.2)**	(94.0)
Taxation adjustment on IFRS 16 leases		**(11.1)**	(6.3)
Profit on disposal of property, plant and equipment (after taxation)		**(8.2)**	(8.1)
Operating cash flow after taxation	18%	**1 105.9**	934.1
Movement in working capital		**52.4**	117.5
Free operating cash flow before capex	10%	**1 158.3**	1 051.6
Free operating cash flow before capex per share (cents)	10%	**213.7**	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 year. 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 year, net of shares repurchased and the group's interest in its own ordinary shares.

Supplementary information
for the year ended 31 December 2022

R'm	**Audited 31 December 2022**	Audited 31 December 2021
Capital expenditure	**720.3**	342.7
Borrowing costs capitalised	**5.6**	4.1
Total capital expenditure	**725.9**	346.8
Capital commitments	**1 141.3**	1 388.6
Authorised by directors and contracted for	**292.6**	499.3
Authorised by directors and not yet contracted for	**848.7**	889.3
Anticipated timing of spend	**1 141.3**	1 388.6
0 – 1 year	**251.0**	489.2
1 – 2 years	**158.6**	274.0
3 – 5 years	**664.8**	536.6
More than 5 years	**66.9**	88.8

Notes to the summarised consolidated financial statements
for the year ended 31 December 2022

1.1 Statement of compliance

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The Listings Requirements require preliminary reports 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 consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements. The information contained in the summarised consolidated financial statements has been correctly extracted from the underlying full consolidated financial statements.

The preparation of the group's summarised consolidated financial statements, and the full consolidated financial statements for the year ended 31 December 2022 was supervised by Didier Oesch CA(SA), the group's commercial director and chief financial officer. The directors take full responsibility for the preparation of the summarised consolidated financial statements.

Independent auditor's opinion

These summarised consolidated financial statements for the year ended 31 December 2022 have been audited by Ernst & Young Inc., who expressed an unmodified opinion thereon (the auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived). A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report (with Key Audit Matters) on the consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports. The auditor's report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of their report together with the accompanying financial information from the company's registered office.

Any reference to future financial performance included in this announcement, has not been audited or reported on by the company's auditors.

1.2 Events after the reporting period

The directors are not aware of any matter or circumstance between the date of the statement of financial position and the date on which these financial statements were authorised for issue that materially affects the results of the group and company for the year ended 31 December 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 summarised consolidated financial statements approximate their fair values.

All of the group's financial instruments are carried at amortised cost.

R'm	**Audited 31 December 2022**	Audited 31 December 2021
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 summarised consolidated segmental report):		
Education services	**5 553.4**	4 899.2
– Tuition – Schools	**2 866.3**	2 528.1
– Tuition – Tertiary	**2 747.2**	2 459.6
– Bursaries and discounts	**(225.5)**	(223.4)
Net tuition fees	**5 388.0**	4 764.3
Boarding fees	**54.8**	35.9
Enrolment and application fees	**55.2**	54.8
Extramural activities and aftercare	**54.8**	43.4
Education material and uniforms	**0.6**	0.8
Placement fees	**1 407.2**	1 018.0
	6 960.6	5 917.2
3. Non-trading items		
Profit on disposal of property, plant and equipment	**11.4**	11.3
Profit on right-of-use assets from early termination of leases	**–**	0.4
Corporate action (costs)/income	**(0.2)**	0.5
Profit on disposal of subsidiaries	**3.1**	–
	14.3	12.2

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 balance of the loss on disposal of property, plant and equipment in the current year results from the disposal of smaller assets.

Corporate action costs relate to legal fees incurred in relation to loan facilities.

The profit on disposal of subsidiaries relates to the disposal of a 51% shareholding in the Contract Accountants Group. Refer to note 6 for further details.

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

- Land and buildings, which were no longer required, with a carrying value of R19.8 million were disposed of for proceeds of R34.7 million. The balance of the profit on disposal of property, plant and equipment results from the disposal of smaller assets.
- Profit on right-of-use assets from early termination of leases comprised of the net income statement impact of derecognising right-of-use assets and lease liabilities on termination of a lease before completion of the contracted lease term.
- Corporate action income relates to an adjustment on the purchase price of a prior year acquisition.

4. Trade and other receivables

R'm	Percentage increase	Audited 31 December 2022	Audited 31 December 2021
Trade receivables		**802.0**	564.8
Loss allowance		**(437.5)**	(321.0)
		364.5	243.8
Other receivables		**56.9**	49.6
Trade and other receivables		**421.4**	293.4
Profit or loss impact			
Credit losses$	119%	**257.1**	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 summarised consolidated statement of cash flows

R'm	Audited 31 December 2022	Audited 31 December 2021
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**1 174.2**	959.1
Adjusted for non-cash IFRS and other adjustments (before taxation)	**35.8**	48.6
Share based payment expenses	**36.9**	52.4
Other non-cash adjustments	**(1.1)**	(3.8)
	1 210.0	1 007.7
Adjustments	**503.8**	464.2
Depreciation and amortisation	**345.7**	314.5
Net finance costs	**172.6**	161.4
Profit on disposal of property, plant and equipment	**(11.4)**	(11.3)
Profit on right-of-use assets from early termination of leases	**–**	(0.4)
Profit on disposal of subsidiaries	**(3.1)**	–
Cash generated from operations	**1 713.8**	1 471.9

6. Disposal of subsidiaries

6.1 Contract Accountants Group

The 51% shareholding in the Contract Accountants Group (which consisted of CA FS Appointments Proprietary Limited and Virtually HR Proprietary Limited) was disposed of as at 1 October 2022 for a consideration of R 5.4 million.

R'm	Audited 31 December 2022
Non-current assets disposed	
Goodwill	**(3.4)**
Property, plant and equipment	**(0.1)**
Deferred taxation assets	**(0.4)**
Current assets disposed	
Trade and other receivables and prepayments	**(3.1)**
Cash and cash equivalents	**(2.5)**
Current liabilities disposed	
Trade and other payables	**5.1**
Non-controlling interest	**2.1**
Profit on disposal	**(3.1)**
	(5.4)

7. Share information

	Percentage increase	Audited 31 December 2022	Audited 31 December 2021
Number of shares in issue (million)		**554.5**	554.5
Number of shares in issue net of treasury shares (million)		**544.3**	541.7
Weighted average number of shares for purposes of basic earnings per share (million)		**542.1**	540.1
Weighted average number of shares for purposes of diluted earnings per share (million)		**547.6**	545.9
Net asset value per share including treasury shares (cents)	12%	**892.9**	795.1
Net asset value per share net of treasury shares (cents)	12%	**909.6**	813.9
Free operating cash flow before capex per share (cents)	10%	**213.7**	194.7
Gross dividends per share (cents)	20%	**60.0**	50.0

SCHOOLS DIVISION

9 brands (2021: 9) | 110 Schools (2021: 108) | Revenue contribution 41% (2021: 42%) R2.8 billion (2021: R2.4 billion)

TERTIARY/ UNIVERSITY DIVISION

8 brands (2021: 9) | 32 Campuses (2021: 32) | Revenue contribution 39% (2021: 41%) R2.7 billion (2021: R2.4 billion)

RESOURCING DIVISION

7 brands (2021: 8) | Revenue contribution 20% (2021: 17%) R1.4 billion (2021: R1.0 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