STADIO

HOLDINGS

INTERIM UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

PRESENTING

STADIO
HOLDINGS

MILPARK EDUCATION

STADIO HIGHER EDUCATION

[AFDA]

THREE DISTINCT PRIVATE HIGHER EDUCATION INSTITUTIONS

HIGHLIGHTS

STUDENTS
38 348
11%
34 494

NEW STUDENTS
18%

REVENUE
R617 million
13%
R548 million

EBITDA[1]
R192 million
19%
R161 million

PAT[2]
R105 million
24%
R85 million

Core HE[3]
R96 million
18%
R82 million

Core HEPS[3]
11.3 cps
17%
9.7 cps

87
Qualifications
31 Pipeline
Programmes

[1] *Earnings before interest, taxation, depreciation and amortisation (EBITDA)*
[2] *Profit after taxation (PAT)*
[3] *Core headline earnings (HE) and core headline earnings per share (HEPS) as per Note 7*

OTHER STATISTICS

All information presented below represents the information of the underlying registered higher education institutions (HEI) owned by STADIO Holdings and its subsidiaries (the Group), presented per mode of delivery offered by the Group.

STUDENT NUMBERS

	Semester One – Unaudited							
	2017[1] 30-Jun	**2018**[1] 30 Jun	**2019**[1] 30 Jun	**2020** 30 Jun	**2021** 30 Jun	**2022 30 Jun**	Year-on-year growth %	5-year CAGR[2] growth %
Modes of learning delivery								
Contact learning	4 755	5 402	6 081	6 269	5 921	**5 662**	(4%)	4%
Distance learning	18 997	20 932	22 199	24 784	28 573	**32 686**	14%	11%
	23 752	26 334	28 280	31 053	34 494	**38 348**	11%	10%
Made up as follows:								
% Contact learning	20%	21%	22%	20%	17%	**15%**		
% Distance learning	80%	79%	78%	80%	83%	**85%**		

[1] *Like-for-like comparison including student numbers of all underlying HEIs as if they had been part of the Group in this period*
[2] *Compounded Annual Growth Rate*

As at August 2022, the Group had 41 544 students (August 2021: 38 101 students) enrolled, with second semester enrolments still in progress.

COMMENTARY

OVERVIEW

STADIO Holdings' has been established to service the needs of the higher education market in South Africa with a vision to empower the nation by widening access to higher education. The STADIO Group is one of the largest higher education providers in the country currently servicing in excess of 38 000 students.

STADIO Holdings currently owns three registered private Higher Education Institutions, namely:

- STADIO Proprietary Limited (STADIO Higher Education);
- Milpark Education Proprietary Limited (Milpark); and
- The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA).

COMMENTARY ON INSTITUTIONS

STADIO HIGHER EDUCATION

STADIO Higher Education offers a wide array of qualifications across various disciplines including, education, commerce, management and administration, policing, law, information technology, fashion, media, design and architecture. Qualifications are offered on both the contact and distance learning modes of delivery. Following the business migration in 2020, STADIO Higher Education continues to optimise its offerings on national contact learning campuses, as well as positioning its distance learning offerings for growth. Specific focus has been placed on new programme development. Phase II of the STADIO Centurion campus has been completed and the STADIO Centurion campus is now fully operational. STADIO Higher Education has also embarked on the expansion of its distance learning operations center in Krugersdorp and continues to optimise its processes and systems to be able to achieve operational excellence. The institution delivered a strong set of results for the six months ended 30 June 2022.

MILPARK

Milpark primarily offers distance learning programmes specifically to the financial services industry with a focus on the commerce and accounting disciplines. Milpark is in the process of transitioning away from offering contact learning qualifications to focus on digitally enhanced distance learning offerings. Milpark has invested in various new systems and processes during 2022 to enable the achievement of its strategic objectives. The Postgraduate Diploma in Accounting (PGDA) and PGDA Bridging programmes delivered excellent growth in the six months ended 30 June 2022.

AFDA

AFDA is a contact learning provider specialising in the offer of high-end qualifications in the creative economy (encompassing, film, television and media). AFDA continues to entrench its position as the leading film and television school in the country. During 2022, AFDA has focused on optimising its offerings and operations and has delivered excellent growth for the period to 30 June 2022.

REVIEW OF RESULTS

The Board is pleased to report results for the six months ended 30 June 2022 (the Interim Results).

At 30 June 2022, the Group increased semester 1 (S1) student enrolments by 11% to 38 348 students (June 2021: 34 494).

Distance learning student numbers reflected good overall growth of 14% to 32 686 (June 2021: 28 573). Strong demand in professional qualifications drove solid growth in registrations for the six months ended 30 June 2022.

COMMENTARY (CONTINUED)

Contact learning student numbers declined by 4% to 5 662 (June 2021: 5 921). The decline in contact learning students is, in part, due to Milpark transitioning away from offering contact learning programmes discussed above. COVID-19 reduced new student intakes during the prior year, resulting in less students rolling over into 2022, and negatively impacting total contact learning students in the current year. Notwithstanding the above, AFDA continued to show consistent and encouraging growth in student numbers over this period, and the Group showed good growth in new students on its contact learning campuses in 2022. Furthermore, regulatory delays in accrediting programmes and site extensions impacted the Group's growth plans in 2022 for many of its contact learning sites. We believe that these delays are timing issues and new programme accreditations will contribute to future registration cycles.

The Group grew Revenue by 13% to R617 million (June 2021: R548 million), with EBITDA growing by 19% to R192 million (June 2021: R161 million). The increase is due to organic growth in student numbers for six months coupled with focused cost management and increasing operating efficiencies.

Overall EBITDA margins improved to 31% (June 2021: 29%), notwithstanding the J-curve impact of opening the new STADIO Centurion comprehensive campus for the six months ended 30 June 2022. The loss allowance margin is largely consistent with prior year at 5.6% (June 2021: 5.7%). Debtors balances generally peak in June of every year and then reduce over the remainder of the year. Collections continue to be a focus area across the Group (refer to Note 9).

For the six months ended 30 June 2022, the Group reported a profit after taxation (PAT) of R105 million (June 2021: R85 million), earnings per share (EPS) of 11.2 cps (June 2021: 9.6 cps), and headline earnings per share (HEPS) of 11.1 cps (June 2021: 9.4 cps).

The growth in PAT, EPS and HEPS for the year was primarily due to organic growth in the underlying institutions. EPS and HEPS growth were, however, impacted by the increase in the non-controlling interest in Milpark in June 2021 from 12.8% to 31.5% following the early settlement of the CA Connect acquisition through the issue of Milpark shares. STADIO Holdings shareholding in Milpark diluted to 68.5% from 87.2% in June 2021. The proposed change in South African corporate tax rate from 28% to 27% impacted the deferred taxation balances for the period. The impact of the change had a R3.4 million negative impact on PAT for the six months ended 30 June 2022.

The Group utilises core headline earnings (Core HEPS) to measure and benchmark the underlying performance of the business. Core HEPS reflects HEPS adjusted for certain items that, in the Board's view, may distort the Interim Results from year-to-year, giving shareholders a more consistent reflection of the underlying financial performance of the Group. These core adjustments include, where applicable, once-off acquisition related costs, amortisation costs associated with client lists acquired and costs relating to contingent consideration payable in respect of acquisitions.

Accordingly, for the period ended 30 June 2022, Core HEPS grew by 17% to 11.3 cps (June 2021: 9.7 cps). The overall growth in Core HEPS is due to the underlying organic growth in EBITDA but was impacted by the change in Milpark shareholding as set out above.

The Group generated R216 million cash from operations for the six months ended 30 June 2022 (refer to Note 12). Included in the working capital trade and payables movement is R33 million related to the final cash-settled portion of the CA Connect Early Settlement Agreement.

For the six months ended 30 June 2022, the Group invested R23 million to complete Phase II of the STADIO Centurion campus (refer to Note 8). A further R5 million was invested to date to expand the STADIO Higher Education distance learning operations center in Krugersdorp. This project is expected to be completed in February 2023 at a total cost of R42 million. A further R14 million was invested across the Group on the development of new programmes, existing facilities, systems and moveable assets. During March 2022, the Group disposed of STADIO Montana for a cash consideration of R52 million.

At 30 June 2022, the Group had repaid all outstanding debt and has access to a revolving credit facility of R200 million.

The Group is in a strong cash position with a cash balance of R167 million as at 30 June 2022.

QUALIFICATIONS

The Group continues to review its programme and qualification mix for both contact learning and distance learning modes of delivery.

The Group currently has 87 programmes that are certificated, with an additional 31 programmes across both contact and distance learning modes of learning delivery in the process of development and/or accreditation.

During the period, the Group obtained certification for 5 new programmes, including programmes in Law, Accounting and Commerce, and received the site extensions for various qualifications which will enable the Group's growth strategy to be implemented.

DIVIDEND

Following the declaration of the maiden dividend in March 2022, the Board has adopted a policy of declaring and paying dividends on an annual basis based on excess cash flow available after considering cash required for future growth projects, working capital requirements and capital expenditure. As such, no interim dividend has been declared for the six months ended 30 June 2022.

PROSPECTS

Since listing in 2017, the Group has consolidated offerings, optimised processes and is in the process of implementing various systems to create a strong foundation from which to grow. The Board is positive about the many opportunities that exist in higher education and believes that the Group is well positioned to meet the growing demand for higher education in the country.

On behalf of the Board.

Dr Vincent Maphai
Chairperson

Mr Chris Vorster
Chief Executive Officer

30 August 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Year-on-year change %	2022 30 Jun Unaudited R'000	2021 30 Jun Restated Unaudited[1] R'000	2021 31 Dec Audited R'000
Revenue (Note 5)	13%	**617 530**	547 931	1 097 768
Other income	29%	**4 665**	3 611	9 543
Loss allowance	10%	**(34 383)**	(31 331)	(82 047)
Fair value losses on financial instruments	(100%)	**–**	(575)	(697)
Employee costs[1]	8%	**(256 944)**	(237 324)	(478 080)
Operating expenses[1]	14%	**(139 212)**	(121 769)	(236 990)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	19%	**191 656**	160 543	309 497
Depreciation and amortisation	4%	**(33 751)**	(32 383)	(66 707)
Impairment	–	**–**	–	(29 969)
Earnings before interest and taxation (EBIT)	23%	**157 905**	128 160	212 821
Investment income	(6%)	**4 926**	5 258	8 573
Finance cost	(14%)	**(9 235)**	(10 744)	(20 730)
Profit before taxation	25%	**153 596**	122 674	200 664
Taxation	28%	**(48 907)**	(38 169)	(63 224)
Profit for the period	24%	**104 689**	84 505	137 440
Attributable to:				
Owners of the parent	17%	**94 667**	80 644	126 005
Non-controlling interests	>100%	**10 022**	3 861	11 435
Total comprehensive income for the period	24%	**104 689**	84 505	137 440
Headline earnings (Note 6)	19%	**94 606**	79 206	143 815
Core headline earnings (Note 7)	18%	**96 135**	81 695	148 570
		Cents	**Cents**	**Cents**
Earnings per share				
– Basic	17%	**11.2**	9.6	14.9
– Diluted	16%	**10.9**	9.4	14.5
Headline earnings per share				
– Basic	18%	**11.1**	9.4	17.0
– Diluted	18%	**10.9**	9.2	16.6
Core headline earnings per share (Core HEPS)				
– Basic	17%	**11.3**	9.7	17.6
– Diluted	17%	**11.1**	9.5	17.1
		Million	**Million**	**Million**
Number of shares in issue				
– Basic	0.4%	**851**	848	848
– Diluted	(0.3%)	**866**	869	871
Weighted average number of shares in issue				
– Basic	0.8%	**849**	842	845
– Diluted	0.3%	**865**	862	868

[1] *The operating expenses were disaggregated to provide further information on the nature of the items included in the total operating expenses. Accordingly, employee costs are separately disclosed on the face of the statement of comprehensive income. The comparative figures were represented accordingly. Refer to Note 13 for further information.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	2022 30 Jun Unaudited R'000	2021 30 Jun Restated Unaudited[1,2] R'000	2021 31 Dec Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment (Note 8)	**839 845**	841 346	810 319
Right-of-use assets	**98 448**	109 402	97 185
Goodwill	**751 082**	749 482	751 082
Intangible assets	**144 977**	161 092	151 931
Trade and other receivables (Note 9)	**18 831**	17 770	18 285
Other financial assets	**14 355**	1 822	9 190
Deferred tax asset[1]	**113 211**	91 810	82 639
Total non-current assets	**1 980 749**	1 972 724	1 920 631
Current assets			
Inventories	**–**	1 628	–
Loans to related parties	**–**	120	–
Trade and other receivables (Note 9)	**194 790**	176 439	114 943
Current tax receivable	**2 924**	8 564	15 479
Cash and cash equivalents	**166 733**	111 213	65 592
Total current assets	**364 447**	297 964	196 014
Non-current assets held for sale (Note 8)	**–**	–	52 000
Total assets	**2 345 196**	2 270 688	2 168 645
EQUITY			
Share capital (Note 10)	**1 628 517**	1 617 457	1 618 817
Other reserves	**23 982**	27 544	31 942
Accumulated profit/ (loss)	**55 882**	(44 169)	1 190
Total equity attributable to equity holders of the Company	**1 708 381**	1 600 832	1 651 949
Non-controlling interest[2]	**98 689**	91 652	99 228
Total equity	**1 807 070**	1 692 484	1 751 177
LIABILITIES			
Non-current liabilities			
Borrowings (Note 11)	**–**	55 000	–
Lease liabilities	**150 388**	146 206	148 782
Deferred tax liability[1]	**38 747**	36 839	39 186
Total non-current liabilities	**189 135**	238 045	187 968
Current liabilities			
Borrowings (Note 11)	**–**	–	15 065
Lease liabilities	**33 625**	33 895	35 575
Loans from related parties	**96**	96	96
Trade and other payables[2]	**68 651**	97 248	91 073
Contract liabilities	**203 613**	195 628	76 780
Tax payable	**43 006**	13 292	10 911
Total current liabilities	**348 991**	340 159	229 500
Total liabilities	**538 126**	578 204	417 468
Total equity and liabilities	**2 345 196**	2 270 688	2 168 645
Net asset value per share (cents)	**201**	189	195

[1] *The prior year deferred tax asset and liability have been restated as per IAS 12 to offset deferred tax assets and deferred tax liabilities that relate to the same taxable entity. Refer to Note 13 for further information.*

[2] *The Group has restated the comparative period trade and other payables balance and non-controlling interest balance to correctly reflect the portion of the CA Connect Early Settlement Agreement that was to be settled through the issue of R 100 million in Milpark Education (Pty) Ltd shares.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	2022 30 Jun Unaudited R'000	2021 30 Jun Restated Unaudited[2] R'000	2021 31 Dec Audited R'000
Balance as at 1 January	**1 751 177**	1 485 991	1 485 991
Total comprehensive income for the period	**104 689**	84 505	137 440
Issue of ordinary shares (Note 10)	**9 756**	20 000	21 371
Share issue costs	**(56)**	(55)	(66)
Recognition of share-based payments expense and vesting of share options	**(7 960)**	6 385	10 783
Dividends paid to non-controlling shareholders	**(18 921)**	(11 693)	(11 693)
Dividends paid	**(39 975)**	–	–
Non-controlling interest acquired	–	(8 010)	(8 010)
Net capital contribution from non-controlling shareholder in subsidiary[1]	**8 360**	15 361	15 361
Transaction with non-controlling interest[2]	–	100 000	100 000
Balance at the end of the period	**1 807 070**	1 692 484	1 751 177

[1] *Incorporates the cash portion of R10.4 million funded by the non-controlling shareholder in Milpark to settle the final tranche of R33 million outstanding in respect of the CA Connect Early Settlement Agreement.*

[2] *The Group has restated the comparative period non-controlling interest balances to correctly reflect the portion of the CA Connect Early Settlement Agreement that was to be settled through the issue of R100 million in Milpark Education (Pty) Ltd shares. Refer to note 13 for further information.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Year-on-year change %	2022 30 Jun Unaudited R'000	2021 30 Jun Restated Unaudited[1] R'000	2021 31 Dec Audited R'000
Net cash flow from operating activities1	39%	**174 994**	126 133	189 537
Cash generated from operations (Note 12)[1]	26%	**215 995**	171 290	265 920
Interest income	(8%)	**3 503**	3 796	4 780
Finance cost	(21%)	**(9 235)**	(11 758)	(21 185)
Tax paid	(5%)	**(35 269)**	(37 195)	(59 978)
Net cash flow used in investing activities	(>100%)	**4 276**	(125 024)	(178 462)
Purchase of property, plant and equipment (Note 8)	(69%)	**(42 359)**	(134 691)	(178 139)
Purchase of intangible assets and curriculum development costs	18%	**(529)**	(448)	(3 720)
Proceeds from sale of property, plant and equipment (Note 8)	>100%	**52 164**	115	166
Proceeds received from loans to related parties	–%	**–**	–	591
Acquisition of other financial assets	(100%)	**(5 000)**	–	(16 360)
Disposal of other financial assets	100%	**–**	10 000	19 000
Net cash flow from financing activities	(>100%)	**(78 129)**	(6 699)	(62 286)
Issue of shares	100%	**997**	–	(66)
Share issue costs	–%	**–**	–	1 275
Capital contribution from non-controlling shareholder in subsidiary[1]	(32%)	**10 384**	15 361	15 361
Proceeds from borrowings	100%	**–**	82 471	122 065
Repayment of borrowings	(79%)	**(15 066)**	(72 079)	(152 079)
Payment of principal portion of lease liabilities	11%	**(15 548)**	(14 027)	(29 139)
Dividends paid to non-controlling shareholders	82%	**(18 921)**	(10 415)	(11 693)
Dividends paid (Note 14)	(100%)	**(39 975)**	–	–
Additional investment in subsidiary with no change in control	(100%)	**–**	(8 010)	(8 010)
Net movement in cash and cash equivalents for the period		**101 141**	(5 590)	(51 211)
Cash and cash equivalents at the beginning of the period		**65 592**	116 803	116 803
Cash and cash equivalents at the end of the period		**166 733**	111 213	65 592

1 The Group has reclassified the comparative period net cash flow from operating activities and the net cash flow from financing activities. Refer to Note 13.3.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The condensed consolidated unaudited interim financial statements for the six months ended 30 June 2022 (Interim Results) have been prepared in accordance with International Financial Reporting Standards (IFRS), 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 requirements of the Companies Act of South Africa and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

The Interim Results do not include all the notes of the type normally included in consolidated annual financial statements. Accordingly, the Interim Results , are to be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2021.

The Interim Results have not been reviewed or audited by the Company's auditor. The Interim Results have been prepared internally under the supervision of the Chief Financial Officer, S Totaram, CA(SA) CFA.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Results are in terms of IFRS and are consistent in all material respects with those applied in the annual financial statements for the year ended 31 December 2021.

For a full list of standards and interpretations that have been adopted by the Group, we refer you to the annual financial statements for the year ended 31 December 2021.

3. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Interim Results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

4. NATURE OF OPERATIONS

Due to the nature of the operations and new enrolments in both the first semester ("S1" Jan to June) and the second semester ("S2" July to Dec), revenue and operating profit in the second half of the financial year will not necessarily be in line with the first six months reported on.

5. REVENUE

	2022 30 Jun Unaudited R'000	2021 30 Jun Unaudited R'000	2021 31 Dec Audited R'000
Revenue from contracts with customers			
The group disaggregates revenue from customers as follows:			
Tuition and education services			
Tuition fees	**584 898**	518 727	1 049 168
Registration and enrolment fees	**32 374**	26 886	53 209
Discounts and bursaries granted	**(14 648)**	(11 747)	(24 816)
Other academic income	**9 291**	7 387	10 179
Hostel income	**247**	1 249	2 952
	612 162	542 502	1 090 692
Sale of goods			
Learning Material	**4 717**	5 024	6 091
Canteen	**651**	405	985
	5 368	5 429	7 076
Total revenue from contracts with customers	**617 530**	547 931	1 097 768

6. HEADLINE EARNINGS

	2022 30 Jun Unaudited R'000	2021 30 Jun Unaudited R'000	2021 31 Dec Audited R'000
Reconciliation of headline earnings:			
Basic earnings	**94 667**	80 644	126 005
Adjustments attributable to parent:			
Impairment on intangibles assets, right-of-use assets and property, plant and equipment	**–**	–	26 044
Loss on disposal of property, plant and equipment	**314**	65	1 416
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**(399)**	(2 063)	(2 359)
Tax on above	**24**	560	(7 291)
Headline earnings	**94 606**	79 206	143 815

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS
(CONTINUED)

7. OPERATING SEGMENTS

The Group considers its executive directors to be the chief operating decision-maker and therefore the segmental disclosures below are aligned with the quarterly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all 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 core headline earnings

		30 Jun 2022 Unaudited		30 Jun 2021 Unaudited		31 Dec 2021 Audited	
	Year-on-year change %	Earnings R'000	Earnings per share Cents	Earnings R'000	Earnings per share Cents	Earnings R'000	Earnings per share Cents
Headline earnings	19%	**94 606**	**11.2**	79 206	9.4	143 815	17.0
Adjustments for non-core items attributable to parent:							
Fair value loss on contingent consideration	100%	–	–	500	0.1	498	0.1
Deferred interest on consideration payable	–%	–	–	–	–	384	0.1
Amortisation of client list and trademark	(24%)	**2 127**	**0.2**	2 794	0.3	5 393	0.6
Tax on above	(26%)	**(598)**	**(0.1)**	(805)	(0.1)	(1 520)	(0.2)
Core headline earnings	18%	**96 135**	**11.3**	81 695	9.7	148 570	17.6
Core HEPS – basic	17%		**11.3**		9.7		17.6
Core HEPS – diluted	17%		**11.1**		9.5		17.1

8. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2022, the Group invested R42 million into infrastructure and capital assets (June 2021: R135 million). The Group invested R23 million to complete Phase II of the STADIO Centurion campus. R5 million was invested into the development of the STADIO Distance Learning operational center in Krugersdorp. This development is expected to be completed by February 2023. A further R14 million was invested across the Group on existing facilities and moveable assets. During March 2022, the Group disposed of the STADIO Montana property for a cash consideration of R52 million.

9. TRADE AND OTHER RECEIVABLES

	2022 30 Jun Unaudited R'000	2021 30 Jun Unaudited R'000	2021 31 Dec Audited R'000
Trade receivables	**305 640**	227 969	209 725
Less: Loss allowance	**(135 328)**	(87 185)	(121 928)
Net trade receivables	**170 312**	140 784	87 797
Other receivables	**43 309**	53 425	45 431
Total trade and other receivables	**213 621**	194 209	133 228

The growth in trade receivables to 30 June 2022 is as a result of the Group allowing more students to re-register with unpaid fees from prior registration cycles, according to certain limits and criteria. This allows students a longer period over which to pay outstanding amounts due. The increase in the loss allowance provision accordingly accounts for the increased risk in the trade receivables balance as at 30 June 2022. Collections generally increase post 30 June 2022, following the release of the semester 1 results and prior to semester 2 registrations, with debtors balances general peaking at 30 June 2022.

10. SHARE CAPITAL

During the period, the Company issued ordinary shares in relation to the settlement of employee share options as per the share capital reconciliation below:

	Number of ordinary shares (million)	Share capital R'000
Balance as at 1 January	848.2	1 618 817
Issue of shares in respect of employee share options	2.3	9 756
Share issue costs	–	(56)
Balance at the end of the period	850.5	1 628 517

11. BORROWINGS

The Group currently has a revolving credit facility to the value of R200 million with Standard Bank of South Africa Limited.

At 30 June 2022, the entire facility was undrawn and available for use.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS
(CONTINUED)

12. CASH GENERATED FROM OPERATIONS

	Year-on-year change %	2022 30 Jun Unaudited R'000	2021 30 Jun Restated Unaudited[1] R'000	2021 31 Dec Audited R'000
Profit before taxation	25%	**153 596**	122 674	200 664
Non-cash and other items disclosed separately	(2%)	**43 984**	44 957	121 949
	18%	**197 580**	167 631	322 613
Movements in working capital		**18 415**	3 659	(56 693)
(Increase)/decrease in inventories	(100%)	**–**	(40)	1 588
Increase in trade and other receivables[2]	13%	**(79 104)**	(69 729)	(7 462)
(Decrease)/ increase in trade and other payables	(73%)	**3 806**	14 342	8 943
Decrease in trade and other payables – contingent consideration[1,3]	(31%)	**(33 120)**	(48 000)	(48 000)
Increase/(decrease) in contract liabilities[4]	18%	**126 833**	107 086	(11 762)
Cash generated from operations	26%	**215 995**	171 290	265 920

[1] *The Group has reclassified the comparative period net cash flow from operating activities. Refer Note 13.3.*
[2] *The increase in the trade receivables balance is due to reasons as set out in Note 9.*
[3] *Included in trade and other payables working capital movement is the cash-settled portion of the CA Connect Early Settlement Agreement of R33 million.*
[4] *The increase in contract liabilities is mainly due to the seasonality of the business and payments received by students in advance. These contract liabilities will decline over the remainder of the year as services are performed.*

13. PRIOR PERIOD RESTATEMENT

IAS 12 Deferred Tax

IAS 12 requires an entity to net-off income taxes levied by the same taxation authority on the same taxable entity. Historically, the Group presented income taxes on a gross basis in the Statement of Financial Position, resulting in the deferred tax asset and deferred tax liability being overstated. Accordingly, the Group has restated the Statement of Financial Position as at 30 June 2021. Refer Note 13.2.

IAS 1 Presentation of Financial of Statements

The Group has voluntarily restated the Statement of Comprehensive Income for the six months ended 30 June 2021 to separately disclose employee costs on the face of the Statement of Comprehensive Income. The operating expenses are disaggregated to provide further information on the nature of the items included in total operating expenses. Refer Note 13.1.

Reclassification of trade and other payables and non-controlling interest

Trade and other payables balance and non-controlling interest have been restated for the six months ended 30 June 2021 to correctly reflect the portion of the CA Connect Early Settlement Agreement that was to be settled through the issue of R 100 million in Milpark Education (Pty) Ltd shares. The Statement of Financial Position as at 30 June 2021 has been restated accordingly. Refer Note 13.2.

Reclassification of net cash generated from operating activities and net cash generated from financing activities

The Group has reclassified the comparative period net cash flow from operating activities to correctly reflect the full cash settled portion of R48 million, settled in June 2021 to the CA Connect shareholders. The net cash flow from financing activities was accordingly also restated to reflect the R15.4 million capital contributed by the non-controlling shareholder in Milpark to settle the R48 million cash consideration due to the CA Connect shareholders. Refer Note 13.3.

The above representations have been corrected by restating the affected financial statement line items for the six months ended 30 June 2021 as follows:

Prior period restatement

13.1 Statement of Comprehensive Income (extract)

	Unaudited June 2021 R'000	Increase/ (Decrease) R'000	Restated unaudited June 2021 R'000
Operating expenses	(357 683)	235 914	(121 769)
Loss allowance	(32 741)	1 410	(31 331)
Employee costs	–	(237 324)	(237 324)
Net impact on statement of comprehensive income	(390 424)	–	(390 424)
Profit for the period	84 505	–	84 505

13.2 Statement of Financial Position (extract)

	Unaudited June 2021	Increase/ (Decrease)	Restated unaudited June 2021
Statement of Financial position			
Deferred tax asset	131 710	(39 900)	91 810
Deferred tax liability	(76 739)	39 900	(36 839)
Trade and other payables	(197 248)	100 000	(97 248)
	(142 277)	100 000	(42 277)
Non-controlling interest	8 348	(100 000)	(91 652)
Total equity	1 592 484	100 000	1 692 484
Retained earnings	(44 169)	–	(44 169)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS
(CONTINUED)

13. PRIOR PERIOD RESTATEMENT (CONTINUED)

13.3 Statement of Cash Flows (extract)

	Unaudited June 2021 R'000	Increase/ (Decrease) R'000	Restated unaudited June 2021 R'000
Net cash flow from operating activities	141 494	(15 361)	126 133
Cash generated from operations	186 651	(15 361)	171 290
Decrease in trade and other payables – contingent consideration	(32 639)	(15 361)	(48 000)
Net cash flow from financing activities	(22 060)	15 361	(6 699)
Capital contribution from non-controlling shareholder in subsidiary	–	15 361	15 361
Net movement in cash and cash equivalents for the period	(5 590)	–	(5 590)

14. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

STATUTORY AND ADMINISTRATION

Stadio Holdings Limited
Incorporated in the Republic of South Africa (Registration number: 2016/371398/06)
JSE share code: SDO
ISIN: ZAE000248662
LEI: 3789007C8FB26515D966
(STADIO Holdings or the Group)

Directors: CPD Vorster*; S Totaram*; D Singh*; TV Maphai^; MG Mokoka^; CB Vilakazi^; TH Brown^; CR van der Merwe**; PN de Waal**; A Mellet** (Alternate to PN de Waal)
** Executive director ** Non-executive director ^ Independent non-executive director*

Company secretary: Stadio Corporate Services Proprietary Limited

Registered office: Office 101, The Village Square, c/o Queen and Oxford Streets, Durbanville, 7550

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196. Private Bag, X9000, Saxonwold, 2132

Corporate adviser and sponsor: PSG Capital

Independent joint sponsor: Tamela Holdings

Website: www.stadio.co.za

Announcement date

30 August 2022

STADIO

HOLDINGS

www.stadio.co.za