

STADIO HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2016/371398/06)

Share code: SDO

ISIN: ZAE000248662

LEI: 3789007C8FB26515D966

("STADIO Holdings" or "the Company" or "STADIO Group")



RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2020

1. SALIENT FEATURES

- Revenue increased from R408.9m to R468.2m (15%)
- Student numbers increased from 28 280 to 31 053 (10%)
- Core Headline Earnings increased from R46.4m to R56.8m (22%)
- Core Headline Earnings per share increased from 5.7 cps to 6.9 cps (21%)
- Earnings before interest, taxation, depreciation and amortisation ("EBITDA") decreased from R103.1m to R45.9m (-55%)*
- Headline earnings per share decreased from 5.1 cps to a headline loss per share of (1.5) cps (>-100%)*
- Earnings per share ("EPS") decreased from 5.1 cps to a loss per share of (8.7) cps (>-100%)*
- Net asset value per share decreased from 203 cps to 184 cps (-9%)
- The Stadio Group has 97 accredited qualifications and 37 pipeline programmes that are in the process of development/accreditation
- The Higher Education Quality Committee ("HEQC") approved the business transfer process to consolidate programmes offered by the various higher education institutions ("HEI") into a single registered HEI, STADIO ("Business Transfer"). The move to one STADIO registered HEI brand will allow the STADIO Group to actively deliver on the marketing, operational and regulatory efficiencies of operating under a single brand.

** EBITDA, headline earnings and earnings per share were negatively impacted by two once-off accounting adjustments further explained below.*

2. COMMENTARY

The STADIO Group utilises Core Headline Earnings to measure and benchmark the underlying performance of the business.

Core Headline Earnings reflects Headline Earnings adjusted for certain items that, in the Board's view, may distort the financial results from year-to-year, giving management a more consistent reflection of the underlying financial performance of the STADIO 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 adjustments to contingent consideration payable in respect of various acquisitions concluded. For the six-months ended 30 June 2020, Core Headline Earnings per share grew by 21% to 6.9 cents per share (June 2019: 5.7 cents per share).

As detailed in the interim results for the six-months ended 30 June 2020 ("Full Announcement"), EBITDA and the loss per share were negatively impacted by:

- A R60 million once-off, non-cash accounting impairment of trademarks (being the value of the trademarks (excluding Milpark Education (Pty) Ltd) recognised at acquisition). The impairment arose as a result of the Business Transfer process and the move to one STADIO HEI brand.

Furthermore, EBITDA, the loss per share and headline loss per share were negatively impacted by:

- An accounting fair value adjustment of R74 million to increase the contingent consideration liability due in respect of the acquisition of the CA Connect business. The consideration payable in respect of the CA Connect acquisition is subject to the EBITDA performance of the CA Connect business over a three-year period and is payable in shares (75%) and cash (25%).

During 2020, the actual student enrolments on the Postgraduate Diploma in Accounting (“PGDA”) and the PGDA Bridging programme, making up the CA Connect business, materially outperformed expected enrolments for the period, resulting in an increased EBITDA contribution and consequently a fair value adjustment of R74 million, increasing the contingent consideration liability to account for the higher than expected purchase consideration.

3. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the Full Announcement and does not contain full or complete details.

The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/SDOE/Interim 20.pdf>

Copies of the Full Announcement are also available for viewing on the Company’s website at <https://stadio.co.za/financial-reports/> or may be requested in person, at the Company’s registered office or the offices of our sponsors, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

4. PRESENTATION

STADIO Holdings will be hosting a virtual presentation on Wednesday, 26 August 2020, at 12:00 to present the results to investors.

Presentation details:

Please register to attend the presentation ahead of time by clicking on the following link: <https://attendee.gotowebinar.com/register/5729022237452236816>

Participants will be able to download the interim results as well as the slides from the portal during the presentation.

Participants can send through questions using the portal, during and after the presentation, or may also email questions through ahead of the presentation, or after the event, to investorrelations@stadio.co.za.

Durbanville

26 August 2020

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