STADIO

HOLDINGS

AUDITED SUMMARY RESULTS FOR THE YEAR ENDED
31 DECEMBER 2018

TOWARDS

STADIO MULTIVERSITY

CURRENT

- Faculty of Commerce, Management and Law
- Graduate School of Business
- Faculty of Education and Humanities
- Faculty of Creative Economies

EXPANSION PLAN

- Faculty of Engineering and Information Technology
- Faculty of Agriculture and Environmental Sciences
- Faculty of Medicine and Health Sciences

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2018

STUDENT NUMBERS
29 885
↑
12 976

REVENUE
R633m
↑
R122m

EBITDA
R129m
↑
R0.5m

CORE HEADLINE EARNINGS
R70m
↑
R3.2m

HEPS
7.8 cps
↑
(1.2 cps)

CHEPS
8.6 cps
↑
0.6 cps

ACHIEVED INTERNATIONAL ACCREDITATION FOR MILPARK'S CONTACT AND ONLINE MBA PROGRAMME FROM UK-BASED ASSOCIATION OF MBAs (AMBA)

OTHER STATISTICS

All information presented below represents the information of the underlying registered higher education institutions (HEI) owned by the Group, split into the illustrative faculties to indicate the variety of programmes represented by the HEIs within the Group.

STUDENT NUMBERS AND PROGRAMMES PER ILLUSTRATIVE FACULTY (UNAUDITED)

	Student numbers			Programmes		
	31 Dec 2017[1]	31 Dec 2018	Year-on-year growth rate	Current registered programmes	Pipeline programmes	Total
Faculty						
Commerce, Management and Law[2]	23 761	25 105	6%	48	34	82
Creative Economies	2 727	2 878	6%	21	8	29
Education and Humanities	1 039	1 839	77%	8	10	18
Agriculture and Environmental Sciences	–	–	–	–	4	4
Engineering and Information Technology	57	63	11%	4	8	12
	27 584	**29 885**	**8%**	**81**	**64**	**145**
Contact and distance learning						
Contact learning	4 117	4 737	15%	47	39	86
Distance learning	23 467	25 148	7%	34	25	59
	27 584	**29 885**	**8%**	**81**	**64**	**145**

Made up of contact and distance learning

% Contact students	15%	16%
% Distance students	85%	84%
	100%	100%

1 *Like-for-like comparison including student numbers for all underlying HEIs (including Milpark, LISOF, Prestige Academy)*

2 *Includes the Graduate School of Business*

COMMENTARY

OVERVIEW

STADIO is an investment holding company that focuses on the acquisition of, investment in and the growth and development of HEIs with its purpose being to widen access to quality and relevant higher education programmes in southern Africa. It is the Group's vision to be a leading Multiversity, offering qualifications aligned with the needs of societies, students and the world of work. As a Multiversity, the Group currently owns six registered HEIs that are aimed at providing programmes, both undergraduate and post graduate, that provide graduates with a real chance of creating employment opportunities (entrepreneurship) or finding employment.

In time the Group will look to consolidate the programmes offered by its various HEIs under a single brand, STADIO Multiversity, that will allow all stakeholders to benefit from the marketing, operational and regulatory advantages of doing so.

The Group is currently focused on growing its existing registered higher education brands; pursuing potential further acquisitions of relevant HEIs; exploring further expansion opportunities of existing brands; and overseeing the development of new faculties, programmes and campuses across all brands.

REVIEW OF RESULTS

The Board is pleased to report the Group's summary financial results for the year ended 31 December 2018.

At 31 December 2018, 29 885 students were registered at HEIs within the Group. This reflects an increase of 8% from 2017 (on a year-on-year basis). Students enrolled for contact learning programmes grew by 15% on a year-on-year basis to 4 737, and students enrolled for distance learning programmes grew by 7% to 25 148.

During 2018, the Group acquired the following entities and businesses, the details of which are included in Note 4:

- Lisof Proprietary Limited (including the associated property companies Wadam Properties Proprietary Limited and Histodox Proprietary Limited) (collectively LISOF) with effect from 1 January 2018;
- MBS Education Investments Proprietary Limited, which owns 100% of Milpark Education Proprietary Limited (collectively Milpark) with effect from 19 March 2018;
- The business of CA Connect Professional Training Institution CPT Proprietary Limited (CA Connect), with effect from 12 April 2018; and
- Prestige Academy Proprietary Limited (Prestige Academy) with effect from 1 November 2018.

The growth in revenue, EBITDA and HEPS, from the prior reporting period is attributable to the successful execution of the Group's organic and acquisitive growth plan.

The Group experienced good growth in its contact learnings students, driven largely by the expansion of the Embury Musgrave campus as well as the opening of the two new Embury campuses in Montana (Pretoria) and Waterfall (Midrand). The consolidation of the acquired brands, namely AFDA, Southern Business School (SBS), LISOF, Milpark and Prestige Academy, all contributed significantly to the increase in student numbers from 12 976 students at 31 December 2017 to 29 885 students at 31 December 2018.

The Group reported HEPS of 7.8 cents per share and reflected a core headline earnings per share (CHEPS) of 8.6 cents per share. CHEPS represents HEPS 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. These core adjustments include once-off acquisition related costs, amortisation costs associated with client lists acquired (i.e. a non-cash charge arising as a result of the consolidation of the subsidiaries acquired) and interest on deferred purchase considerations payable. Further details are contained in Note 8.

Bad debts (pre-recoveries) as a percentage of revenue increased from 1.5% to 3.2%. The increase is predominantly due to the change in mix of bad debt margin as a result of new acquisitions. We continue to look at ways of improving collections and facilitating funding mechanisms to assist students with their funding needs where appropriate.

COMMENTARY (CONTINUED)

During the year, the Group collectively invested R440 million towards acquisitions, further details of which, are contained in Note 4 of the financial results.

The Group invested an additional R58 million on the capital expansion of facilities as well as new programme development, both of which are imperative to assist in meeting the Group's growth objectives.

The Group's current cash balance of R260 million will be utilised to fund working capital requirements; facilitate new developments (including campus expansions of existing brands); and for potential acquisitions. The Group currently has an ungeared balance sheet and is in the process of finalising debt facility arrangements to assist in funding its known capital expansion and growth objectives. As such the Group has no immediate plans to raise capital from shareholders.

The Group generated operating cash flows of R100 million (2017: R37 million utilised) for the 2018 financial year. This represents 78% of EBITDA for the year. The aforementioned operating cash flows were largely impacted by working capital outflows relating to the cash settlement of a portion of the deferred purchase consideration in respect of the AFDA acquisition as well as to working capital timing differences arising from the acquisition of subsidiaries during the 2018 financial year. Deferred consideration of R24 million (2017: R89 million) is included within trade and other payables as at 31 December 2018.

FUTURE CAPITAL EXPANSION INITIATIVES

GREENFIELD EXPANSION OPPORTUNITIES

The Group is considering the development, over time, of comprehensive large-scale campuses offering several faculties including Commerce, Management and Law; Creative Economies; Education and Humanities; Agriculture and Environmental Sciences; Engineering and Information Technology and a Graduate School of Business. STADIO has identified that potential exists to construct these large scale-campuses in the Western Cape, Gauteng and KwaZulu-Natal.

To this end the Group has already entered into an agreement, subject to various closing conditions, to acquire vacant land located in Durbanville, Western Cape, and is also considering land acquisition opportunities in Gauteng. The timing of constructing the first large-scale campus in the Western Cape or Gauteng, will depend on the identified land's readiness to begin construction. It is the intention to complete the first large-scale comprehensive campus in Gauteng or Western Cape by 2021.

GROWTH EXPANSION

As part of its organic expansion drive, in 2019 the Group will invest in the further development of the Montana campus to increase capacity for both Embury and AFDA students. The expansion will provide AFDA with a geographic expansion opportunity into Pretoria.

The Group is also pursuing increasing SBS's physical presence in Polokwane with a view to promote accessibility for students.

QUALIFICATIONS

The HEIs within the Group continue to focus on the development and accreditation of new programme offerings, as well as expanding their accredited offering to new sites of delivery. This includes the development of an arts and humanities programme focusing on creativity and innovation, engineering programmes, programmes in the architecture, spatial design and the built environment, as well as programmes in agriculture – production, agri-tech, and agri-business. The programmes will provide the Group with a diverse programme and qualification mix, catering to the different student needs.

The Group currently has 81 accredited qualifications and 64 qualifications actively in the process of development/accreditation.

OTHER

STADIO is actively pursuing acquisitions that will have a direct impact on the variety of programmes offered by the Group and that support the Group's strategy to become a leading Multiversity.

The Group furthermore has concluded an agreement with Unit4 and SIS Global regarding the implementation of a world-class information technology system to cater for the financial, operational and student needs of the Group. The proposed information technology system will effectively position the Group to deliver a quality offering to its students and will create the necessary capacity to facilitate the growth of students to achieve the Group's 100 000 student goal over time. Implementation of the information technology system will commence in 2019.

ACADEMIC PERFORMANCE

In 2018, 6 392 students graduated from the Group's six underlying institutions, with an overall annual module success rate of 77.7%. The continued emphasis on proactive and responsive student support is a significant contributor to the improving pass rates and student success.

Whilst not a research-intensive environment, the Group's staff members produced 62 research outputs focusing on both the development of new knowledge in selected discipline areas, as well as leading practices that will enhance the teaching and learning imperative. The Group engages in almost 31 international partnerships and collaborations across its six institutions, which include academic staff and student exchange programmes and research ventures.

Milpark's contact and online MBA programme achieved international accreditation from the UK-based Association of MBAs (AMBA), being the only accredited online MBA in Africa, and the only African MBA with international accreditation for both contact and distant learning.

DIVIDEND

No Group dividend was declared for the years ended 31 December 2018 and 2017.

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 its Pre-Listing Statement. 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" of 100 000 students over time.

On behalf of the Board,

RH Stumpf
Chairperson

CR van der Merwe
Chief Executive Officer

1 March 2019

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Audited 31 Dec 2018 R'000	Audited 31 Dec 2017[1] R'000
Revenue	**632 928**	122 250
Other income	**8 981**	3 148
Operating expenses	**(513 097)**	(124 929)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**128 812**	469
Depreciation and amortisation	**(33 995)**	(10 069)
Earnings/(loss) before interest and taxation (EBIT)	**94 817**	(9 600)
Investment income	**25 264**	14 914
Finance cost	**(6 719)**	(7 630)
Profit/(loss) before taxation	**113 362**	(2 316)
Taxation	**(36 071)**	(2 788)
Profit/(loss) for the year	**77 291**	(5 104)
Profit attributable to:		
Owners of the parent	**63 270**	(7 037)
Non-controlling interests	**14 021**	1 933
Total comprehensive income/(loss) for the year	**77 291**	(5 104)
Headline earnings/(loss) (Note 5)	**62 838**	(7 038)
Core headline earnings (Note 8)	**69 952**	3 238
	Cents	Cents
Earnings/(loss) per share (EPS)		
– Basic	**7.8**	(1.2)
– Diluted	**7.7**	(1.2)
Headline earnings/(loss) per share (HEPS)		
– Basic	**7.8**	(1.2)
– Diluted	**7.7**	(1.2)
Core headline earnings per share (CHEPS)		
– Basic	**8.6**	0.6
– Diluted	**8.5**	0.6
	Million	Million
Number of shares in issue		
– Basic	**818**	786
– Diluted	**826**	792
Weighted average number of shares in issue		
– Basic	**811**	576
– Diluted	**819**	582

[1] Rental income relating to the Group's property companies has been reclassified from Revenue to Other income during the year.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Audited 31 Dec 2018 R'000	Audited 31 Dec 2017 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**531 298**	453 699
Intangible assets	**206 228**	113 522
Goodwill	**749 482**	409 666
Other financial assets	**6 727**	1 898
Deferred tax asset	**43 004**	14 695
Total non-current assets	**1 536 739**	993 480
Current assets		
Inventories	**4 372**	7 370
Trade and other receivables	**89 493**	42 364
Loans to related parties	**1 954**	2 500
Tax receivable	**12 180**	6 448
Cash and cash equivalents	**259 508**	646 090
Total current assets	**367 507**	704 772
Total assets	**1 904 246**	1 698 252
EQUITY		
Share capital (Note 3)	**1 564 283**	1 367 123
Retained earnings	**80 511**	17 241
Other reserves	**5 122**	953
Total equity attributable to equity holders of the Company	**1 649 916**	1 385 317
Non-controlling interests	**47 186**	29 354
Total equity	**1 697 102**	1 414 671
LIABILITIES		
Non-current liabilities		
Borrowings	**3 392**	3 570
Finance lease liabilities	**209**	–
Trade and other payables	**29 732**	719
Deferred tax liability	**35 776**	20 116
Total non-current liabilities	**69 109**	24 405
Current liabilities		
Borrowings	**758**	664
Finance lease liabilities	**186**	–
Loans from related parties	**1 137**	119 042
Trade and other payables[1]	**46 241**	113 401
Income received in advance[1]	**86 451**	22 609
Tax payable	**3 262**	3 460
Total current liabilities	**138 035**	259 176
Total liabilities	**207 144**	283 581
Total equity and liabilities	**1 904 246**	1 698 252
Net asset value per share (cents)	**202**	176

[1] Trade and other payables has been reclassified to disclose contract liabilities seperately in accordance with IFRS 15.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Audited 31 Dec 2018 R'000	Audited 31 Dec 2017 R'000
Balance at the beginning of the year	1 414 671	84 257
Total comprehensive income/(loss) for the year	77 291	(5 104)
Issue of ordinary shares	197 525	1 321 378
Share issue costs	(365)	(15 066)
Recognition of share-based payments expense	4 169	953
Dividends paid to non-controlling shareholders	(2 731)	–
Non-controlling interest acquired	6 542	28 253
Balance at the end of the year	**1 697 102**	**1 414 671**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Audited 31 Dec 2018 R'000	Audited 31 Dec 2017 R'000
Net cash flow from/(used in) operating activities	77 257	(47 737)
Cash generated from/(utilised by) operations (Note 6)	100 075	(37 233)
Interest income	25 264	14 914
Finance cost	(3 733)	(7 630)
Tax paid	(44 349)	(17 788)
Net cash flow used in investing activities	(305 161)	(391 903)
Purchase of property, plant and equipment	(41 637)	(222 185)
Purchase of intangible assets and curriculum development costs	(15 870)	(11 403)
Acquisition of subsidiaries, net of cash acquired (Note 4)	(243 750)	(158 548)
Proceeds from sale of property, plant and equipment	–	233
Proceeds from loans	96	–
Investment in other financial assets	(4 000)	–
Net cash flow from financing activities	(158 678)	938 459
(Share issue costs)/net proceeds from shares issued	(365)	824 934
Net (repayment)/proceeds from loans	(155 626)	119 042
Net proceeds/(repayment) of borrowings	44	(32)
Dividends paid to non-controlling shareholders	(2 731)	–
Additional investment in subsidiary with no change of control	–	(5 485)
Net movement in cash and cash equivalents for the year	(386 582)	498 819
Cash and cash equivalents at the beginning of the year	646 090	147 271
Cash and cash equivalents at the end of the year	259 508	646 090

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summary consolidated financial results (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 for provisional reports, the requirements of the Companies Act of South Africa and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the annual financial statements from which these financial results were derived are in terms of International Financial Reporting Standards and, other than the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts from Customers, are consistent with those accounting policies applied in the preparation of the previous Consolidated Annual Financial Statements.

2. PREPARATION

The 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 1 March 2019.

The financial results were audited by the Group's external auditor, PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. Any reference to future financial performance included in this announcement, has not been audited or reported on by the Group's auditor.

The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these financial results were derived.

Copies of the auditor's report on the financial results appears at the end of this report. A copy of the Group's Consolidated Annual 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 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 21 million shares collectively as part settlement of the purchase consideration for the LISOF, Milpark, CA Connect and Prestige Academy acquisitions; and
- Issued 11 million shares as financial settlement of the outstanding purchase consideration for the AFDA acquisition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS
(CONTINUED)

4. BUSINESS COMBINATIONS

During 2018, the Group collectively invested R440 million for the acquisition of LISOF, Milpark, Prestige Academy and the business of CA Connect.

LISOF

The Group acquired 100% of LISOF for a total purchase consideration of R127.3 million. The consideration was settled partly through cash of R68.7 million, and R58.6 million settled through the issue of 8.3 million ordinary shares. The acquisition was effective on 1 January 2018.

MILPARK

On 19 March 2018, the Group acquired an effective 70% interest in MBS Education Investment Proprietary Limited (MBS Education) (the holding company of Milpark Education Proprietary Limited (collectively Milpark), through its investment in Milpark BEE Investments SPV Proprietary Limited (Milpark Investments), with Brimstone Investment Corporation Limited (Brimstone), the Group's B-BEE partner, acquiring a 30% effective interest in MBS Education. The Group paid an initial cash settlement of R207 million and a subsequent top-up consideration of R3.6 million.

On 20 March 2018, the Group and Brimstone concluded an asset-for-share agreement whereby the Group acquired 17.2% of Brimstone's 30% interest in Milpark Investments for a purchase consideration equal to R50.9 million (swap-up). This consideration was settled through the issue of 9.8 million ordinary shares (subject to a B-BBEE lock-in period of seven years), at an issue price of R5.20 per share, being the volume weighted average price of the Group's share price, R6.50, less a 20% discount. Following the swap-up, the Group has an effective 87.2% shareholding in Milpark with Brimstone's shareholding being an effective 12.8%.

CA CONNECT

Effective 12 April 2018, Milpark acquired the business of CA Connect for a purchase consideration of R32.3 million, with the deferred consideration being subject to achievement of certain profit targets. The Group's purchase consideration amounted to R28.2 million for an effective interest of 87.2%. The purchase consideration was settled partly in shares and partly in cash on 12 April 2018.

PRESTIGE ACADEMY

On 1 November 2018, the Group acquired 100% of Prestige Academy Proprietary Limited (Prestige Academy) for a total purchase consideration of R23.5 million. The initial consideration of R16 million was settled partly through cash of R10.4 million and R5.6 million settled through the issue of 1.5 million ordinary shares. The deferred consideration is subject to certain performance targets being realised during 2018 and 2019.

The fair value of net assets acquired and the related cash outflow on acquisitions are as follows:

Net assets acquired	LISOF R'000	MILPARK R'000	CA CONNECT R'000	PRESTIGE ACADEMY R'000	TOTAL R'000
Property, plant and equipment	69 524	1 0542	–	566	**80 632**
Intangible assets	17 100	50 445	2 829	13 305	**83 679**
Deferred tax asset	1 626	13 857	–	767	**16 250**
Deferred tax liability	(6 703)	(2 671)	(993)	(1 639)	**(12 006)**
Other financial assets	–	510	–	–	**510**
Trade and other receivables	2 828	44 848	3 547	1 446	**52 669**
Trade and other payables	(2 350)	(29 566)	–	(1 287)	**(33 203)**
Finance lease liabilities	–	–	–	(267)	**(267)**
Income received in advance	(3 945)	(83 325)	–	(13 856)	**(101 126)**
Income tax payable	(1 472)	–	–	(653)	**(2 125)**
Income tax receivable	1 348	6 667	–	–	**8 015**
Borrowings	(16 653)	–	–	–	**(16 653)**
Loans and advances	(21 518)	–	–	–	**(21 518)**
Cash and cash equivalents	2 729	34 415	–	15 176	**52 320**
Total identifiable net assets acquired	**42 514**	**45 722**	**5 383**	**13 558**	**107 177**
Non-controlling interests	–	(5 853)	(689)	–	**(6 542)**
Goodwill	84 824	221 582	23 484	9 926	**339 816**
Total consideration	**127 338**	**261 451**	**28 178**	**23 484**	**440 451**
Satisfied by:					
Cash consideration	68 690	210 588	**6 392**	**10 400**	**296 070**
Share issue	58 648	50 863	**8 006**	**5 600**	**123 117**
Deferred consideration	–	–	**13 780**	**7 484**	**21 264**
Total consideration	**127 338**	**261 451**	**28 178**	**23 484**	**440 451**
Net cash flow on acquisition					
Cash consideration paid	(68 690)	(210 588)	(6 392)	(10 400)	**(296 070)**
Cash and cash equivalents acquired	2 729	34 415	–	15 176	**52 320**
	(65 961)	**(176 173)**	**(6 392)**	**4 776**	**(243 750)**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL RESULTS

(CONTINUED)

5. HEADLINE EARNINGS/(LOSS) PER SHARE

	Audited 31 Dec 2018 R'000	Audited 31 Dec 2017 R'000
Reconciliation of headline earnings/(loss):		
Basic earnings/(loss)	63 270	(7 037)
Adjustments attributable to parent:		
Loss/(profit) on disposal of property, plant and equipment	425	(1)
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	(1 025)	–
Tax on above	168	–
Headline earnings/(loss)	62 838	(7 038)

6. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	Audited 31 Dec 2018 R'000	Audited 31 Dec 2017 R'000
Profit/(loss) before taxation	113 362	(2 316)
Non-cash and other items disclosed separately	20 478	4 526
	133 840	2 210
Movements in working capital	(33 765)	(39 443)
Decrease/(increase) in inventories	2 998	(3 561)
Decrease/(increase) in trade and other receivables	22 323	(2 760)
(Decrease)/increase in trade and other payables [1]	(21 803)	7 323
Decrease in income received in advance [1]	(37 283)	(40 445)
Cash generated from/(utilised by) operations	100 075	(37 233)

[1] *Trade and other payables has been reclassified to disclose contract liabilities separately in accordance with IFRS 15.*

7. RELATED PARTIES

Related-party transactions, similar in nature to those disclosed in the Group's annual financial statements for the year ended 31 December 2017, took place during the year. Refer to the Group's Consolidated Annual Financial Statements for the year ended 31 December 2018 for further detail.

8. OPERATING SEGMENTS

The Group considers its Board of directors to be the chief operating decision maker and therefore the segmental disclosures below are aligned with the monthly report provided to the board of directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all of the services being related to higher education services within southern Africa. However, management does make decisions based on what they constitute to be reflective of the underlying financial performance of the Group and as such, the Group has identified core headline earnings as this measure. Non-core includes certain items which may distort the Group's performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the Group.

Reconciliation of the Core headline earnings:

	Audited 31 December 2018		Audited 31 December 2017	
	Earnings R'000	Earnings per share Cents	Earnings R'000	Earnings per share Cents
Headline earnings (Note 5)	62 838	7.8	(7 038)	(1.2)
Adjusted for non-core items attributable to parent:				
Finance costs on deferred purchase consideration	2 604	0.3	–	–
Acquisition costs	1 280	0.2	4 744	0.8
Listing costs, legal and other fees	–	–	4 154	0.7
Amortisation of client list	4 496	0.6	1 916	0.3
Tax on above	(1 266)	(0.2)	(538)	(0.1)
Core headline earnings	69 952	8.6	3 238	0.6

9. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2018.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Stadio Holdings Limited

OPINION

The summary consolidated financial results of Stadio Holdings Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 31 December 2018, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Stadio Holdings Limited for the year ended 31 December 2018.

In our opinion, the accompanying summary consolidated financial results are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in Note 1 to the summary consolidated financial results, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL RESULTS

The summary consolidated financial results do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial results and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL RESULTS

The directors are responsible for the preparation of the summary consolidated financial results in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in Note 1 to the summary consolidated financial results, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial results are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: Dawid de Jager
Registered Auditor
Stellenbosch
1 March 2019

STATUTORY AND ADMINISTRATION

Stadio Holdings Limited
Incorporated in the Republic of South Africa (Registration number: 2016/371398/06)
JSE Share Code: SDO
ISIN: ZAE000248662
(STADIO or the Group)

Directors: CR van der Merwe*, S Totaram*, D Singh*, PN de Waal**, RH Stumpf^, R Kisten^, DM Ramaphosa^, KS Sithole^, A Mellet** (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 Proprietary Limited

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196. PO Box 61051, Marshalltown, 2107

Corporate adviser and sponsor: PSG Capital Proprietary Limited

Website: www.stadio.co.za

Announcement date: 4 March 2019

STADIO

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