

STADIO HOLDINGS LIMITED  
(Previously Embury Holdings (Pty) Ltd)  
Incorporated in the Republic of South Africa  
(Registration number: 2016/371398/06)  
JSE Share Code: SDO  
ISIN: ZAE000248662  
(STADIO or the Group)

REVIEWED PROVISIONAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS  
AT 31 DECEMBER 2017, THE GROUP HAD:

12 976 enrolled students  
3 registered higher education institutions  
9 campuses, plus 1 support office  
28 accredited programmes  
20 formal programmes in the process of development and accreditation  
26% year-on-year increase in number of graduates for 2017 across the three registered institutions

The Board is pleased to announce the Group's maiden set of financial results for the year ended 31 December 2017.

COMMENTARY  
OVERVIEW OF THE STADIO GROUP

STADIO is an investment holding company that focuses on the acquisition of, investment in and the growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa.

The Group successfully unbundled from Curro Holdings Limited (Curro) and listed on the Main Board of the JSE on 3 October 2017.

During 2017, the Group embarked on a growth plan that included the conclusion of significant acquisitions to increase the scope of its programme offerings in the higher education market. The Group furthermore developed 3 additional facilities for the Embury Institute for Higher Education (Pty) Ltd (Embury) to promote geographic expansion opportunities.

#### ACQUISITIONS

- On 24 August 2017, the Group successfully concluded the acquisition of 100% of The South African School of Motion Picture Medium and Live Performance (Pty) Ltd, including the associated property companies (collectively AFDA) for a total purchase consideration of R389 million. AFDA is a registered private higher education institution, (primarily focused on the film, television and live performance industry), currently with 9 accredited programmes (ranging from higher certificates to master's programmes). In 2017, AFDA had approximately 2,000 students across 4 campuses, situated in Johannesburg, Cape Town, Durban and Port Elizabeth. The Group's financial results for the year ended 31 December 2017 include 4 months of AFDA's results.
- On 8 November 2017, the Group successfully acquired a 74% interest in Southern Business School (Pty) Ltd (SBS), which included a 51% interest in Southern Business School of Namibia (Pty) Ltd (SBS Namibia) (collectively the SBS Group), for a purchase consideration of R200 million. SBS is a South African registered private higher education institution offering 11 accredited distance learning programmes primarily through the School of Business and Economics, the School of Safety in Society and the School of Law. In December 2017, SBS increased its stake in SBS Namibia to 74%. The SBS Group collectively enrolled approximately 10,000 students in 2017. The Group's financial results for the year ended 31 December 2017 include 2 months of the SBS Group's results.
- On 12 October 2017, the Group entered into a purchase agreement to acquire a 70% interest in MBS Education Investments (Pty) Ltd (MBS) which owns 100% of Milpark Education (Pty) Ltd (Milpark). Milpark is a registered private higher education institution, with 18 key accredited higher education programmes primarily in business and commerce (ranging from certificates to an MBA), the majority of which are offered through the distance learning mode of delivery. Approval of the acquisition by the competition authorities was received on 17 January 2018. The conclusion of the Milpark acquisition is subject to exchange control approval by the South African Reserve Bank. The Group expects to conclude this transaction in the first quarter of 2018.
- On 26 October 2017, the Group concluded a purchase agreement to acquire 100% of LISOF (Pty) Ltd, including the associated property companies (collectively LISOF). The acquisition became effective on 1 January 2018. LISOF is a registered private higher education institution focusing on fashion design and retail education with 5 accredited programmes, (ranging from higher certificates to honours degrees), offered at 2 campuses in Johannesburg and Pretoria. In 2017, LISOF had in excess of 700 students across its qualifications and short learning programmes.
- Following the agreement concluded by the Group to acquire Milpark, both STADIO, CA Connect Professional Training Institution CPT (Pty) Ltd (CA Connect) and Embury (under whose auspices CA Connect would vest), agreed that the CA Connect business (which focuses on education services related to a Post Graduate Diploma in Accounting) was better placed with the Milpark business and suite of programme offerings. As such, post the year-end, an agreement is in the process of being concluded whereby Milpark will acquire

the CA Connect business on largely similar terms to the original agreement with Embury, subject to certain conditions precedent (including the conclusion of the Milpark transaction).

#### NEW DEVELOPMENTS

During the 2017 financial year the Group invested approximately R272 million in the development, refurbishment and fit-out of the 3 new Embury facilities: the Embury Musgrave campus (in KwaZulu-Natal), to which the existing Durban campus will relocate; the new Embury Waterfall campus (in Midrand); and refurbishments to the new Embury Montana campus (in Pretoria). All 3 campuses opened their doors to new students in 2018.

#### CAPITAL RAISING AND FUNDING

- On 25 October 2017, the Group successfully raised R640 million by the issue of 256 million STADIO shares through a fully underwritten rights offer at R2.50 per rights offer share.
- On 4 December 2017, the Group raised a further R200 million through a private placement of shares to black individuals and Brimstone Investment Corporation Limited (Brimstone) at R2.96 per STADIO share (BEE Private Placement). The BEE Private Placement included an investment by black individuals of R100 million and a further R100 million raised from Brimstone. The participants of the BEE Private Placement are subject to a BEE lock-in period of 7 years.
- The R840 million capital raised has and will be utilised to fund the aforementioned acquisitions, as well as for infrastructure development, land banking opportunities and to fund the working capital requirements of the Group.

#### 2017 FINANCIAL RESULTS

The 2017 Group financial results saw the consolidation of AFDA and the SBS Group from 24 August 2017 and 8 November 2017 respectively.

Both the AFDA and SBS Group acquisitions bolstered the overall student numbers of the Group from 840 students in 2016 (Embury only) to 12,976 students for the year ended 31 December 2017. On a like-for-like basis, the underlying Group subsidiaries (i.e. Embury, AFDA and the SBS Group) grew student numbers by approximately 16% from 11,148 in 2016.

The Group delivered R123 million in Revenue and R0.47 million in EBITDA for the 2017 financial year. The Group EBITDA for the year was substantially impacted by the Group's corporate head office costs which included significant once-off acquisition and listing costs of approximately R9 million in 2017. Furthermore, the overall EBITDA of Embury was impacted by the operational costs associated with the set-up of the new Embury Waterfall and Embury Montana campuses (i.e. an approximate R8.3 million EBITDA loss) which only opened for new student enrolments in 2018. On a like-for-like basis, the EBITDA of the underlying institutions for the full year (excluding Group head office costs and the operational costs associated with the new Embury Waterfall and Embury Montana campuses), grew by 21% for the year ended 31 December 2017.

The increase in investment income is largely attributable to the interest earned on capital raised not yet deployed. As mentioned above, the excess cash will be used to fund the Group's expansion plan.

The Group reflected an attributable headline loss for the period of R7 million, i.e. (1.2) cents per share, largely as a result of the once-off acquisition and listing costs, and the operational set-up costs associated with the 2 new campuses (Embury Waterfall and Embury Montana).

The core headline earnings of R3.2 million and core headline earnings per share of 0.6 cents per share are adjusted for certain items that, in the Board's view, may distort the financial results from year to year, giving shareholders a more consistent reflection of the underlying financial performance of the Group. For the 2017 financial year, the headline loss was adjusted by the once-off acquisition and listing costs, as well as by amortisation costs associated with client lists (i.e. a non-cash charge arising as a result of the acquisition of AFDA and the SBS Group) to reflect the core headline earnings per share for the year. The core headline earnings per share has not been reviewed or audited by PricewaterhouseCoopers Inc. (PWC), the Group's appointed external auditor.

In addition to the capital cost of R272 million on the development and fit-out of the 3 new Embury facilities, the Group invested approximately R11 million in the development of new programmes. These developments were largely funded by the capital raised from shareholders during the year.

The Group reported R48 million of net cash utilised in operating activities for the year ended 31 December 2017. This is attributable to once-off acquisition costs, listing costs and working capital outflow of R39 million. The majority of working capital outflow related to working capital timing differences arising at the acquisition of AFDA until the end of the year.

#### PRE-LISTING STATEMENT (PLS) FORECAST FOR 2017

Overall the Group outperformed the forecast as published in the PLS (issued 15 September 2017) with a headline loss of R7 million, i.e. (1.2) cents per share, compared to the forecast headline loss of R10.8 million, i.e. (2.3) cents per share.

The most significant differences between the results for the year ended 31 December 2017 and the PLS forecast results, was due to the acquisition of the SBS Group being concluded 1 month later than expected (i.e. 8 November 2017 versus an original forecast acquisition date of 1 October 2017). This resulted in Group Revenue and Group

EBITDA being lower than originally forecast for the 2017 full year, offset by lower finance costs due to the delay in settlement of the SBS Group purchase consideration. Investment income was also higher than originally anticipated due to capital payments on certain projects occurring in 2018 as opposed to the 2017 forecast.

#### ACADEMIC PERFORMANCE

During the 2017 academic year, the Group saw a 26% increase in the number of graduates from 2,404 in 2016 to 3,031 graduates in 2017. The quality and relevance of the academic offerings, student support, and graduate and throughput rates continue to be key focus areas for academic success across all institutions in the Group.

#### DIVIDENDS

No dividend has been declared for the year under review.

#### PROSPECTS

The Board has considered the prospects of the Group and believes that the Group is well positioned to deliver on its organic and acquisitive growth objectives as set out in the PLS as well as to pursue the significant opportunities available in the post-school education market. The Group will continue to seek out strategic acquisitions and will continue to develop and expand its product offering as part of its journey to create a "Multiversity".  
On behalf of the Board

Prof RH Stumpf  
Chairperson

Dr CR van der Merwe  
Chief Executive Officer

9 March 2018

#### CONDENSED PROVISIONAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2017

	Revised 2017 R' 000	Revised 2016* R' 000
Revenue	122 554	45 531
Other income	2 844	1 994
Income	125 398	47 525
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	469	10 970
Depreciation and amortisation	(10 069)	(2 231)
(Loss)/earnings before interest and taxation (EBIT)	(9 600)	8 739
Investment income	14 914	1 653
Finance cost	(7 630)	-
(Loss)/profit before taxation	(2 316)	10 392
Taxation	(2 788)	(2 909)
(Loss)/profit for the year	(5 104)	7 483
Attributable to:		
Owners of the parent	(7 037)	7 483
Non-controlling interests	1 933	-
Total comprehensive (loss)/income for the year	(5 104)	7 483
	2017 Cents	2016* Cents
(Loss)/earnings per share (EPS)		
- Basic	(1.2)	1.5
- Diluted	(1.2)	1.5
Headline (loss)/earnings per share (HEPS)		
- Basic	(1.2)	1.5
- Diluted	(1.2)	1.5
Core headline earnings per share		
- Basic	0.6	1.7
- Diluted	0.6	1.7
Number of shares in issue ('000)		
- Basic	785 930	410 561
- Diluted	792 080	412 242
Weighted average number of shares in issue ('000)		
- Basic	576 147	495 882
- Diluted	581 791	497 563
	2017 R' 000	2016* R' 000
Reconciliation to headline earnings and core headline earnings		
- (Loss)/profit for the year attributable to owners of the parent	(7 037)	7 483
- Profit on disposal of property, plant and equipment	(1)	(8)
- Tax on above	-	2
Headline (loss)/earnings	(7 038)	7 477
- Acquisition related costs	4 744	-
- Listing costs	4 154	-

- Amortisation of client list	1 916	1 186
- Tax on above	(538)	(332)
Core headline earnings	3 238	8 331

\*The Group's 2016 figures have been prepared on the capital reorganisation method, refer to Note 1.

CONDENSED PROVISIONAL CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION  
as at 31 December 2017

	Revised 2017 R' 000	Revised 2016* R' 000
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	453 699	73 806
Goodwill	409 666	39 924
Intangible assets	113 522	37 870
Other investments	1 898	-
Deferred tax asset	14 695	3 031
Total non-current assets	993 480	154 631
Current assets		
Inventories	7 370	3 809
Trade and other receivables	42 364	2 873
Loans and advances	2 500	229
Tax receivable	6 448	3 808
Cash and cash equivalents	646 090	147 271
Total current assets	704 772	157 990
Total assets	1 698 252	312 621
<b>EQUITY</b>		
Share capital	1 367 123	60 811
Retained earnings	17 241	23 446
Other reserves	953	-
Total equity attributable to equity holders of the Company	1 385 317	84 257
Non-controlling interest	29 354	-
Total equity	1 414 671	84 257
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	3 570	-
Trade and other payables	719	-
Deferred tax liability	20 116	6 220
Total non-current liabilities	24 405	6 220
Current liabilities		
Borrowings	664	-
Loans from related parties**	119 042	210 664
Trade and other payables	136 010	11 480
Tax payable	3 460	-
Total current liabilities	259 176	222 144
Total liabilities	283 581	228 364
Total equity and liabilities	1 698 252	312 621
Net asset value per share (cents)	176.3	20.5

\*The Group's 2016 figures have been prepared on the capital reorganisation accounting method, refer to Note 1.

\*\*Borrowings from related parties relates to the development costs relating to the Embury Waterfall campus that is still owed to Curro at year end. The full amount was settled on 7 March 2018.

CONDENSED PROVISIONAL CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2017

	Revised 2017 R' 000	Revised 2016* R' 000
Opening balance*	84 257	76 774
Total comprehensive (loss)/income for the year	(5 104)	7 483
Issue of ordinary shares	1 321 378	-
Share issue costs	(15 066)	-
Recognition of share-based payments expense	953	-
Non-controlling interest acquired	33 738	-
Non-controlling interest - change in ownership	(5 485)	-
Balance at 31 December 2017	1 414 671	84 257

CONDENSED PROVISIONAL CONSOLIDATED  
STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	Revised 2017 R' 000	Revised 2016* R' 000
Net cash flow (used in)/from operating activities	(47 737)	10 857
Cash (utilised by)/generated from operations (refer to Note 6)	(37 233)	11 767
Investment income	14 914	1 653
Finance cost	(7 630)	-
Tax paid	(17 788)	(2 563)
Net cash flow used in investing activities	(391 903)	(85 436)
Purchase of property, plant and equipment	(222 185)	(72 903)
Purchase of intangible assets and programme development	(11 403)	(12 541)
Acquisition of subsidiaries (refer to Note 5)	(158 548)	-
Disposal of property, plant and equipment	233	8
Net cash flow from financing activities	938 459	214 661
Net proceeds on shares issued	824 934	-
Net proceeds from loans from related parties	119 042	214 661
Repayment of borrowings	(32)	-
Additional investment in subsidiary with no change of control	(5 485)	-
Net movement in cash and cash equivalents for the year	498 819	140 082
Cash and cash equivalents at the beginning of the year	147 271	7 189
Cash and cash equivalents at the end of the year	646 090	147 271

\*The Group's 2016 figures have been prepared on the capital reorganisation accounting method, refer to Note 1.

NOTES TO THE CONDENSED PROVISIONAL  
CONSOLIDATED FINANCIAL RESULTS  
for the year ended 31 December 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed provisional consolidated financial results are prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Accountants Council, the JSE Limited Listings Requirements, the South African Companies Act, 2008, and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements from which the provisional consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

CAPITAL REORGANISATION ACCOUNTING

The reorganisation of the Group, prior to its listing on the JSE, is deemed to be a common control transaction because both STADIO and Embury were subsidiaries of Curro and were included in Curro's consolidated financial statements for a period of time.

The Group has applied capital reorganisation accounting to its consolidated financial statements arising from the common control transaction.

Capital reorganisation accounting requires that comparative figures are presented as if the common control transaction had taken place at the start of the first reporting period presented i.e. 1 January 2016.

2. PREPARATION

The condensed provisional consolidated financial results have been prepared internally under the supervision of the Chief Financial Officer, S Totaram CA(SA) CFA, and approved by the Board of Directors on 9 March 2018.

The condensed provisional consolidated financial results were reviewed by the Group's external auditor, PricewaterhouseCoopers Inc. A copy of their unmodified review opinion is available from the Group's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Group's auditor.

The auditor's report does not necessarily report on all the information contained in this announcement. Users are therefore advised that in order to get a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

3. SHARE CAPITAL

During the year the Company:

- issued 52 million shares collectively as part settlement of the purchase consideration for both the AFDA and SBS Group acquisitions;
- raised R640 million through a fully underwritten rights offer by the issue of 256 million shares at R2.50 per share; and

- raised R200 million by the issue of 68 million shares at R2.96 per share through a private placement to black individuals and Brimstone.

#### 4. OPERATING SEGMENTS

Due to all of the services being related to higher education services within Southern Africa, the Group has only one reportable segment. All historical information presented represents the financial information of this single segment.

#### 5. BUSINESS COMBINATIONS

The Group acquired a 100% interest in AFDA for R389 million and a 74% interest in the SBS Group for R200 million during the 2017 financial year.

This resulted in the following net assets being acquired:

	Revised 2017 R' 000
Net assets acquired	
Property, plant and equipment	114 430
Intangible assets	67 915
Cash and cash equivalents	121 452
Other net liabilities acquired	(50 985)
Non-controlling interest	(33 738)
Total identifiable assets acquired	219 074
Goodwill	369 742
Total consideration	588 816
Satisfied by:	
Cash consideration	280 000
Share issue	220 000
Contingent consideration	88 816
Total consideration	588 816
Net cash flow on acquisitions	
Cash consideration	280 000
Cash and cash equivalents acquired	(121 452)
Net cash outflow on acquisitions	158 548

#### 6. CASH (UTILISED BY)/GENERATED FROM OPERATIONS

	Revised 2017 R' 000	Revised 2016* R' 000
(Loss)/profit before taxation	(2 316)	10 392
Non-cash items:		
Depreciation and amortisation	10 069	2 231
Investment income	(14 914)	(1 653)
Finance costs	7 630	-
Share-based payment expense	953	-
Other non-cash items	788	(8)
	2 210	10 962
Movement in working capital	(39 443)	805
Increase in inventories	(3 561)	(1 090)
(Increase)/decrease in trade and other receivables	(2 760)	1 073
(Decrease)/increase in trade and other payables	(33 122)	822
Cash (utilised by)/generated from operations	(37 233)	11 767

\*The Group's 2016 figures have been prepared on the capital reorganisation accounting method, refer to Note 1.

#### 7. EVENTS AFTER THE REPORTING PERIOD

The Group acquired 100% of LISOF, effective 1 January 2018.

#### STATUTORY AND ADMINISTRATION

Directors: CR van der Merwe\*, S Totaram\*, D Singh\*, PN de Waal\*\*, RH Stumpf^, R Kisten^, KS Sithole^, A Melliet\*\* (Alternate to PN de Waal)

\* Executive director    \*\* Non-executive director    ^ Independent non-executive director

Registered office: Unit 13, San Domenico, 10 Church Street, Durbanville, 7550

Company secretary: Stadio Corporate Services (Pty) Ltd

Transfer secretaries: Computershare Investor Services (Pty) Ltd, Rosebank Towers,

15 Biermann Avenue, Rosebank, Johannesburg, 2196. PO Box 61051, Marshalltown, 2107

Corporate advisor and sponsor: PSG Capital (Pty) Ltd

CREATING A MULTI VERSITY

www.stadio.co.za