STADIO

HOLDINGS

2019 INTEGRATED REPORT

TOWARDS

STADIO

HIGHLIGHTS

STADIO'S EVOLUTION

2017 YEAR OF ESTABLISHMENT

- UNBUNDLED from CURRO
- LISTED on the JSE
- ACQUIRED QUALITY BRANDS

2018 – 2019 POSITIONING YEARS

- OPENED 3 NEW CAMPUSES
- ACQUIRED further QUALITY BRANDS
- NEW PROGRAMME DEVELOPMENT

HIGHLIGHTS

REVENUE INCREASED
R815m
R633m
29%

EBITDA INCREASED
R180m
R129m
40%

STUDENT NUMBERS INCREASED
31 869
29 885
7%

CORE HEADLINE EARNINGS[1] INCREASED
R88m
R70m
26%

[1] 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 Group.

"TO EMPOWER THE NATION BY **WIDENING ACCESS** TO HIGHER EDUCATION."

2020

- IDENTIFIED SUITABLE LAND in Durbanville for future MULTI-FACULTY CAMPUS
- Implement best practice IT PLATFORM
  UNIT4
- ACQUIRED SITE in Centurion for STADIO'S first MULTI-FACULTY CAMPUS
- Progress to becoming ONE STADIO[2]
- PROGRESSION TO 56 000 STUDENTS BY 2026

HEPS INCREASED
8.5 cps
7.8 cps
9%

CORE HEPS[1] INCREASED
10.8 cps
8.6 cps
26%

14 CAMPUSES,
PLUS
3 SUPPORT OFFICES,
WITH FIRST MULTI-FACULTY CAMPUS UNDER CONSTRUCTION

ACQUIRED REMAINING 26% shareholding in SBS

93 accredited qualifications, 45 pipeline programmes

[2] The Group is in the process of migrating its current programmes into one registered higher education institution, STADIO.

CONTENTS

ABOUT THIS REPORT

Stadio Holdings Limited (STADIO Holdings, the Company, the Group, or the STADIO Group) is proud to present its Integrated Report for the year ended 31 December 2019 (2019 Integrated Report).

Integrated thinking is intrinsic to how we manage our business, to our internal strategy development and to our reporting practices. The 2019 Integrated Report is the key report that provides a holistic view of the Group's business, strategy, performance and the creation of value for all stakeholders. This report includes information about matters that may substantively affect the Group's ability to create value over the short-, medium- and long-term, and includes, amongst others:

- Sustainable value creation: looking at how we create value for our stakeholders, our sustainability report, and the risks and opportunities which the Group faces in creating this value;
- Summary Financial Statements: providing a more detailed understanding of the financial aspects of our business;
- Governance report: providing details of the governance structures in place; and
- Notice of Annual General Meeting (AGM): providing the relevant information necessary for shareholders to vote on the resolutions to be tabled at the AGM.

A glossary of terms used throughout this 2019 Integrated Report can be found on pages 127 to 129.

ANNUAL FINANCIAL STATEMENTS

The Group's Annual Financial Statements for the year ended 31 December 2019 were approved by the Board on 4 March 2020, and together with the Independent Auditor's Report, are available on the Group's corporate website https://stadio.co.za/financial-reports/.

REPORTING FRAMEWORKS AND COMPARABILITY

In compiling this report, we have been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the International Integrated Reporting Council (IIRC) Framework, the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™), the Listings Requirements of the JSE Limited (JSE) and the requirements of the Companies Act of South Africa (the Companies Act). The sustainability aspects of this report have been compiled with reference to the Global Reporting Initiative (GRI) Standards.

FORWARD-LOOKING STATEMENTS

This report may contain certain statements about the Group that may constitute forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Board cautions users that forward-looking statements are not a guarantee of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this report.

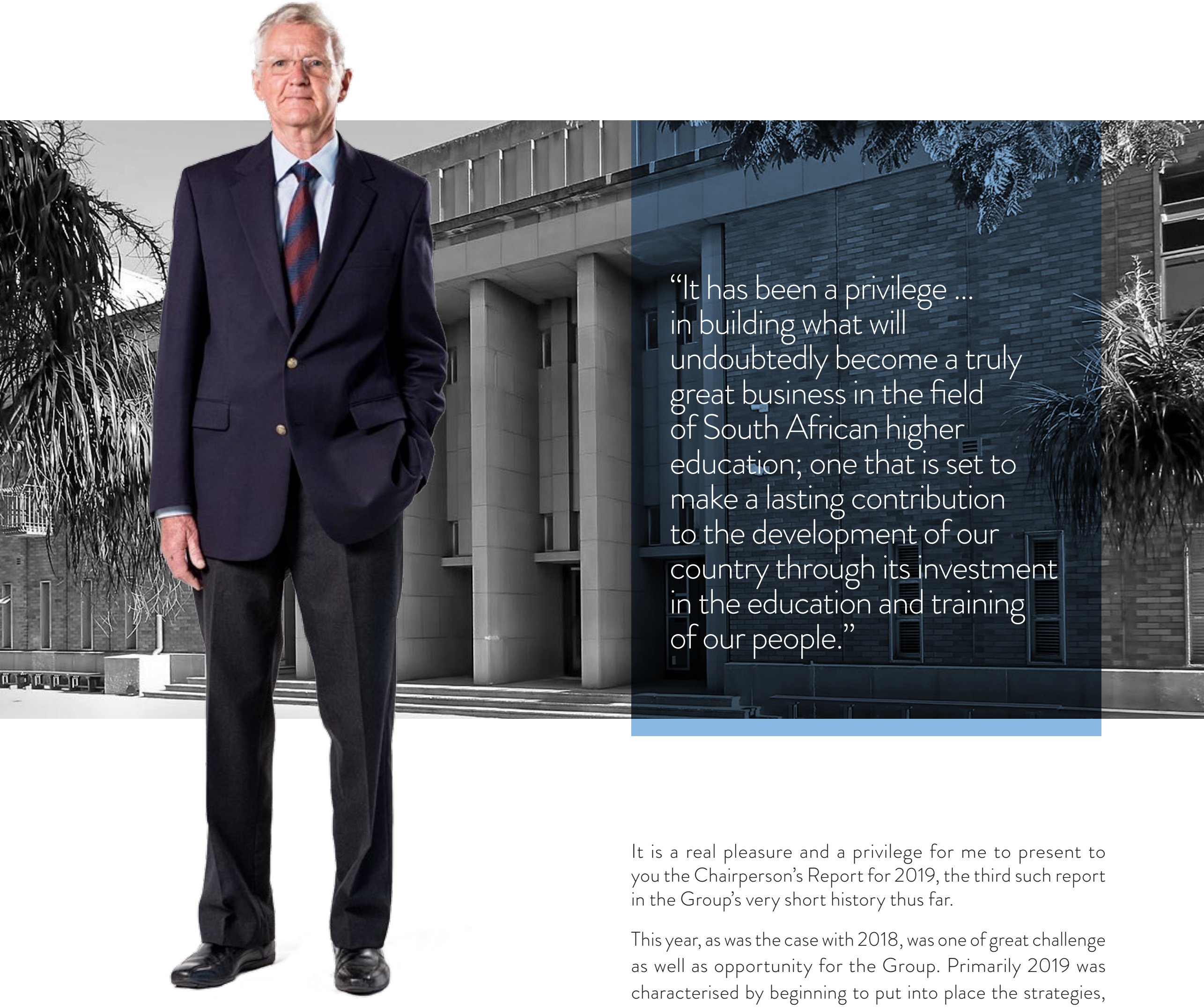
APPROVAL AND ASSURANCE OF OUR REPORTS

The Group's Audit and Risk Committee reviewed the 2019 Integrated Report and recommended it to the Board for approval. The Board acknowledges its responsibility for ensuring the integrity of the 2019 Integrated Report. The Board has applied its mind to the 2019 Integrated Report and considered the operating context, strategy, and value creation model in this process. It believes that the 2019 Integrated Report addresses all material matters that have, or could have, a material effect on the Group's ability to create value, and it presents a fair and balanced account of the Group's performance. Elements of the information included in our 2019 Integrated Report were verified by a combination of internal and external assurance specialists. The 2019 Integrated Report was approved by the Board on 29 April 2020.

Prof RH Stumpf
Chairperson
29 April 2020

Mr CPD Vorster
Chief Executive Officer
29 April 2020

CHAIRPERSON'S REPORT



> "It has been a privilege ... in building what will undoubtedly become a truly great business in the field of South African higher education; one that is set to make a lasting contribution to the development of our country through its investment in the education and training of our people."

It is a real pleasure and a privilege for me to present to you the Chairperson's Report for 2019, the third such report in the Group's very short history thus far.

This year, as was the case with 2018, was one of great challenge as well as opportunity for the Group. Primarily 2019 was characterised by beginning to put into place the strategies, plans, policies and structures needed for migrating the present underlying institutions into a single and integrated higher education institution to be registered as such by the Regulating Authorities under the name STADIO. The move towards integrating all the existing subsidiaries into a single higher education institution was further accompanied by the acquisition of two greenfield sites for the development of our multi-faculty campuses, one in Centurion (Gauteng) and one in Durbanville (Western Cape), subject to various closing conditions. Furthermore, toward the end of 2019 the CEO, Dr Chris van der Merwe announced his intention to step down, and the Board, after following due process in terms of finding a suitable successor, appointed Mr Chris Vorster, who founded and headed up Southern Business School (SBS), one of the Group's subsidiaries, as new CEO of STADIO Holdings, effective 1 April 2020.

Consolidating the underlying subsidiary institutions, each currently separately registered, into a single integrated provider, forms an important part of the Group's commitment to widening student access, enhancing the quality of its academic offerings, offering students viable articulation and mobility routes between different study programmes, and harnessing economies of scale through the implementation of a set of shared services. I am pleased to report that significant progress was made in this regard and during the second half of 2019, a high-level organisational structure of such a single integrated institution was approved by the Board. Tangible progress has been made with developing the policies and procedures undergirding a variety of shared services such as a single information management system across all eventual campuses of the STADIO Group, a consistent and institution-wide HR system and accompanying policies and practices, standardisation of financial controls and reporting, and an overall sales and marketing approach guiding all campuses of the institution.

In developing these measures and practices care has been taken to provide for accommodating the diversity inherent in the Group's existing subsidiaries and avoiding a forced 'one-size-fits-all' approach.

A crucial aspect of the Group's continued development in the higher education field has been its vision of establishing multi-faculty campuses, one in Gauteng and the other in the Western Cape, for a start.

These multi-faculty campuses have been designed to accommodate between 3 000 to 5 000 students. The site in Centurion is well-positioned in terms of transport access, and construction commenced late in 2019 with a view to it opening its doors for offering higher education programmes across a number of academic faculties early in 2021. Some delays were experienced with regard to the site purchased in Durbanville and at present it is expected that the first students will commence their studies there early in 2022.

As part of its commitment to deliver real shareholder value through widening access to higher education and in so doing, contribute towards the delivery of human capacity needed for sustained socio-economic transformation and growth, our student numbers increased in a very difficult economic environment by nearly 7% to 31 869 by the end of 2019 while revenue increased during 2019 by 29% from R633 million to R815 million. In line with the Group's vision and mission, approximately 80% of its students studied through the mode of distance learning. From these, and the figures for 2019, the Board is of the view that the Group is well on track to reach its goal of at least 56 000 students by 2026 and in servicing them through appropriate forms of delivery of teaching and learning.

In 2019 governance structures at STADIO Holdings were strengthened further through the establishment and acceptance of accepted good practice measures regarding the evaluation of the performance of the Board and its committees and through concerted strategic planning sessions held during the year. The Board as well as the various committees such as the Audit and Risk Committee, Remuneration and Nominations Committee, and the Transformation, Social and Ethics Committee, met regularly and performed their various functions with diligence in accordance with the regulatory provisions of the JSE as well as good corporate practice as outlined in the King IV Report on Corporate Governance. During the course of 2019, Ms Rojie Kisten and Mr Khaya Sithole stepped down from the Board, and in turn the Board welcomed Ms Mathukana Mokoka to the Board who was appointed as Chairperson of the Audit and Risk Committee as well as Chairperson of its Remuneration Committee. She brings with her a wealth of corporate governance experience coupled to a strong track record in the field of financial and risk management. After due consideration of areas in which the Board's overall level and depth of expertise and experience could be strengthened, the Board also welcomed Dr Busisiwe Vilakazi, an IT expert, and Dr Tom Brown, a private higher education expert to the Board towards the end of 2019. These appointments have already proved their value in the specific contributions that these new Board members have been making since their appointments.

As part of its activities, the Board engaged in the regular overview of progress and achievement measured against the strategic goals and objectives set for 2019. This culminated in a strategic planning session towards the end of 2019 where a final evaluation of the progress and achievements regarding strategic goals and objectives for 2019 was done.

In 2019 the primary strategic key performance areas covering the various strategic goals and objectives were encapsulated as:

- Widening access for qualifying learners to higher education;
- Establishing STADIO as a credible and respected higher education institution; and
- Delivering acceptable growth targets and shareholder returns.

While room for improvement always exists, the Board is satisfied that the various associated strategic goals and objectives in each of these key performance areas were achieved satisfactorily. Based on this evaluation and building on the strategy for 2019 the Board also considered and identified the basic features and characteristics of its strategy for 2020 as part of a continuing process to build STADIO into one of South Africa's leading providers of high quality and relevant higher education. The Board acknowledges the impact that COVID-19 may have on the strategic imperatives set for 2020 and will adjust its strategy where necessary to counter these effects.

The Board is satisfied that the Group's financial performance in 2019, despite the difficult economic conditions prevailing in our country, was sound and in some ways even remarkable. As already mentioned, overall revenue increased by 29% to R815 million while core headline earnings increased by 26% to R88 million, when compared to the financial performance in 2018.

This performance and these achievements would not have been possible without the Group's extremely capable senior management team. Indeed, the Group is fortunate to have been able to put together a respected and high-level senior management team, under the leadership of the former CEO, Dr Chris van der Merwe. He and his senior management have played a pivotal role in ensuring that the many challenges involved in further expansion, whilst simultaneously pursuing consolidation and future development into a single integrated higher education provider, and in the process delivering real shareholder value, are dealt with successfully.

It was thus with sincere regret that the Board, towards the end of 2019, accepted Dr Chris van der Merwe's request to step down as CEO with effect 31 March 2020. The Board wishes to thank him for his passion, enthusiasm and leadership throughout the three-year period during which he was at the helm of the STADIO Group. He has achieved much in positioning STADIO firmly on the path towards becoming a recognised and respected higher education provider that contributes meaningfully towards the provision of high-level human capacity in accordance with our country's needs.

Mr Chris Vorster (Chris) succeeded Dr Chris van der Merwe on 1 April 2020. Chris has a vast understanding of the higher education domain, specifically in distance learning, and the Board believes that this knowledge, together with his leadership qualities will strongly position the Group to reach its goals over the medium- to long-term, including the consolidation of its various brands under a single brand, and establishing centralised services. The Board looks forward to working with Mr Chris Voster as the Group moves into its next stage of evolution.

Finally, I wish to express my sincere appreciation to my fellow Board members for their dedication in bringing the Group from where it was at the beginning of 2019 to where it is now. It has been a privilege working together with them, and the senior management, in building what will undoubtedly become a truly great business in the field of South African higher education; one that is set to make a lasting contribution to the development of our country through its investment in the education and training of our people.

Prof Rolf Stumpf
Chairperson
29 April 2020


STADIO
SCHOOL OF EDUCATION

FORMER CEO'S REPORT

"I am very proud of this company and the STADIO Group, which aims to widen access to higher education for all qualifying students."

On 31 March 2020, I stepped down as CEO of STADIO Holdings, a company which was unbundled from Curro Holdings Limited (Curro) and which listed on the JSE on 3 October 2017. I am very proud of this company and the STADIO Group, which aims to widen access to higher education for all qualifying students.

When we listed STADIO Holdings, we formulated a pre-listing statement in which we put several business aims to the market with the overarching idea of establishing a solid higher education platform on which the next generation could further build this company.

We have met all our targets, some of which were as follows:

First of all we had to separate ourselves from Curro and write up a vision for this company, including a motivation as to why this company would not only widen access to higher education for qualifying students, but also unlock value for our shareholders. After analysing the market we came to the conclusion that: (a) there is a market for our products; (b) the market is very large; and (c) that tertiary education will be with us for many years to come. We are driven by the fact that our country's 26 public universities need to be supplemented by private higher education institutions (HEIs) because of the thousands of young adults who pass with university exemptions, and do not all necessarily gain access to them. Furthermore, we believe that there is a huge opportunity to accommodate both on-campus and distance learning students. We are acutely aware of the financial pressures that parents must endure and we feel that over time many school leavers are going to consider distance learning for many courses because of its lower tuition fee.

We also acquired several private HEIs in order to accumulate product (courses). Since 2017, we succeeded in acquiring some of the top private HEIs in the country, namely Embury (which we already had under the auspices of Curro), AFDA, SBS, Lisof, Milpark, and Prestige Academy. With all of these brands under the STADIO Group umbrella we could tap from their expertise and accredit many more relevant qualifications. Today we have 93 accredited qualifications with 45 other qualifications in the process of being accredited and registered. These courses range from level 5 to level 10 on the National Qualifications Framework (NQF) and include several qualifications at PhD, Masters and Honours levels. With many higher certificates at level 5 of the NQF, we have the ability to widen access to higher education even further because grade 12 learners who did not succeed in passing with a bachelor's degree exemption, may do a higher certificate and in the process, get access to a bachelor's degree. With these qualifications and looking at the size of the market, we have a strong chance of reaching 56 000 students by 2026, making a profit after tax of R500 million. In 2019, we already have 31 869 students, and therefore with a consistent growth rate of 8% towards the year 2026, 56 000 students is achievable.

The year 2020 is also the year in which we should achieve one of our main strategic goals of becoming "one STADIO". If all goes according to plan, we should be one STADIO by July 2020, offering a variety of faculties.

We have always said that we envisage a STADIO which can move towards accommodating 100 000 students over time. We also imagine that about 80% of these students will consist of distance learning students, which leaves a market of over 20 000 students studying on campus. For this purpose we have invested in establishing two multi-faculty campuses, namely the development of a campus in Centurion, aiming to open in February 2021, and a campus in Durbanville, Cape Town, scheduled to open in February 2022. Both these campuses will have the potential to carry between 3 000 and 5 000 students.

At the time of writing this report, our country and the whole world is dealing with a crisis, the spreading of a dangerous Coronavirus. The Group acknowledges the need to ensure that students continue to receive a seamless learning experience, and have implemented various strategies to ensure that teaching and learning in the academic programmes are not compromised. I do hope and pray that the world will stand together on all fronts until we overcome this virus and reach a phase of economic and social stability again.

I wish to thank the Board of STADIO Holdings who gave me an opportunity to establish a company which will surely contribute in making South Africa even more efficient by delivering competent people to our labour force.

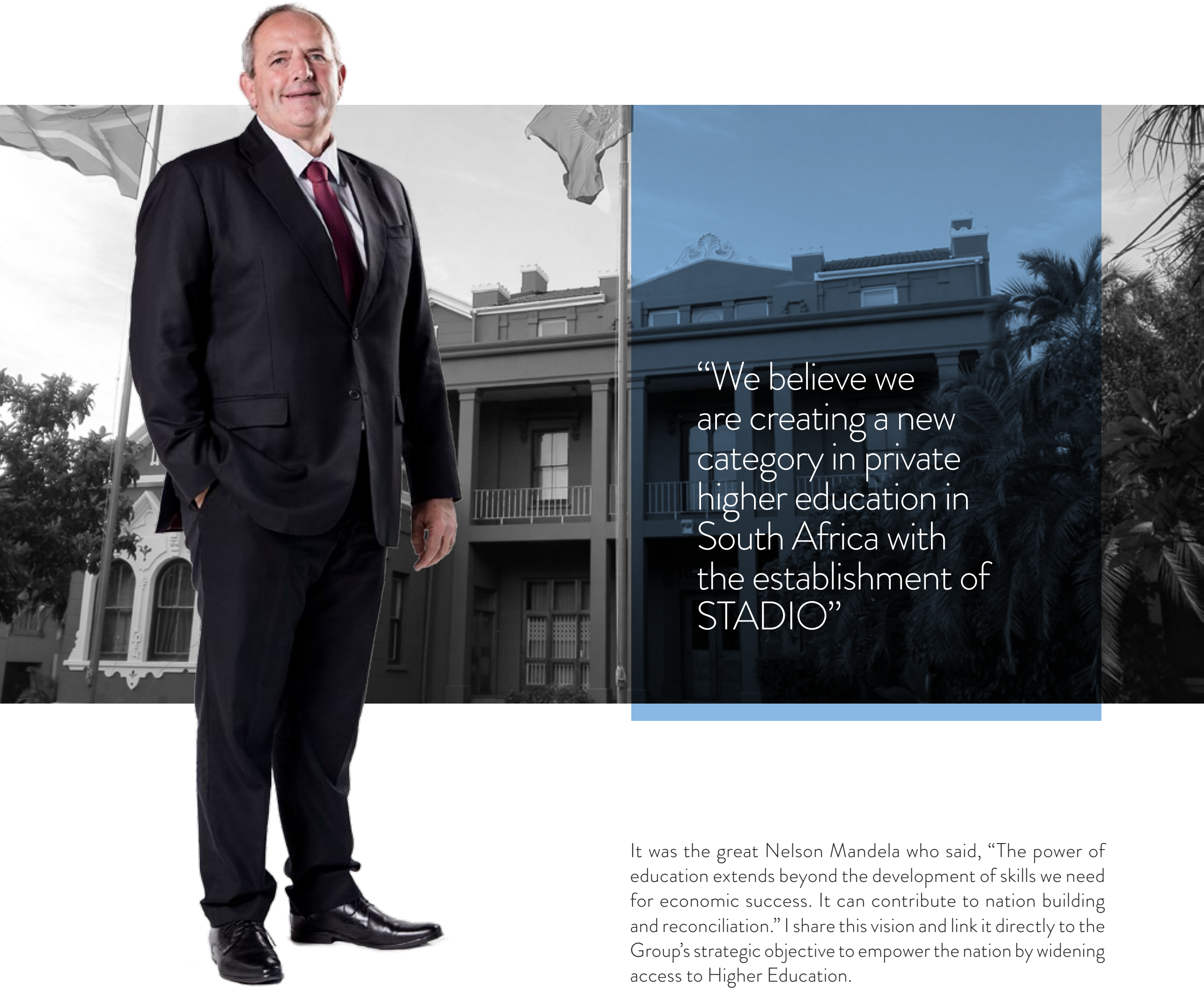
I also wish to thank the executive Directors, Ms Samara Totaram (CFO) and Prof Divya Singh (Chief Academic Officer) who worked diligently and relentlessly over the past three years to bring the Group to where it is today. I have also experienced good support from the CHE and the DHET in terms of moving forward with one STADIO and I wish to thank the regulators for acknowledging the contribution that private higher education institutions can make.

After nine years as CEO in the listed environment (six years as CEO of Curro and three years as CEO of STADIO Holdings) I am stepping down, not to retire, but to rebalance my life so that I can keep on contributing to giving more and more learners and students an opportunity to study in the private sector. Helping learners and students to find their niche and enter the world of work as proud and competent people is what I stand for, and I commit to doing just that.

Last but not least, a thank you to our diligent shareholders. We shall keep on implementing best efforts to unlock shareholder-value.

Dr Chris van der Merwe
Former Chief Executive Officer
29 April 2020

CEO'S REPORT



> "We believe we are creating a new category in private higher education in South Africa with the establishment of STADIO"

It was the great Nelson Mandela who said, "The power of education extends beyond the development of skills we need for economic success. It can contribute to nation building and reconciliation." I share this vision and link it directly to the Group's strategic objective to empower the nation by widening access to Higher Education.

I have been in the Higher Education sector my entire professional career, and private higher education, in particular, has been a passion of mine. I think we undervalue the contribution that quality private higher education can add to the development and nation building in South Africa and the wider African continent.

I am taking the reins from Dr Chris van der Merwe who is well respected in the private education sector and am aware that I have big boots to fill. I am also aware, however, that I have the best possible team at my disposal to be successful in achieving our goals.

We believe we are creating a new category in private higher education in South Africa with the establishment of a single integrated higher education provider, STADIO. STADIO will consist of multiple faculties, campuses, modes of delivery and new innovative, modern working-world-related qualifications. It is a dream that we believe in and to which we commit to with vigour.

The Group is now entering an important second phase of its journey. During the establishment phase, the Group finalised the acquisition of different brands, namely Embury, AFDA, SBS, Lisof, Milpark, CA Connect and Prestige Academy. Now we move to the important phase of consolidation.

It is imperative to consolidate the different strategies, structures, policies and plans of these entities to become a single higher education provider, STADIO, creating the new 'STADIO way'. I call this process the 'getting fit' phase. By doing this we are positioning STADIO for aggressive growth towards the future.

Although we are in the midst of the COVID-19 pandemic and are unsure what the immediate future holds – we believe that this time will pass, and two things are certain:

1. The STADIO Group will get through this crisis; and
2. The STADIO Group will be stronger afterwards.

I commit to serve the best interest of our students, staff and stakeholders at all times.

Mr Chris Vorster
Chief Executive Officer
29 April 2020

GROUP OVERVIEW

STADIO GROUP STRUCTURE

STADIO HOLDINGS LIMITED

STADIO INVESTMENT HOLDINGS PROPRIETARY LIMITED

100%	STADIO Faculty of Education & Humanities, School of Education (formerly Embury)
87.2%*	Milpark Education; ca•connect
100%	LISOF – Leaders in Fashion Education
100%	SBS Southern Business School
74%	SBS Southern Business School Namibia
100%	AFDA – film • television • performance • business innovation & technology, the school for the creative economy
100%	Prestige Academy – Private Higher Education

* effective interest

14 CAMPUSES PTA • JHB • CPT • KZN • PE • WINDHOEK

OUR VALUES

All higher education institutions (HEIs) within the Group, have adopted, and are committed to the Group's Ethics Pledge, below. These are the values lived by the leadership, espoused by all employees, and which we seek to instil in our students.

- The Group stands firmly grounded on the values of integrity, quality and openness ... this is our lodestar in all that we promise, undertake, and present.
- The Group is committed to facilitating access to higher education with a quality teaching and learning ethos that prioritises student success. However, as we embrace a trajectory of excellence, STADIO does not claim 'to be the best' or 'to have all the answers': humility is both integral and causative to our sustained success.
- The Group is cognisant of the shifting higher education landscape and the concomitant need for resilience amongst its leadership, management and staff as it strives to achieve its promise.
- The Group promotes a positive organisational culture undergirded by the ideals of respect, inclusivity, diversity, transformation, and – most critically – individual and collective diligence and commitment to the STADIO vision, mission, values and goals.
- The Group does not challenge itself with overnight success but has planned for a steady and responsible operation that will safeguard the best interests of the broader STADIO community (staff, students and all stakeholders) and the broader society. Equally – and steadfast in its promise to ensure attractive and fair shareholder returns – STADIO Holdings does not approve an approach fashioned by greed and irresponsible, artificial growth.

STADIO GROUP AT A GLANCE

STADIO Holdings is an investment holding company focusing on the investment into HEIs, with the purpose of widening access to quality and relevant higher education programmes in Southern Africa. It is the Group's vision to be a leading higher education provider, offering qualifications aligned with the needs of societies, students and the world of work. The Group currently owns six registered HEIs that provide both undergraduate and post graduate programmes that offer graduates a reasonable chance of creating employment opportunities (entrepreneurship) or finding employment.

OUR PURPOSE

TO EMPOWER THE NATION BY WIDENING ACCESS TO HIGHER EDUCATION.

OUR VISION

TO BE A LEADING HIGHER EDUCATION PROVIDER, OFFERING QUALIFICATIONS ALIGNED WITH THE NEEDS OF SOCIETIES, STUDENTS, AND THE WORLD OF WORK.

TRACING OUR ORIGINS

STADIO Holdings started as a subsidiary of Curro. Curro has been a proud provider of pre-school and school-based education since 1998 and was listed on the JSE in 2011. In 2013, Curro acquired Embury Institute for Higher Education Proprietary Limited (Embury), a registered private HEI which offers accredited teacher-education qualifications. In light of the opportunities presented in the higher education market, it was a natural progression for Curro to develop and expand into the higher education offering, through STADIO Holdings. On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO Holdings and to create a separate listed business, focusing on higher education, with a strong management team and a dedicated anchor shareholder (namely PSG Alpha Investments Proprietary Limited). STADIO Holdings listed on the JSE on 3 October 2017.

The Latin word 'curro' can be translated into English as 'I run' and **the Italian word 'stadio', can be translated into English as 'stadium'.** In ancient Rome, long-distance races required athletes to run from stadium to stadium to reach the finish line. The progression from Curro to STADIO symbolises the fact that STADIO is the way in which the race for education will be continued. It also epitomises the ethos of 'continuing' (lifelong) learning.

TOWARDS STADIO

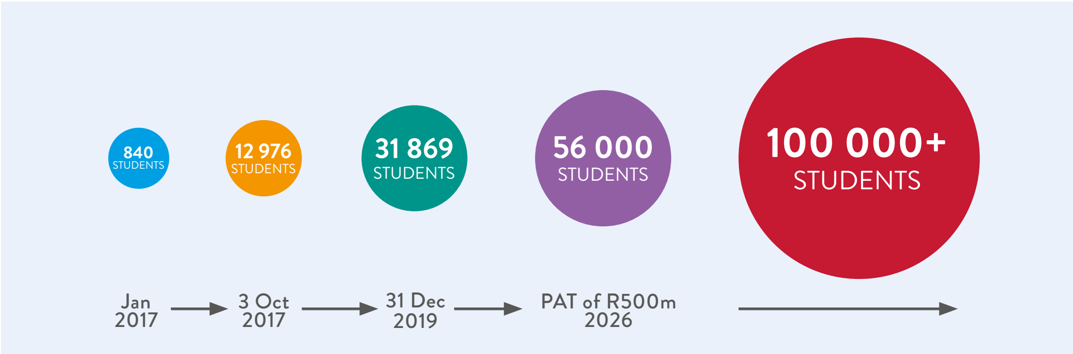
During 2020, the Group, subject to various regulatory approvals, will look to consolidate programmes offered by its various HEIs under a single integrated higher education provider, STADIO, that will allow stakeholders to benefit from the marketing, operational and regulatory advantages of doing so. The Group is currently engaged with the various regulatory bodies, including the Council on Higher Education (CHE), the Department of Higher Education and Training (DHET), and the South African Qualifications Authority (SAQA), regarding the proposed consolidation of programmes.

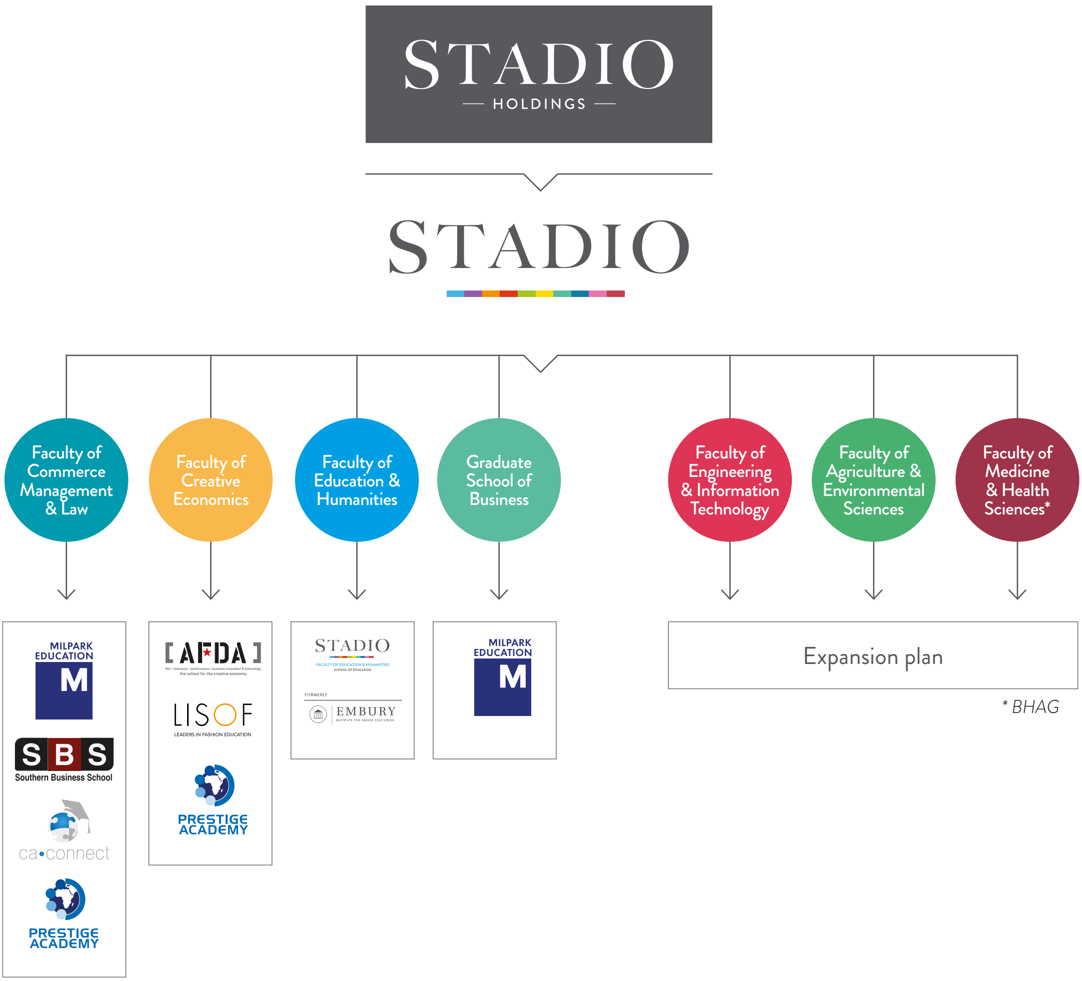
STADIO aims to be a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees (ranging from higher certificates and diplomas to doctorates). The Group currently has 93 programmes that are accredited, with an additional 45 programmes across both on-campus and off-campus (including distance learning and distance learning online) modes of learning delivery (including programmes in engineering and information technology) in the process of development and/or accreditation. From 2017 to 2019 the Group, through its HEIs accredited, key, in-demand, programmes, primarily in the off-campus mode of delivery, contributing to a growth of approximately 2 600 students over this period.

During November 2019, pursuant to migrating the Group's programmes to one registered HEI, STADIO, Embury changed its name to STADIO Proprietary Limited. Embury is currently trading as the STADIO School of Education.

In September 2019, the Group entered into a purchase agreement to purchase land and improvements thereon in Centurion for a total amount of R110 million. Construction on the site commenced in November 2019 and, subject to regulatory approvals and the potential impact an extended COVID-19 lock-down may have on construction, the Group intends to open its first multi-faculty STADIO campus (STADIO Centurion) in January 2021. Further to the development of STADIO Centurion, the Group has entered into an agreement, subject to various closing conditions, to acquire vacant land located in Durbanville, Western Cape (STADIO Durbanville). STADIO intends to open this multi-faculty campus in 2022, subject to STADIO Centurion opening successfully in 2021. Each multi-faculty campus will accommodate between 3 000 and 5 000 students.

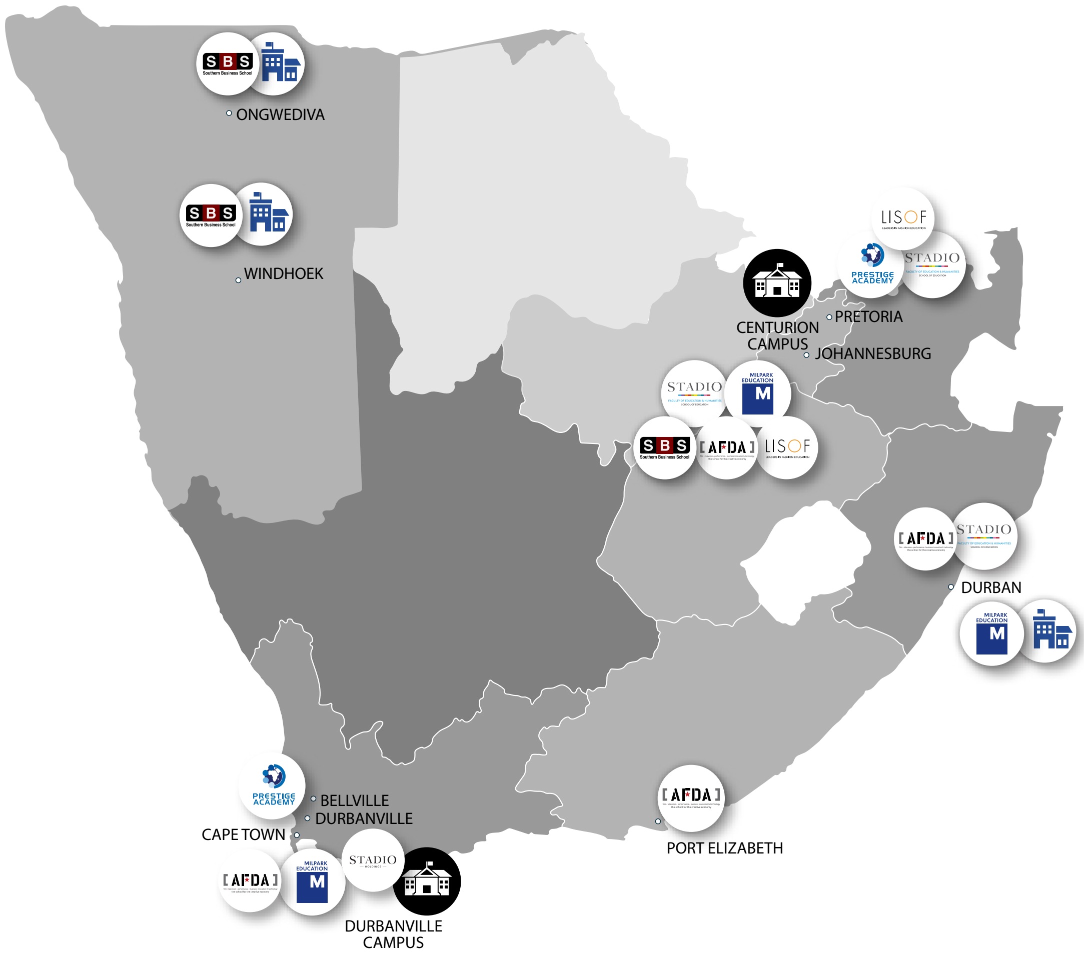
The Group is also progressing with the implementation of a world-class information technology system to cater for the financial, operational and student needs of the Group. This information technology system will effectively position the Group to deliver a quality offering to its students and will create the necessary capacity to facilitate the growth of students to achieve the Group's goal of 100 000 students over time.





Note: The above are illustrative faculties to be offered by STADIO

OUR GEOGRAPHICAL FOOTPRINT



LEGEND | CURRENT CAMPUSES

CORPORATE HEAD OFFICE | SUPPORT OFFICES | FUTURE MULTI-FACULTY CAMPUSES

THREE-YEAR REVIEW

Year ended 31 December	2019	2018	2017
Student numbers	31 869	29 885	12 976
Profitability	**R'000**	**R'000**	**R'000**
Revenue	815 427	632 928	122 250
EBITDA	180 314	128 812	469
Profit/(loss) attributable to ordinary shareholders	69 836	63 270	(7 037)
Headline earnings/(loss)	69 662	62 838	(7 038)
Core headline earnings	88 211	69 952	3 238
Earnings/(loss) per share	**Cents**	**Cents**	**Cents**
Earnings/(loss) per share	8.5	7.8	(1.2)
Headline earnings/(loss) per share	8.5	7.8	(1.2)
Core headline earnings per share	10.8	8.6	0.6
WANOS ('000)	818 019	810 678	576 147
Statement of financial position			
Total assets	2 066 659	1 904 246	1 698 252
Equity attributable to ordinary shareholders	1 571 160	1 649 916	1 385 317
Net asset value per share (cents)	192.1	201.8	176.3
Statement of cash flow			
Cash generated from/(utilised in) operations	141 284	77 257	(47 737)
Net cash flow used in investing activities	(176 922)	(305 161)	(391 903)
Net cash flow from financing activities	(130 434)	(158 678)	938 459
Net movement in cash and cash equivalents for the period	(166 072)	(386 582)	498 819
Cash and cash equivalents at the beginning of the period	259 508	646 090	147 271
Cash and cash equivalents at the end of the period	93 436	259 508	646 090

SUSTAINABLE VALUE CREATION

OUR STRATEGIC CONTEXT

South Africa's higher education market is made up of 26 public HEIs (with a total of 1 085 568 students in 2018) and 124 private HEIs (with a total of 197 898 students in 2018), which collectively had a total of 1 283 466 million students in 2018.

Private HEI students account for only 15% of the total higher education market in South Africa, whereas the global average is closer to 35%. The National Development Plan (NDP) aims to increase the number of students enrolled in higher education to 1.6 million students by 2030. As an element of the national growth and development plan, DHET would like to see one million students in private higher education, by 2030*.

CHALLENGES FACED BY PUBLIC HEIs:

- Limited budget available to institutions from the national fiscus
- First-year enrolment demand exceeds public university capacity
- Infrastructure provision under strain
- High drop-out rates, low graduation rates and the long time taken to graduate
- Limited articulation possibilities
- Increase in operational costs placing further pressure on government to increase funding to these institutions
- Subject to intermittent student and staff protests

Noting the challenges faced by public HEIs and the acknowledgment of the critical importance of higher education growth and development, the private sector is an ideal partner to support and assist the state in addressing and mitigating its risks, by assisting in WIDENING ACCESS FOR QUALIFYING LEARNERS TO HIGHER EDUCATION.

** Information sharing workshop on the regulatory framework for private HEIs, 7 September 2017*

STRATEGIC OBJECTIVES AND PERFORMANCE INDICATORS

STADIO Centurion – the Group's first multi-faculty campus currently under construction

STRATEGIC OBJECTIVES

1. Widen access for qualifying learners to higher education
2. Establish STADIO as a credible and respected higher education provider
3. Deliver acceptable growth targets and shareholder returns

IMMEDIATE MATERIAL ACTIVITIES AND ACTIONS

We believe that the achievement of our strategic objectives is dependent on the specific activities and actions we take within our day-to-day operations. Therefore, to successfully implement our strategy and pursue its objectives, the Group will focus on the following priority items:

- Smooth **change management** process including:
  - Successful business transfer of HEIs within the Group into a single higher education provider, STADIO
  - Implementation of best practice IT infrastructure (Business World and Student Management) to accommodate large scale student numbers and realise business efficiencies
  - Establishment of shared services to allow for realisation of cost efficiencies and synergies across the Group
- Successful construction of STADIO Centurion, the Group's first multi-faculty campus
- **Investing in focused marketing and brand development** initiatives to promote STADIO
- Establishing a plan for the successful delivery of certain **key qualifications** across all modes of learning delivery, including short courses
- Continued investigation into innovative and feasible **student funding** initiatives (including the establishment of the STADIO Kusasa Foundation, a Bursary Trust)
- **Delivery of acceptable profit targets**

Following the outbreak of the COVID-19 pandemic, the Group will monitor the effects that COVID-19 and the resulting lock-down will have on the Group and will adjust its focus areas accordingly to ensure that the overall Group strategies are achieved.

GROUP PERFORMANCE INDICATORS

1. Growth in Revenue
2. Growth in EBITDA and EBITDA margin
3. Growth in CHEPS
4. Performance against strategic objectives and associated key identified projects, including improvement in academic performance from year-to-year

BUSINESS MODEL

OUR INPUTS 1

FINANCIAL CAPITAL

We require shareholder equity, debt funding and internally generated cash flow to implement our growth strategy

PRODUCTIVE AND INTELLECTUAL CAPITAL

We require a range of quality, relevant curriculum and programme offerings to achieve our vision

SOCIAL AND RELATIONSHIP CAPITAL

We rely on various relationships in creating and delivering on a suite of academic offerings that are mutually beneficial to the world of work and society as a whole

NATURAL CAPITAL

We require sustainable environmental conditions which are conducive to carrying out our operations

HUMAN CAPITAL

We use the skills and expertise of our educators and academic staff and their ability to engage with students to facilitate the development of well-rounded graduates

MANUFACTURED CAPITAL

We require campus infrastructure to provide an environment conducive to learning in order to facilitate our on-campus contact learning students as well as provide support to our distance learning students

HOW WE ALLOCATE CAPITAL 2

We allocate and utilise our resources in a way that best positions us to achieve our strategic objectives and unlock value for our various stakeholder groups. Our Board of Directors is entrusted with determining our strategic objectives and carefully crafting a vision for the future that is beneficial for all the STADIO Group's stakeholders

OUR APPROACH TO RISK MANAGEMENT

Effective risk management is an integral part of the Group's daily operations and is key in supporting the strategic direction of the Group

We achieve effective risk management through a mindful application of King IV™'s principles and practices, ensuring that our governance of risk is aligned with our strategic objectives

OUR OPERATING ENVIRONMENT

- 60% of qualifying school learners cannot be accommodated by South Africa's public higher education sector
- Only 15% of South Africa's total higher education population is enrolled in private HEIs as opposed to 35% globally
- Currently over 1.2 million students in higher education in South Africa across public and private HEIs, whereas the NDP goal is 1.6 million students by 2030, with 1 million students studying at private HEIs
- With the country's unemployment rate critically high at around 29%, the graduate unemployment rate is about 1.7%, implying that a degree or post-school qualification dramatically increases employability

3 HOW WE CREATE VALUE AND SEIZE OUR OPPORTUNITIES

We create value through the growth and development of our existing HEIs through new programme development in both on-campus and distance modes of learning, exploring geographic expansion through greenfield developments, and the establishment of one STADIO offering, which will allow stakeholders to benefit from the marketing, operational, and regulatory advantages of migrating to a single higher education provider, STADIO

OUR ACTIVITIES/OUTPUTS

- We use our financial and intellectual capital to acquire recognised HEIs with appropriate programmes that are scaleable
- We develop and provide programmes that are relevant and responsive towards the needs of companies, industries and society, with a focus on a flexible curriculum approach (within the parameters set by our regulators)
- We develop new campuses and courses with the help of our diversely skilled human capital, durable relationships with our investee institutions and manufactured capital
- We invest in greenfield developments for our multi-faculty campuses
- We grow existing niche brands that are competitively positioned to take advantage of the opportunities in the market
- We assist our existing brands with capital and business expertise so that they are well-positioned to benefit from opportunities in the market
- We invest in suitable IT infrastructure to accommodate large scale student numbers

WE DELIVER WELL-ROUNDED ADULTS PREPARED FOR THE WORLD OF WORK

4 OUR OUTCOMES

FINANCIAL CAPITAL

- R840 million capital raised during 2017
- R200 million raised in debt through a revolving credit facility in 2019
- R158 million invested in acquisition of subsidiaries (2017 and 2018: R1 034 million)
- R11 million invested in curriculum development (2018: R13 million)
- R190 million cash generated from operations (2018: R100 million)

PRODUCTIVE AND INTELLECTUAL CAPITAL

- 93 accredited programmes (2018: 81)
- 45 programmes in process of development and/or accreditation (2018: 64)
- 7 294 graduates in 2018 (2018: 6 392)
- 80.9% average module success rate (2018: 77.7%)
- 113 research outputs (2018: 62)

SOCIAL AND RELATIONSHIP CAPITAL

- 1%–3% of revenue spent on bursaries, scholarships, discounts (2018: 1%–3%)
- committed to various CSR initiatives
- 34 international partnerships (2018: 31)

NATURAL CAPITAL

- promoting sustainable projects that benefit the environment and alleviate poverty
- water and electricity saving initiatives

HUMAN CAPITAL

- 912 employees (2018: 803)
- 280 employees with Masters/Doctorate qualifications (2018: 236)
- 321 educators (2018: 293)
- 62% female (2018: 64%) and 38% male (2018: 36%) employees
- 56% black (2018: 52%), 43% white (2018: 45%) and 1% Other (2018: 3%) employees

MANUFACTURED CAPITAL

- R157 million invested in acquisition, construction and expansion facilities (2017 and 2018: R264 million)

SUSTAINABILITY REPORT

THE GROUP'S PURPOSE IS TO EMPOWER THE NATION BY WIDENING ACCESS TO HIGHER EDUCATION, AND WE BELIEVE THAT THE PROVISION OF A QUALITY EDUCATION IS INEXTRICABLY LINKED TO THE ACHIEVEMENT OF ALL OTHER SUSTAINABLE DEVELOPMENT GOALS (SDGS).

www.un.org

The United Nations adopted 17 Sustainable Development Goals (SDGs), a set of aspirations aimed to assist in tackling the global challenges being faced, to, amongst others, reduce poverty, economic, social and gender inequality and environmental destruction, whilst bringing about peace and sustainable governance practices, by 2030.

Education is indisputably fundamental to the development of the necessary skills and intellectual capital that will ultimately promote economic growth and development. Access to education plays a pivotal role in providing hope, promoting equality, and ultimately social justice.

The current unemployment rate in South Africa remains critically high at around 29% and research indicates that in South Africa, the number of unemployed people that are graduates is at, or about 1.7%.

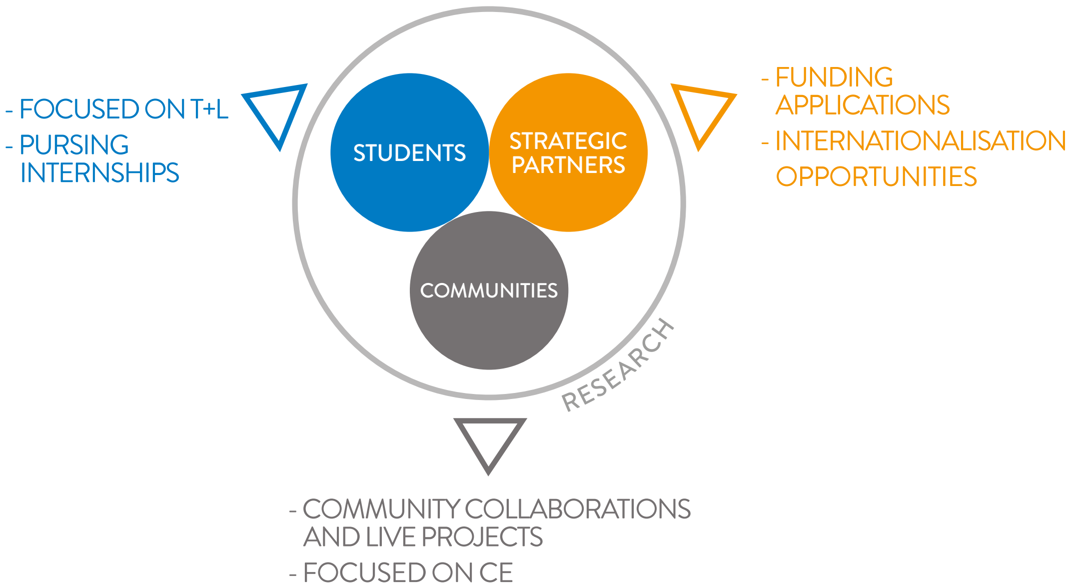
Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, an expanding post-school education system has become a norm of modernisation and the demand for post-school education continues to grow.

It is acknowledged that individuals who further their education post-school obtain a wide range of financial, personal and other lifelong benefits, including the skills to not only find jobs, but to create jobs. As such, society as a whole derives a multitude of direct and indirect benefits when citizens have access to post-school education.

HOW THE STADIO GROUP CONTRIBUTES TO ACHIEVING THE SDGS

Community Engagement (CE), Teaching and Learning (T&L), and Research are the three core responsibilities of higher education in South Africa, and the Group believes these areas are closely interlinked, and are developing strategies accordingly.

The Group focuses on the following areas and activities



COMMUNITY ENGAGEMENT

During January 2019, the Group established a Community Engagement working group which has developed the Community Engagement and Outreach Policy and is currently working on developing strategies for future projects. There are three main aspects to Community Engagement and Outreach. These are:

- Community Engagement – an engagement between the Group and the Community which aims to share knowledge, empower, facilitate and build capacity, in a reciprocal relationship between the Group and the Community.
- Corporate Social Responsibility (CSR) – the Group's economic, ethical and philanthropic (*Koech and Coldwell, 2019: 12*) responsibilities towards the South African society, and includes fundraising, bursaries and giving to charities.
- Volunteerism – 'any activity in which time is given freely to benefit another person, group, or organisation' (*Adams and Boscarino, 2015: 5*). Volunteerism would include helping or assisting in a community/NGO/similar in an area not linked to the curriculum or with a research outcome.

Refer to page 40 in the 2019 Integrated Report relating to specific Community Engagement and Outreach projects around the Group in 2019.

TEACHING AND LEARNING

The 2018 academic project focussed on establishing a foundation for quality teaching and learning which continued in 2019 with the 2019 Academic Conference being held under the theme *Teaching and Learning for Student Success: Education 4.0.* and was preceded by an interactive Pre-Conference Seminar: *Curriculum Transformation – Mapping the Journey for Best Practices.*

In 2019, the ZAZI Project was rolled out across the Group. '*Zazi'* has a double meaning in isiZulu and isiXhosa and may mean 'to know yourself', but it can also be the plural for Isazi, meaning 'to be wise'. The ZAZI Project will ensure that a student's journey at STADIO focuses on the narrative of holistic student empowerment encompassing both discipline-based knowledge, and the core values and 21st century skills for sustainable achievement and social consciousness. The first programme prioritises cultural, civic and social awareness as well as some workplace skills and includes modules on Pride in Africa, Poverty Alleviation, Sustainability, Leadership and Entrepreneurship, and Ethics and Conflict Resolution, all necessary skills to assist in achieving SDGs. In 2020, the second tranche of empowerment and development modules will be implemented focusing on 21st century skills – creativity, collaboration, critical thinking and communication; and qualities that will give STADIO graduates an edge in the world-of-work – adaptability, agility, design-thinking, grit and resilience, entrepreneurship, judgement, and leadership. Development of the activities comprising the ZAZI Project will be continually developed.

The Group is committed to:

- **Providing students with the knowledge, skills, and motivation to understand and address the challenges of the SDGs**.

  We ensure our students are provided with the necessary skillset through their course curricula. Together with course curricula, some institutions provide graduates with in-service training. There are various partnerships that have provided students international and industry exposure.

  Some key competencies which are developed by students include entrepreneurship, critical and creative thinking, social and strategic competencies, social responsibility as well as self-awareness. These provide our students with the ability to achieve SDGs through variety of industries.

- **Empower and mobilise our people.**

  Our student representative councils (SRCs) provides a platform for our students to have a voice and be an active part of leadership of our institutions. Students form an integral role in our community engagement activities; this alerts them to challenges being faced as well as encourages them to be part of the solution.

- **Providing in-depth academic or vocational training to implement SDG solutions.**

  The Group's course offering has been vetted considering the employability of the graduate and their contribution to society as a whole. Additionally, in our development of future offerings, due consideration has been given into how future graduates of these offerings will be able to contribute to achieving SDGs. Our students have access to qualifications across various levels, ranging from short courses to doctorates, online learning, distance learning or on-campus learning, and therefore the opportunity for lifelong learning is enhanced.

Refer to the Chief Academic Officers Report on pages 55 to 58 and the Value created for our Stakeholders section on pages 31 to 40 in the 2019 Integrated Report for more details.

RESEARCH

The Group produced 113 research outputs during 2019 (2018: 62) and focused on two institutional research projects, one of which was '*Social Consciousness, Responsible Citizenship and 21st Century Skills*'.

LEADERSHIP AND OPERATIONAL GOVERNANCE

Linked to the three core responsibilities of education discussed above, are the areas of external leadership and operational governance.

OPERATIONAL GOVERNANCE

The Group is committed to implementing the principles of the SDGs throughout its operations and seeks to align its operating policies and strategies with the aims of the SDGs. These actions are largely managed through the Group's governance structures. The sustainability of the Group considers not only the financial performance of the Group, but how the Group impacts the social environment that it operates within as well as the impact on the physical environment, and all its stakeholders.

EXTERNAL LEADERSHIP

HEIs have a key role in educating and equipping individuals with skills to enter the working world as advocates for sustainable development. In 2019, the Group's Business School, Milpark Business School, revised their strategic plan with a dedicated focus on leadership. Milpark Business School's vision is ***'Developing leaders for the common good'*** with a mission ***'To deliver an education that equips current and future business leaders to pursue ethical and sustainable business practices informed by the SDGs in an evolving local, Continental and global milieu.'***

In addition, higher education assists in initiating and facilitating cross-sectoral dialogue and action on SDG implementation. The Group was involved in facilitating dialogue with industry experts as well as entrepreneurs to understand how we can grow SMEs in the market, as an example and, in partnership with Development Institute of Deaf and Blind, the STADIO School of Education has commenced offering South Africa's first sign language teachers programme.

VALUE CREATED FOR STAKEHOLDERS

OUR STAKEHOLDER OUTCOMES

Our quest to empower the nation by widening access to higher education cannot be fully achieved without stable, mutually beneficial and productive relationships with stakeholders that have a direct, or indirect, role and impact on our ability to achieve our strategic objectives. It is therefore critical to include our stakeholders in our value-creation process.

In the tables below, we briefly outline the stakeholder groups who have a substantive impact on our ability to create value, their importance to us in achieving our strategic objectives and identifying how we address these relationships through our resources.

STUDENTS

WIDEN ACCESS FOR QUALIFYING LEARNERS TO HIGHER EDUCATION

IMPORTANCE

- Students are central to our business, both in fulfilling our vision of empowering the nation by widening access to higher education, and in ensuring our business is sustainable by creating demand for our products and offerings.
- With the unemployment rate in South Africa at around 29%, the importance of producing graduates who are highly employable is imperative.
- With the outbreak of COVID-19, providing students with support and a seamless learning experience is of utmost importance.

SOME ALUMNI HIGHLIGHTS

- Muhammed Patel won the Standard Bank Wealth Challenge for digital delivery and enhancements in business
- AFDA alumni have held key positions in over 180 feature films and 160 TV productions, the most notable being Debbie Berman who edited the block buster films Black Panther and Spiderman
- Thebe Magugu, ex Lisof graduate, won the LVMH Global Young Designer Award
- Rich Mnsisi won Best Black Designer at New York Fashion Week
- Ex Milpark graduate Amasi Mawela, appointed as CEO of Private Property
- SA Army student achieved 14 distinctions out of a possible 15

HOW WE CREATE VALUE

- **Quality of educators**
  - ensuring we have qualified and competent educators
- **Diverse product range**
  - ranging from higher certificates, which assist in providing access to higher education, up to postgraduate and doctorate degrees;
  - on-campus and off-campus modes of learning delivery (with a focus on enhancing the use of distance learning, which is more affordable and will increase the breadth of access)
  - investing in programmes that provide students with a real chance of finding or creating employment post-qualification, and equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness
- **Student support and success**
  - focusing on module success rate (i.e. access with success)
  - promoting regular student/lecturer engagement
  - implementing a user friendly IT interface to provide a seamless student experience with features improving the students' support and engagement with the HEI through Student Management, the Group's new student portal, ultimately assisting the student in their success
  - Reviewing and developing innovative solutions to support our students and manage their academic needs as they deal with the implications of COVID-19
- **Sustainable financial support**
  - providing student bursaries and discounts
  - engaging in various modes of financial support to assist students in gaining access
- **Sustaining our focus on internationalisation and global partnerships**
  - expanding students' horizons, making them more global citizens
- **Widening access to higher education for students**
  - creating further access opportunities for students by increasing both on-campus and distance learning capacity to accommodate more students through establishment of multi-faculty campuses and investing in development of our logistics and support centres
  - developing further programmes in the distance learning mode of delivery to provide alternative products to suit the various needs of current and potential students

GRADUATES (2019)

TOTAL

7 294

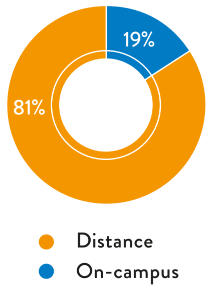
(2018: 6 392)

STUDENT NUMBERS (2019)[1]

Mode	Student numbers	Capacity
On-campus	6 197	11 000
Distance	25 672	–[2]
TOTAL	31 869	11 000[2]

[1] *Students enrolled for Semester 2, i.e. July – December 2019*

* *Not constrained by physical infrastructure – distance learning opportunities are scaleable*



HOW WE MEASURE STAKEHOLDER VALUE

- Number of students enrolled
- Percentage module success rates
- Student retention and dropout rates
- Number and range of accredited and pipeline programmes
- Student capacity available
- Achievement of IT milestones

VALUE CREATED AND CAPITALS UTILISED

FINANCIAL CAPITAL

During 2019, the Group invested:

- R126 million on the purchase of the land for, and commencement of construction for the STADIO Centurion campus
- R10 million on new programme development
- R11 million on the development of the Group's IT system

Further information is available in the CFO's Report on pages 59 to 64.

PRODUCTIVE AND INTELLECTUAL CAPITAL

- The Group has 93 accredited programmes
- A further 45 formal programmes are in the process of development or accreditation
- 34 active international partnerships and collaboration agreements in place

Further information is available in the Chief Academic Officer's Report on pages 55 to 58.

SOCIAL AND RELATIONSHIP CAPITAL

- Total of R10.6 million (2018: R7.6 million) was spent on bursaries and scholarships, of which R7.3 million (2018: R5.3 million) was awarded to females, with R4.6 million (2018: R3.4 million) awarded to black females

HUMAN CAPITAL

- Total students enrolled increased from 29 885 students in 2018 to 31 869 students in 2019
- 7 294 graduates in 2019 (2018: 6 392)
- Average module success rate of 80.9% (2018: 77.7%)

MANUFACTURED CAPITAL

- Our HEIs have a collective capacity for 11 000 on-campus students in South Africa and Namibia with the Group focused on developing its first two multi-faculty campuses, STADIO Centurion and STADIO Durbanville
- The Group has comprehensive distance learning systems in place supported by support offices and a logistics centre

VALUE CREATED FOR STAKEHOLDERS (CONTINUED)

EMPLOYEE NUMBERS (2019)

TOTAL
912
(2018: 803)

ACADEMICALLY QUALIFIED
883*
* *Includes* 321 educators

EMPLOYEES

ESTABLISH STADIO AS A CREDIBLE AND RESPECTED HIGHER EDUCATION PROVIDER

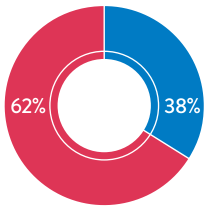
IMPORTANCE

- The Group is in the service delivery business and therefore, the knowledge, skills and experience of our employees allows us to provide a high-quality offering to our students and other stakeholders
- Our educators engage with our students in all fields of learning, and their quality directly contributes in the students successful learning and graduation
- The highly qualified and highly skilled leadership team, with expertise in education, academics, finance, business and entrepreneurship, are key in executing the Group's strategy and provides the Group with a strong competitive advantage.
- The Group is committed to supporting their staff as they deal with the implications of COVID-19 and to ensure they have the tools to continue to provide a quality learning experience for our students.
- The Group is committed to promoting transformation and gender diversity

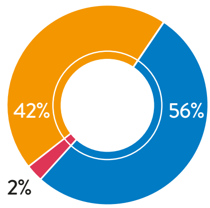
HOW WE CREATE VALUE

- **Appropriate remuneration structures**
  - Providing appropriate remuneration and incentives to ensure the Group attracts the best staff
  - A long-term share incentive scheme designed to retain and incentives key management
- **Employee development**
  - Supporting continued training and development to enable more knowledgeable and skilled employees across all facets of the Group
  - Opening up additional employment opportunities and trajectories as the Group grows
  - Annual Academic conference
  - Supporting research
- **Encouraging diversity**
  - Supporting diversity, both gender and race, through equal pay for equal work
  - Promoting racial transformation across the Group
- **Inclusivity**
  - All employees understand and believe in the Group's vision
  - Interacting and communicating regularly with employees in around the Group via the underlying management teams
  - Conducting HR roadshows with the Group's employees regarding the migration to 'one STADIO'

DEMOGRAPHIC OF EMPLOYEES

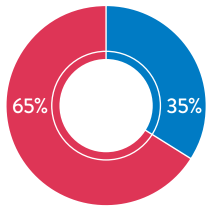


- Female
- Male

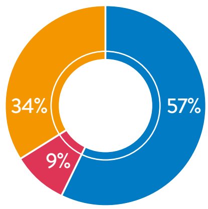


- White
- Black
- Other

DEMOGRAPHIC OF STUDENTS



- Female
- Male



- White
- Black
- Other

HOW WE MEASURE STAKEHOLDER VALUE	VALUE CREATED AND CAPITALS UTILISED

HOW WE MEASURE STAKEHOLDER VALUE

- Performance evaluations
- Training outcomes and development spend
- Appropriate benchmarking

VALUE CREATED AND CAPITALS UTILISED

FINANCIAL CAPITAL

During 2019, the Group spent:

- R376 million on salaries and wages, including PAYE, SDL and UIF (2018: R288 million);
- R13 million on defined contribution plans (2018: R10 million); and
- R6 million on share-based payments expense (2018: R4 million)

PRODUCTIVE AND INTELLECTUAL CAPITAL

- 113 research outputs (2018: 62)
- 2019 Academic Conference focused on Teaching and Support for Student Success: Education 4.0
- 34 active international partnerships and collaboration agreements (2018: 31)
- Two institutional research projects:
  - Social Consciousness, Responsible Citizenship and 21st Century Skills
  - Applying neuroscience to improve study material

HUMAN CAPITAL

During the year, the Group spent:

- R4.0 million on staff development through training and workshops (2018: R3.1 million); and
- R0.5 million on research papers (2018: R0.5 million)

During the year, the Group had:

- 280 employees with doctorates or masters qualifications (2018: 236)
- 321 educators (2018: 293)

During the year, the Group:

- announced the change in leadership, with Dr Chris van der Merwe retiring as CEO (executive Director) and being appointed as a non-executive Director of STADIO Holdings, effective 31 March 2020, and Mr Chris Vorster being appointed as CEO and an executive Director effective 1 April 2020

Refer to pages 83 and 84 for further details

VALUE CREATED FOR STAKEHOLDERS (CONTINUED)

REGULATORY BODIES

ESTABLISH STADIO AS A CREDIBLE AND RESPECTED HIGHER EDUCATION PROVIDER	
IMPORTANCE	**HOW WE CREATE VALUE**
• The accreditation of new high-quality academic qualifications that are relevant and aligned with the world of work are dependent on meeting the quality standards as required by the CHE and DHET • To migrate the underlying programmes across the various brands into STADIO, a registered private HEI, the Group needs to engage with the CHE, DHET and SAQA and obtain their approval • The Group is committed to applying good corporate governance and the requirements of the Companies Act and King IV™ • The Group is listed on the JSE	• **Academic** – Regularly engaging with the CHE and DHET to discuss developments in education and promoting discussions on ways in which the private sector can assist government in widening access to higher education – Assuring academic governance and quality across the brands in the Group through oversight administered by the Group's Academic and Student Affairs Committee (ASACOM) • **Financial** – Providing assurance through the Independent Auditor's unmodified report – Contributing to the country's tax base • **General** – Providing good ethical leadership – management and all underlying subsidiaries have adopted the Ethics pledge (see page 13) – Focusing on being a good corporate citizen – Investing in governance structures to ensure that the Group complies with King IV™ – Having access to various experts to ensure compliance with the various regulatory bodies.

HOW WE MEASURE STAKEHOLDER VALUE	VALUE CREATED AND CAPITALS UTILISED

HOW WE MEASURE STAKEHOLDER VALUE

- Number of programmes accredited and time to accredit new programmes
- Auditor's report
- Compliance audits

VALUE CREATED AND CAPITALS UTILISED

FINANCIAL CAPITAL

In 2019, the Group spent:

- R4.5 million on fees with external auditors (2018: R3.9 million)
- R1.4 million on listing compliance fees (2018: R1.4 million)

PRODUCTIVE AND INTELLECTUAL CAPITAL

- The Group has 93 accredited programmes (2018: 81)
- A further 45 formal programmes are in the process of development or accreditation

Further information is available in the Chief Academic Officer's Report on pages 55 to 58

HUMAN CAPITAL

- Quality Assurance and Academic Governance Committee established
- Highly skilled and experienced Board supported by sub-committees
- Increased the number of non-executive Directors to 7 (2018: 5)
- Appointed Ms Mathukana Mokoka, Dr Busisiwe Vilakazi and Dr Tom Brown as independent non-executive Directors to the Board of Directors
- R1.8 million spent on non-executive Directors' fees in 2019 (2018: R0.7 million)

Further information is available in the Governance section on pages 93 to 102

MANUFACTURED CAPITAL

- The Group changed Embury's name to STADIO Proprietary Limited during 2019
- The Group is in the process of migrating a number of programmes from the underlying institutions into one STADIO HEI and, subject to regulatory approval, expects to complete this during 2020

VALUE CREATED FOR STAKEHOLDERS (CONTINUED)

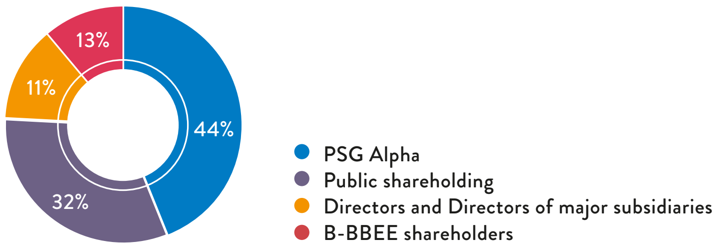
INVESTOR COMMUNITY

DELIVER ACCEPTABLE GROWTH TARGETS AND SHAREHOLDER RETURNS

IMPORTANCE	HOW WE CREATE VALUE
• The Group is focused on delivering acceptable growth targets and shareholder returns • We have a diverse shareholder base with around 13 600 shareholders	• Delivering on the Group's strategic objectives and promises made in the PLS • Setting key performance and growth objectives • Ensuring that the CEO and CFO engage with the investor community and shareholders on a regular basis to create awareness of the Group's activities and prospects • Producing and presenting annual and interim reports • Releasing relevant and informative Stock Exchange News Service (SENS) announcements

SHAREHOLDER STRUCTURE

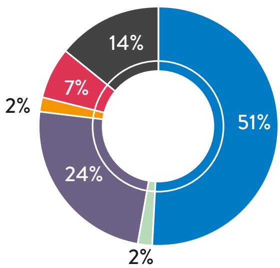
at 31 December 2019 (%)



HOW WE MEASURE STAKEHOLDER VALUE	VALUE CREATED AND CAPITALS UTILISED
• Performance against PLS, budget and targets • Performance against strategic objectives • Performance against KPIs and growth objectives • Market capitalisation • Return on equity	**FINANCIAL CAPITAL** – 2019 marks the end of the three-year forecast period as set out in the PLS and the Group has met or exceeded all forecasts made therein – During 2019, the Group entered into a Revolving Credit Facility with Standard Bank South Africa for an amount of R200 million and as such the Group does not currently expect to raise capital from shareholders in the short-term – CHEPS increased to 10.8 cps from 8.6 cps – HEPS increased to 8.5 cps from 7.8 cps Further information is available in the CFO's Report on pages 59 to 64 **HUMAN CAPITAL** – The Group's leadership team is highly skilled, knowledgeable and experienced. Effective 1 April 2020, the Board appointed Mr Chris Vorster as the new CEO, and believes he has the knowledge and skills to position the Group to reach its strategic goals – Further information regarding the Group's shareholders is available in the Shareholders' Analysis on pages 104 to 105

OUR VALUE-ADDED STATEMENT

Value distribution for the year ended 31 December 2019



- Distributed to employees R313 million (2018: R229 million)
- Distributed to social responsibility R11 million (2018: R8 million)
- Distributed to government R151 million (2018: R110 million)
- Distributed to providers of capital R14 million (2018: R6 million)
- Value reinvested R46 million (2018: R26 million)
- Value retained R84 million (2018: R77 million)

VALUE CREATED FOR STAKEHOLDERS (CONTINUED)

OUR WORLD

WIDEN ACCESS FOR QUALIFYING LEARNERS TO HIGHER EDUCATION

IMPORTANCE

- The Group is committed to:
  - ensuring graduates are employable and/or entrepreneurial;
  - providing programmes that are relevant to the world of work;
  - making quality higher education accessible; and
  - supporting the aim of the NDP to achieve the goal of 1.6 million students by 2030
- Noting the challenges by public HEIs and the acknowledgement of the critical importance of higher education in growth and development, the Group sees the private sector as an ideal partner to support and assist the state in addressing and mitigating its risks through higher education and training
- The Group acknowledges the need to provide students with a seamless learning experience, and staff with safe working conditions, whilst providing appropriate support to students and staff despite the operational, financial and social implications of the COVID-19 pandemic

HOW WE CREATE VALUE

- Providing high quality qualifications and programmes that are aligned to the world of work
- Engaging with industry and forming partnerships with business leaders
- Engaging with communities and seeking integrated teaching and learning opportunities
- Continuing to seek sustainable financial support options for students
- Engaging regularly with businesses to ascertain the needs of businesses to ensure 'STADIO' graduates are highly employable
- Focusing on being a good citizen
- Reviewing and developing innovative solutions to manage the needs of our students and staff as they deal with the implications of COVID-19

HOW WE MEASURE STAKEHOLDER VALUE	VALUE CREATED AND CAPITALS UTILISED

HOW WE MEASURE STAKEHOLDER VALUE

- Module success rate
- Programmes accredited
- Number of graduates
- Academic community engagements and collaborations
- CSR spend

VALUE CREATED AND CAPITALS UTILISED

FINANCIAL CAPITAL

– Total of R11.5 million was spent on bursaries, scholarships, donations and CSR initiatives during 2019 (2018: R8.3 million)

PRODUCTIVE AND INTELLECTUAL CAPITAL

– The 'ZAZI Project' Module on responsible citizenship (including the values of pride in Africa, poverty alleviation, sustainability, entrepreneurship, ethical behaviours and conflict resolution) was rolled out.
– Academic workshops and entrepreneurial training including focus on township economy and SME growth
– Collaboration with industry research

SOCIAL AND RELATIONSHIP CAPITAL

Various initiatives across the HEIs, including:
– Donations to various mental handicap associations, old age homes, orphanages, youth programmes and community development programmes
– ECOBRICKS Projects where staff and students create ECOBRICKS to build a classroom for a previously disadvantaged school
– Youth sport promotion projects – involving a number of student-led initiatives to promote physical education, sport and active lifestyles at schools
– Market day to encourage students, staff and others in community to engage in entrepreneurial activities
– Collaboration with local libraries to promote and support importance of reading to children, including special needs children.

NATURAL CAPITAL

– Recycling encouraged across the HEIs and all Group companies
– Elimination of plastic straws at some of the campus canteens
– Disposable polystyrene food containers eliminated and replaced by recyclable paper containers
– Plastics collected for recycling by the Owl Rescue Centre and used to build plastic nesting boxes for owls as well as bat houses

HUMAN CAPITAL

– Focus on ethical leadership
– Establishment of community engagement project focusing on interaction between corporate social responsibility, work integrated learning and community engagement
– Milpark Business School strategy repositioned to 'Developing ethical leaders for the common good'.

MANUFACTURED CAPITAL

– Investment in sites in Centurion and Durbanville, for the development of the Group's first two multi-faculty campuses to widen access and provide a learning-conducive environment as well as the expansion and investment into existing campuses

- Investment into the expansion of our distance learning offerings through the development of further programmes in the distance mode of learning

EFFECTIVE BUSINESS RISK MANAGEMENT IS AN INTEGRAL PART OF THE GROUP'S DAILY OPERATIONS AND IS KEY TO SUPPORTING THE STRATEGIC DIRECTION OF THE GROUP

RISK MANAGEMENT

The STADIO Group recognises the integration of strategy, risk, performance and sustainability in creating value for its stakeholders and is committed to applying the principles of King IV™ to instil good corporate governance practices across the Group. This will ensure that effective business risk management is an integral part of the Group's daily operations and is key to supporting the strategic direction of the Group.

Risk is defined as the probability that an event will have a negative (or in some instances, positive) impact on the Group's ability to meet its strategic objectives. Refer to page 22 for the Group's strategic objectives. The strategic risks managed throughout the 2019 year are disclosed on pages 43 to 46.

The Audit and Risk Committee has evaluated the risks in achieving its strategic objectives and has ensured that appropriate controls are in place to mitigate or reduce the risks to an acceptable level.

COVID-19

Since 31 December 2019, COVID-19 has emerged as a global pandemic, bringing with it both economic and social risk. The Group prioritises the health and safety of its staff and students and have informed and responsibly educated them about the pandemic, adopting protocols (including preventative measures) across the Group to assist them where necessary.

Currently more than 80% of the Group's students' study by means of the off-campus (distance learning) mode of delivery and therefore academically, are not materially affected by the ramifications of COVID-19. For the Group's on-campus students we have introduced various solutions to ensure that students continue to receive their tuition, including the necessary learner support commitments using technology and other alternate approaches. The Group's distance learning expertise has assisted with this transition and the Group is well positioned to manage the implications of an extended mandatory lock-down period for these students, continuing to provide students with a seamless learning experience.

The Group is cognisant of the potential implications of COVID-19 on the South African economy, as well as for both individual students and corporate clients. As such, the Group has engaged in the process of reducing both uncommitted capital and operational expenditures across the Group to free up cash reserves over this period, should it be needed, noting however that the Group has minimal debt and healthy cash resources on hand, as well as access to a credit facility.

The Group continues to monitor the developments of the pandemic in South Africa and is continually reviewing and developing innovative solutions to manage the needs of our students and staff over this period as well as positioning the business for growth.

RISKS AND OPPORTUNITIES (CONTINUED)

Risk identified	Risk description	Link to strategic plan
Regulatory (External and internal risk)	• Migration of underlying brands' programmes into STADIO is delayed as a result of delayed regulatory approval affecting the change management process and marketing of the STADIO Centurion site	Widen access for qualifying learners to higher education
Technology/Systems implementation (External and internal risk)	• Cybersecurity threat • Implementation of new IT systems is unsuccessful	Establish STADIO as a credible and respected higher education provider
Human Resources (Internal risk)	• Insufficient resources and skills impacting quality, service delivery, and institutional sustainability • Staff uncertainty, dissatisfaction, low morale and resignations due to change management	Establish STADIO as a credible and respected higher education provider
Sales and Marketing (External and internal risk)	• Lack of general public awareness and/or misunderstanding regarding the status of private higher education • Trading under a new, unknown private higher education brand, STADIO	Widen access for qualifying learners to higher education
Financial (External and internal risk)	• Failure to achieve projected student numbers • Increase in debtors book and bad debts • Large investments in capital projects with lower than expected capital returns	Deliver acceptable growth targets and shareholder returns

(1) Inherent risk – the risk before considering internal controls

(2) Residual risk – remaining risk having considered internal controls in place to mitigate the inherent risk identified.

Controls in place to mitigate risk identified	Inherent risk exposure (1)	Residual risk exposure (2)
• Maintaining ongoing targeted interaction with regulatory bodies • Working together with the regulatory bodies to meet critical milestones in the migration/business transfer process • Instituting appropriate internal mechanisms such as the centralised Quality Assurance Committee to review all submissions for integrity and correctness ahead of submission	Extreme	Moderate
• Implementation of data encryption tools • Engaging with external service provider to assist, advise and implement Azure Information Protection (AIP) • Establishment of IT Governance Risk and Compliance (GRC) management committee • Prioritising systems development and integration as a strategic imperative, led by the Group CEO investing significantly in IT at organisational level • Appointing internal capabilities to focus on development and co-ordination of holistic IT systems integration and governance	Extreme (external) Major (internal)	Moderate (external) Moderate (internal)
• Offering market-related remuneration combined with good working conditions across the Group in order to attract and retain the best academic and professional support staff • Developing a strong, positive Group culture that is accepted by the majority (if not all) employees • Appointment of external consultant, and subsequently a Head of HR, to assist in developing a remuneration and benefit harmonization strategy whilst establishing a Group wide EVP (Employee value proposition) and assisting with the migration of the businesses • Migration roadshows at all institutions to communicate and ease staff uncertainty • Developing staff through committed management and staff progression plans	Major	Moderate
• Conducting ongoing market research to identify and address public perceptions • Allocating focused resources to both general brand awareness and targeted marketing activities • Leveraging the existing solid brand and reputation of subsidiary institutions in the workplace and through the alumni • Highlighting research outputs produced by the Group, community engagement and social responsibility projects, as well as institutional partnerships and collaborations, through focused marketing • Using association-branding, strong communication strategies including roadshows to staff and current students, prospective students and alumni	Major	Moderate
• Ensuring informed and targeted marketing by subsidiary institutions • Pricing products reasonably and responsibly • Monitoring of debtors collections continuously • Tracking model ratios to ensure costs are contained within acceptable levels • Investco approval of all major / material projects and capital spend	Major	Moderate

RISKS AND OPPORTUNITIES (CONTINUED)

Risk identified	Risk description	Link to strategic plan
Operational (External and internal risk)	• Organisational disruptions, IT implementation and failure to implement effective change management • Autonomy of underlying institutions resulting in uncoordinated decisions	Establish STADIO as a credible and respected higher education provider
Academic (Internal risk)	• Failure to deliver high quality programmes	Establish STADIO as a credible and respected higher education provider
Competition (External risk)	• Increasing number of registered private higher education providers (with the growing potential for international role-players to enter the market)	Deliver acceptable growth targets and shareholder returns
Political (External risk)	• Slow pace of political support for private higher education, with continued emphasis on cost of higher education	Widen access for qualifying learners to higher education
Reputation (External and internal risk)	• Institutions do not meet the expected standards of service delivery and quality	Establish STADIO as a credible and respected higher education provider
Greenfield expansions (External and internal risks)	• Failure to enroll forecast students when opening a new campus with an unestablished brand • Delays in accrediting the site of delivery or in linking the required qualifications to the new campus • Construction process is delayed and incurs cost overruns	Widen access for qualifying learners to higher education

Controls in place to mitigate risk identified	Inherent risk exposure (1)	Residual risk exposure (2)
• Appointing COO and other dedicated resources • Working parties created and increased communication to focus on the convergence of all Group companies and development of centralised services • Engaging regularly with underlying HEIs through their membership on the Operating Executive Committee, collective STADIO Group meetings, or one-on-one CEO engagements • Approved budgets per HEI with regular monitoring of performance against the budgets	Major	Moderate
• Continuously monitoring student graduation and throughput rate • Facilitating the success of students through responsible learner support activities with formal and ongoing monitoring of plans • Continuously monitoring curricula by organisational CEOs, academic heads, and the ASACOM, (with reporting to the Board) • Establishing international student exchange programmes, as well as collaborating with a number of other international partners • Submitting quality new programmes to the CHE • Transforming curricula, including implementing the 'holistic student experience' comprising (i) discipline/technical learning; (ii) applied learning and skills for the workplace; and (iii) raising social and community consciousness and responsible citizenship	Moderate	Minor
• Ensuring niche and quality qualifications/programmes are offered • Implementing internationalisation opportunities for staff and students through appropriate exchange programmes • Committing to responsible and reasonable pricing and promoting affordability of offerings • Focusing on high-quality international partnerships and collaborations to promote global 'competitiveness' • Enacting an effective marketing and sales programme	Moderate	Moderate
• Participating in all scheduled discussions to identify and support new policy initiatives • Sharing new ideas and engaging with relevant role-players regarding support for, and achievement of, the targets set out in the NDP	Moderate	Moderate
• Adhering to a strong regulatory compliance framework assuring: – Organisational commitment to student-centredness and ethical conduct of all role-players – Quality management at subsidiary Boards – Organisational monitoring of 'minimum standards of quality' for STADIO institutions through centralised quality and learner support committees – Continuous monitoring of curricula by CEOs, academic heads, as well as the ASACOM	Major	Minor
• Appointing highly experienced external professional team (architect, engineer, quantity surveyor) • Reliance on historic experience and knowledge through expansion and development of Curro schools across South Africa • Engaging with regulatory bodies continuously • Consolidating existing sites (and students) on to the new campus • Marketing campaign established • Managing budgets closely	Extreme	Major

BUSINESS REVIEW

OUR INVESTMENTS

STADIO

FACULTY OF EDUCATION & HUMANITIES
SCHOOL OF EDUCATION

1. STADIO PROPRIETARY LIMITED, SCHOOL OF EDUCATION, (FORMERLY EMBURY) (STADIO SCHOOL OF EDUCATION) (100%)

"The journey towards becoming one reached one of its significant way markers with the name change of the Embury Institute of Higher Education to STADIO, the School of Education in 2019."
– *Prof Patrick Bean, Executive Dean*

STADIO is a registered HEI in South Africa, currently operating a School of Education. STADIO School of Education specialises in teacher education, specifically for pre-school and primary school teachers (Foundation and Intermediate Phases). STADIO School of Education currently offers 12 accredited teacher-education qualifications through both on-campus and distance learning modes of delivery, ranging from higher certificates to postgraduate degrees with an additional four qualifications in the process of development or awaiting accreditation.

STADIO School of Education saw excellent growth in student numbers from 2018 to 2019. This is largely attributed to the introduction of and investment in new distance learning programmes as well as the investment in geographical expansion made in prior years. STADIO School of Education believes in contributing to the excellence of teaching and learning not only through its complete qualifications but also through the professional development of practising teachers and Early Childhood Development (ECD) practitioners; offering a curated offering of especially developed short courses designed to upskill and empower members of the educationalist community.

The successful launch of the Post Graduate Certificate in Education (PGCE) in Senior Phase and Further Education and Training Teaching represented the first foray into the secondary school teaching arena. This qualification also saw the launch of a unique mode of learning called the Flexible Hybrid Learning Experience. This approach empowered students with unprecedented ability to keep their learning flexible through an integrated programme of live learning events, online activities, video communications and dedicated mentors. A network of newly established learning centres was established to provide access to internet and bring distance learners in closer contact with STADIO School of Education. The response has been phenomenal and represents a step ahead in the march towards digitalisation. The integration and proper use of technology has empowered the student to take charge of their own learning. 2019 was an exciting year for STADIO School of Education, and whilst the signs on the building have changed, internally the academic DNA remains committed to moving teacher education forward.

FLAGSHIP QUALIFICATIONS INCLUDE:
Advanced Diploma in Physical Education and School Sports
Bachelor of Education (Honours) in Inclusive Education
Bachelor of Education in Foundation Phase Teaching
Bachelor of Education in Intermediate Phase Teaching
Diploma in Grade R Teaching
Higher Certificate in Pre-school Education
Postgraduate Certificate in Senior Phase Teaching and Further Education and Training

For more information visit www.embury.ac.za

2. THE SOUTH AFRICAN SCHOOL OF MOTION PICTURE MEDIUM AND LIVE PERFORMANCE PROPRIETARY LIMITED (AFDA) (100%)

"AFDA has had continuous growth in student numbers for over 10 consecutive years. This growth is attributed to a committed staff body that believe in our culturally relevant and value-driven learning programmes, belief in the future of this country, belief in the potential of our students and work to see the intangible come to life in the success of our industry-leading graduates. I believe it is our duty to continue growing our student numbers because there awaits a passionate, hungry youth that deserves an education that creates a platform that will propel them into the economy of our country and drive the growth of the future state of our nation." – *Teresa Passchier, CEO of AFDA*

AFDA is a registered HEI in South Africa that offers 10 fully accredited degree and certificate programmes ranging from higher certificates to masters' degrees, primarily focused on the film, television and live performance industry whilst broadening its offerings to meet the demands of the new creative economy. There are a further three qualifications in the process of development or awaiting accreditation. AFDA's outcomes-based current and future programmes are focused on the creative economy, with areas of specialisation specifically relating to entertainment arts, entrepreneurship and technology.

AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from just six students into a premier institution of its kind in the world with campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.

AFDA graduation productions have been hugely successful both locally and abroad. These include the film *Elalini*, directed by Tristan Holmes, which won the Best Foreign Student Film Oscar in 2006, *Kanye Kanye* which won over 20 best short film awards worldwide, and was a finalist for the Oscars and Cannes in 2012. *Die Windpomp* and *Hollywood in my Huis*, initially AFDA student films, were later developed into feature films. AFDA student films have also won eight SAFTA's in the "Best Student Film" category. In 2019, 16 AFDA graduation films were selected by Showmax and AFDA to stream live on Showmax.

AFDA alumni have played a very important role in the growth of the entertainment industry. Our alumni have held key positions on over 180 feature films and 160 television productions, the most notable being Debbie Berman who edited the blockbuster films *Black Panther* and *Spiderman*.

FLAGSHIP QUALIFICATIONS INCLUDE:
Master of Fine Arts
Bachelor of Arts (Honours) in Motion Picture Medium
Bachelor of Arts (Honours) in Live Performance
Postgraduate Diploma in Innovation
Bachelor of Arts in Motion Picture Medium
Bachelor of Arts in Live Performance
Bachelor of Commerce in Business Innovation
Higher Certificate in Film, Television and Entertainment Production
Higher Certificate in Performing Arts
Higher Certificate in Radio and Podcasting

For more information visit www.afda.co.za

3. SOUTHERN BUSINESS SCHOOL PROPRIETARY LIMITED (SBS) (100%)

SBS is a registered private HEI offering higher education via distance learning. This prestigious institution offers 12 accredited and registered qualifications ranging from higher certificates to master degrees addressing management and leadership in the fields of business and commerce, law and policing. Additional formal qualifications are in the process of being developed or awaiting accreditation. Effective 1`October 2019, the Group acquired the remaining 26% shareholding in SBS.

Mr Chris Vorster, CEO of SBS said, **"Our business values of quality, affordability, recognition and excellent customer service have been the building blocks of Southern Business School for the past 23 years. We realise that the effective use of technology in delivering higher education through distance learning is of the utmost importance for the future. We are currently working on a range of technological interventions that will benefit our institution and our students. Southern Business School reflected stellar growth in students registered for formal distance learning qualifications in 2019. However, it is never only about student numbers, but about making a visible difference in the development of our students by living up to our slogan of Creating Leaders, and thereby ultimately contributing to the development of our country."**

Our focus for the 2019 academic year was to enhance student support. We introduced an electronic marking system, which proves to be effective and successful as students have access to their results immediately after it has been electronically assessed. Live streaming sessions were also introduced with great success. Additional classes were offered to the school leavers and students between the ages 18 to 24, as they are new to our profile of students. The purpose of this additional student support was to orientate them from high school into higher education and to introduce them to the art and discipline of distance learning.

SBS has two centres, namely the Centre for Management and Leadership Development and the Centre for Safety in Society, offering short courses and development programmes to the public and private sectors.

SBS strives to instill lifelong learning amongst our students. We have many success stories of Alumni, who after obtaining a first qualification continued their studies at SBS.

A proud Alumna, Ms Lufuno Matodzi started her studies at SBS in 2010 by registering for the Bachelor of Policing Practice programme. By 2019 she was conferred with the Master of Policing Practice degree, which was her fourth qualification that she obtained at SBS. She said, "Southern Business School is successfully creating future leaders. The knowledge that is being passed on by Southern Business School is what is really needed in our country and by all managers of organisations". Another excellent example of lifelong learning is the Alumnus, Mr Sam Nkadimeng. After obtaining the Diploma in Management at SBS, he continued his studies at the institution with the Bachelor of Business Administration degree and thereafter the Bachelor of Business Administration Honours degree. In 2019, he was one of our proud Master of Management graduates. He also holds a BSc degree and BSc Honours degree in Physics and Chemistry from the University of the North, as well as a postgraduate Diploma in Engineering from the University of Stellenbosch. Obtaining SBS qualifications enhances not only our Alumni's personal development, but also contributes to their career development.

FLAGSHIP QUALIFICATIONS INCLUDE:
Advanced Diploma in Management
Diploma in Management
Bachelor of Business Administration
Bachelor of Business Administration (Honours)
Master of Management
Bachelor of Commerce in Law
Bachelor of Laws (LLB) (Postgraduate)
Bachelor of Policing Practice
Bachelor of Policing Practice Honours
Master of Policing Practice
Higher Certificate in Management
Higher Certificate in Paralegal Studies

For more information visit www.sbs.ac.za

OUR INVESTMENTS (CONTINUED)

LISOF
LEADERS IN FASHION EDUCATION

4. LISOF PROPRIETARY LIMITED (LISOF) (100%)

"I have always felt very privileged to work in and among some of the most creative minds this industry has to offer. It's both humbling and inspiring and I look forward to re-imagining next year."
– ***Shana Rosenthal, CEO of Lisof***

Lisof is a registered HEI in South Africa with eight accredited programmes primarily focused on the fashion industry, and an additional two qualifications in the process of development or awaiting accreditation. LISOF currently has a presence in Johannesburg and Pretoria and is looking to expand its offering in Durban.

Lisof was established more than 20 years ago and is regarded as one of the most progressive fashion design schools and retail education institutions in Africa. Lisof attained this by developing a curriculum that is unique in its variety and depth, by employing and consulting leaders at the cutting edge of fashion, retail and education and by developing individuality, innovation and creativity. Its programmes are unrivaled in their scope and practical application and students can choose from a diverse selection of disciplines.

This year was an incredible year for us Lisofians. Thebe Mgugu ex Lisof graduate, won the LVMH Global Young Designer Award putting him in the category of the 'young designer to watch'. He was also listed as the Breakout Star of the year by GQ magazine. He exhibited his collection in both Paris and Japan Fashion Week. His unique style of exhibiting this collection received high level star reviews and illuminated the standards of teaching excellence at Lisof . We were also chosen by Nandos to create a collection of shirts using their young designer's printed textiles. Our second-year students championed this task with great skill. To end off the year, as usual, we had our grand finale only this year we chose to host it at 1 Fox and managed to secure Red Bull as the sponsor for the after party with young up and coming DJ's and a Music fest of note! This is the highlight of Lisofians studying in the creative stream.

FLAGSHIP QUALIFICATIONS INCLUDE:
Bachelor of Arts (Honours) in Fashion
Bachelor of Arts in Fashion
Bachelor of Business Administration in Retail Management
Bachelor of Commerce in Fashion
Diploma in Fashion (Design/Commercial)
Higher Certificate in Digital Marketing Practice
Higher Certificate in Fashion
Higher Certificate in Fashion Retail

For more information visit www.lisof.co.za

MILPARK EDUCATION

5. MILPARK EDUCATION PROPRIETARY LIMITED (MILPARK) (87.2%)

"Milpark started 2020 celebrating the achievements of a Milpark Business School MBA alumnus, Mr. Eric Moepeng, who was appointed as Senior Vice President of Human Resources at Sibanye-Stillwater. In addition, we celebrated the achievements of the 2020 graduates, to name a few, Ms Ntombis Ntombisine, who graduated with an MBA, Ms Bernice Car who graduated with a Bachelor of Commerce and Phillip Dikola who graduated with in Bachelor in Business Administration."
– Julian van der Westhuizen, CEO of Milpark

Milpark is a registered HEI in South Africa currently offering 28 accredited higher education programmes, including an AMBA accredited Masters in Business Administration (MBA) and a Post graduate diploma in Accounting (PGDA), with a further six programmes in the process of development or awaiting accreditation. Milpark was established in 1997, being one of the first private providers of higher management education in South Africa. Milpark acquired the business of CA Connect during 2018 which focuses on education services relating to accounting.

A part of Milpark's business is to service the higher education training needs of various corporate entities. This portion of the business is cyclical and is directly impacted by various economic factors which remain outside of Milpark's control. During 2019, overall student numbers declined, however, overall revenue increased with EBITDA increasing significantly. The increase is predominantly attributable to a better mix of enrolled students contributing more profitably to the Group as well as through disciplined cost control and capitalising on operational efficiencies.

Milpark expanded its alumni platform with the launch of MBSAlum, the Milpark online MBA alumni platform. In addition, the Business School recently hosted the National and Provincial Audit Outcomes Public lecture, in partnership with the Auditor-General of South Africa (AGSA). Milpark hosted a Corporate Networking breakfast at Spier Wine Estate and at the same time, launched the Hospitality and Tourism short learning programmes, accredited by CTH (Confederation of Tourism and Hospitality, The United Kingdom's leading professional body specialising in hospitality and tourism).

The majority of Milpark's programmes are offered through distance learning. However, Milpark has two teaching campuses situated in Cape Town and Johannesburg, and a support office in Durban.

FLAGSHIP QUALIFICATIONS INCLUDE:
Doctorate in Business Administration (DBA)
Master of Business Administration (MBA)
Postgraduate Diploma in Accounting (PGDA/CTA)
Bachelor of Commerce – with a selection of Majors
Bachelor of Business Administration – with a selection of Majors
Banking Qualifications
Financial Planning Qualifications
Short-term Insurance Qualifications
Human Resource Management Qualifications

For more information visit www.milpark.ac.za

OUR INVESTMENTS (CONTINUED)

PRESTIGE ACADEMY

6. PRESTIGE ACADEMY PROPRIETARY LIMITED (PRESTIGE ACADEMY) (100%)

"Prestige Academy has a clear vision of where it is going and its sphere of influence. This company endeavours to be known as a leader in private higher education and an institution of excellence in education throughout South Africa, across the African continent and beyond. Quality and innovation are two of our core business values, which transpire in the continuous expansion of the scope of qualifications offered, and the fact that quality teaching for quality learning is non-negotiable. When employers are hunting our graduates, it speaks for itself."
– *Sandra Mostert, CEO of Prestige Academy*

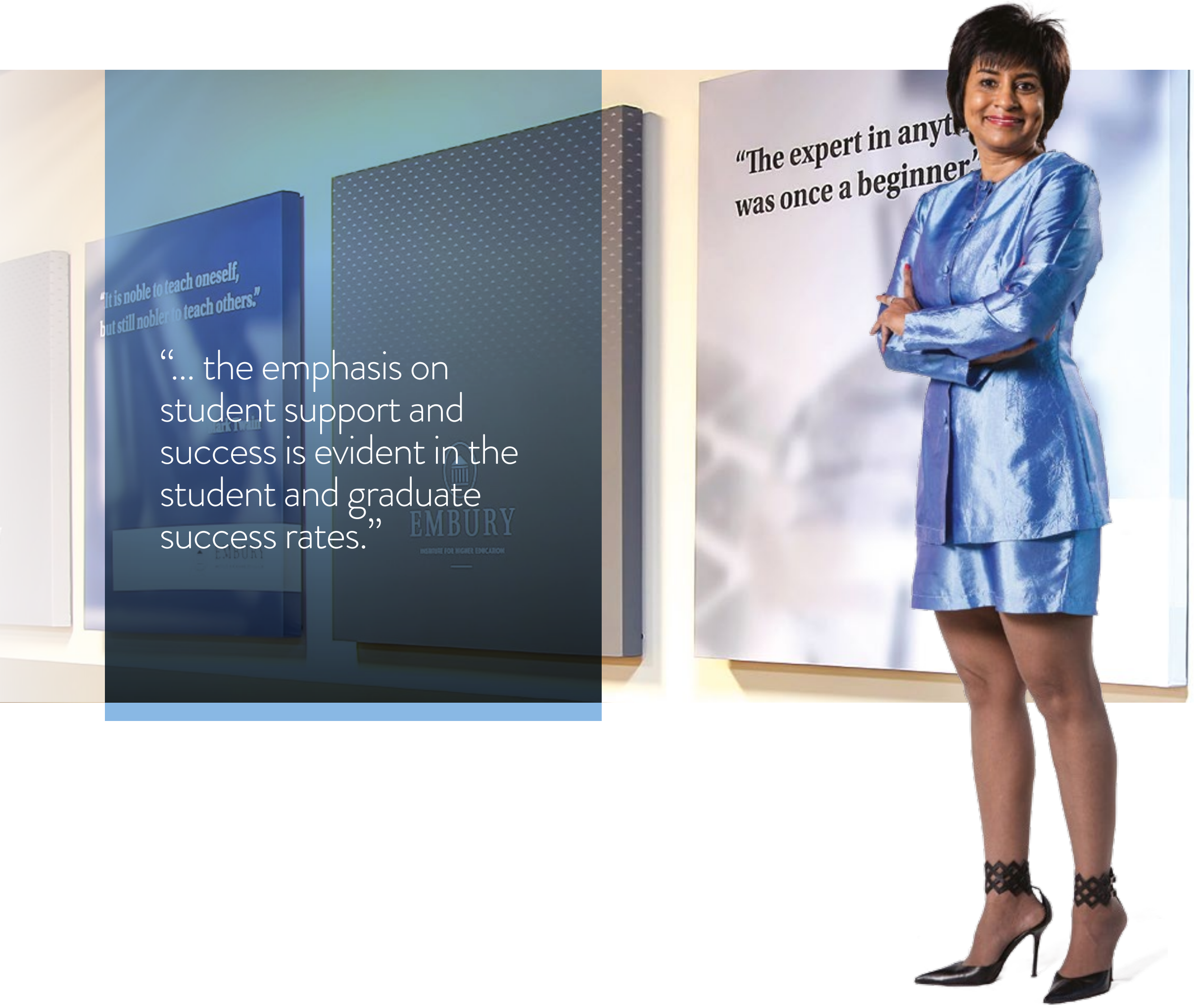
Prestige Academy is a registered HEI in South Africa currently offering 21 accredited higher education programmes, with a further 13 programmes in the process of development, or awaiting accreditation. Prestige Academy focuses on outcomes-based programmes specifically designed to address career paths, and qualifications combine classroom-based theoretical knowledge with practical application.

Prestige Academy was established in 1994 as an exclusive IT training college and has gone through a transformation process over time. Prestige Academy was acquired by STADIO on 1 November 2018 and had 529 students in 2018 across its main campus in Bellville and the satellite campus in Centurion. It takes pride in offering qualifications that are tailored to market needs, with a strong focus on curriculum relevance that enable its graduates to play a constructive role in the economic activities of the country.

FLAGSHIP QUALIFICATIONS INCLUDE:
Bachelor of Arts in Visual Arts in Visual Communication Design
Bachelor of Applied Arts in 3D Animation
Bachelor of Commerce in Digital Marketing
Bachelor of Commerce in Business Marketing
Bachelor of Commerce in Business Management
Bachelor of Commerce in Event Management
Bachelor of Information Technology in Web Design and Development
Diploma in Information Technology Network Integration Specialisation

For more information visit www.prestigeacademy.co.za

CHIEF ACADEMIC OFFICER'S REPORT



"... the emphasis on student support and success is evident in the student and graduate success rates."

The academic project remains primarily undergirded by the activities in the six independently registered private HEIs in the Group. Each one of them is academically autonomous and responsible for its academic programmes and quality. However, that said, STADIO Holdings sets the educational strategy for the Group and maintains the overarching quality assurance, monitoring and oversight functions across the brands to ensure consistent academic standards, continuous innovation and ongoing evolution of the academic project. This role is performed through a centralised Academic and Student Affairs Committee (ASACOM) chaired by the Chief Academic Officer (CAO) and attended by, among others, the academic leadership and leadership of the six institutions. The ASACOM is supported by a robust sub-committee structure which includes the Quality Committee, the Student Support and Success Committee (incorporating student wellness), the Assessment Committee (in 2020, the function of this committee will be expanded to include tuition matters), and the Research Committee. Also, there are several working groups focusing on critical issues such as curriculum transformation, community engagement, student graduateness, and access and lifelong learning through the recognition of prior learning.

In addition to new programme developments in the six underlying institutions, 2019 saw the further expansion of programmes into four new discipline domains, namely engineering, architectural and spatial design, agriculture and information technology. The Group has identified each of these fields as areas of significant growth and development, responding to the national needs and global demands of the 21st century and the world of work. The development of new programmes – from higher certificates to degrees – was pursued in earnest and several applications will be ready for submission to the national accreditation authority in 2020. During 2019, ten new programmes were certificated by the Department of Higher Education and Training (DHET) in the areas of education, law, accounting, digital marketing, retail management, project management and information technology. A further 17 programmes are currently in the regulatory processes (CHE and SAQA) including two doctorates in policing and management.

In 2018 the academic project focussed in earnest on establishing a foundation for quality teaching and learning and while this emphasis continued in 2019, it was student support and success which was highlighted as a second pillar for attention. The 2019 Academic Conference was hosted in September under the theme *Teaching and Learning for Student Success: Education 4.0* and was preceded by an interactive Pre-Conference Seminar: *Curriculum Transformation – Mapping the Journey for Best Practices*. The Conference included internal and external experts sharing leading practices during plenary presentations, panel discussions, and poster presentations. Students were also given a platform to discuss their wants and to share their experiences of the classroom, making suggestions for improvement.

The Group acknowledges the importance and contributions of its teaching staff to the success of the academic project and is committed to professional staff development and incentivising excellence. A highlight of the Academic Conference is the annual STADIO Group Excellence in Teaching Awards which acknowledges outstanding performance in teaching and module design, assessment, student success, and scholarship. During 2019, the Group also introduced research incentives to reward all staff members who successfully published in DHET accredited journals and books and/or chapters in books. This was a crucial intervention because whilst the Group does not aim to be a research-intensive institution, the production of new knowledge and sharing leading practices is critical for relevant teaching and learning both at undergraduate and postgraduate levels, as well as for STADIO's brand and reputation in the social and higher education milieu.

The positive outcome of the emphasis on student support and success is evident in the student and graduate success rates at the end of 2019:

			2019
Overall Success Rate			**80.94%**
(2018 Success Rate: 77.7%)	On-campus	84.17%	
	Distance	76.80%	
Overall Postgraduate Success Rate			**80.52%**
	On-campus	79.86%	
	Distance	81.16%	
Overall Undergraduate Success Rate			**81.00%**
	On-campus	84.73%	
	Distance	76.03%	

7 294 students graduated in 2019 and will receive their certificates in 2020, an increase from 6 392 in 2018.

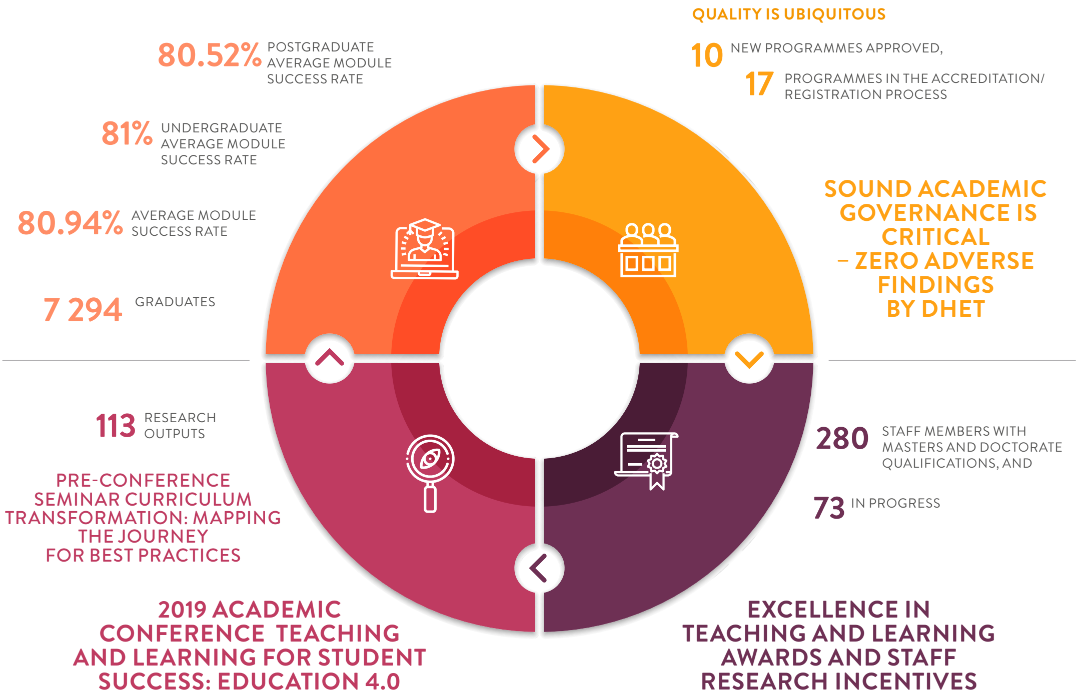
The Group concluded four significant partnerships during 2019, supporting its imperative to enhance student support and success. They are:

- Membership to Universities South Africa (USAf)
- An agreement with the South African Depression and Anxiety Group (SADAG) – higher education is rapidly acknowledging the emotional fragility of students, and there is a growing emphasis for institutions to support students' mental health and wellbeing as a further driver of success.
- Agreements with ProQuest and Scholar Text that enhance the online library services for staff and students, while all other library services continue.
- An agreement with Graduway (limited to Milpark Business School) to support alumni and industry liaison opportunities. This is the first step in the STADIO Group's joint alumni network and industry engagement programme.

The Group instituted its first graduate employability study in 2019, surveying graduates who were eligible to enter the workplace for the first time. 69% of the respondents indicated that they had found employment within nine months of graduating, others were pursuing further studies, and a significant number from the creative economies had started their own businesses or were freelance operators. However, a valuable lesson learned from the survey was the importance of establishing networks between students, graduates and industry. This will be a priority for the Group during 2020, recognising the need for all programmes to be relevant, and for our graduates to be both employable and employed (or adequately prepared to start their own businesses as new entrepreneurs).

Sound academic governance is essential. Academic governance at all institutions remains consistently high, and there were no concerns raised by the DHET during 2019. Academic risks are monitored through the Group Strategic Risk Register. and the appropriate mitigating actions implemented. Also, at the end of 2019, the academic leadership developed an Academic Risks and Opportunities Framework for the Group, which informed the basis of the 2020 Academic Plan. Quarterly reports from the ASACOM will continue to be submitted to the STADIO Holdings' Executive Committee and the Board. The Chairperson of the Board remains a member of the ASACOM, ensuring necessary and appropriate oversight of the academic project.

2019 ACADEMIC PROJECT INDEX



Finally, while the academic programme in a 'house of brands' scenario continued seamlessly during 2019, the Group has also been working towards the realisation of its promise to consolidate its brands and establish a single multi-faculty private higher education institution. This process has external and internal factors requiring various regulatory approvals, as well as internally requiring the development of academic systems, policies and procedures for the new consolidated institution. The process is well underway, and the expectation is that it will gain more significant momentum during 2020.

The 2019 academic project was an unequivocally inspiring and stimulating space with existing quality further bedded down and other new initiatives introduced. There is every indication that this impetus and energy will continue in 2020.

Dr D Singh
Chief Academic Officer
29 April 2020

CFO'S REPORT

"The Group has achieved, and exceeded, its strategic objectives and forecast financial benchmarks as set out in the PLS."

HIGHLIGHTS

	2019	2018
Student numbers	**31 869**	29 885

Profitability	R'000	R'000
Revenue	**815 427**	632 928
EBITDA	**180 314**	128 812
Profit attributable to ordinary shareholders	**69 836**	63 270
Headline earnings/(loss)	**69 662**	62 838
Core headline earnings[1]	**88 211**	69 952

Earnings per share	Cents	Cents
Earnings per share	**8.5**	7.8
Headline earnings per share	**8.5**	7.8
Core headline earnings per share	**10.8**	8.6
WANOS ('000)	**818 019**	810 678

[1] *Headline earnings are 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 Group.*

STUDENT NUMBERS

All information presented below represents the information of the underlying registered HEIs owned by the Group, split into the mode of delivery and illustrative faculties proposed to be offered by STADIO.

Students numbers have been presented to show the students enrolled for Semester 1 (January to June) and Semester 2 (July to December) programmes and to illustrate the impact on new student enrolments, mainly in the off-campus mode of delivery, that occurs during Semester 2.

ENROLMENTS

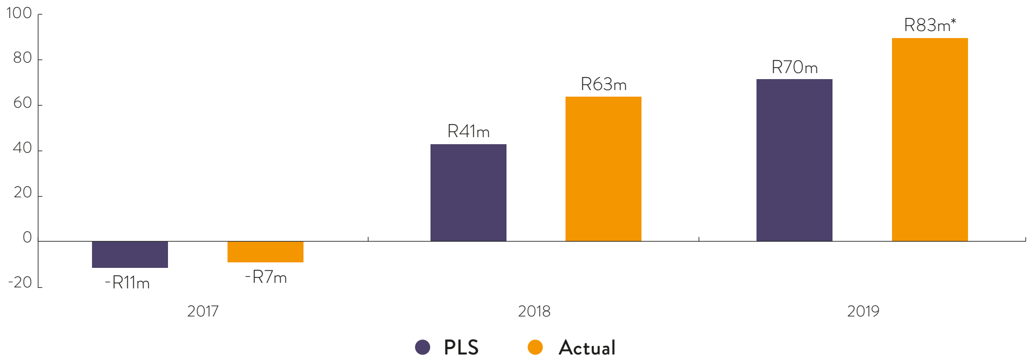
	Semester 1 unaudited				Semester 2 unaudited			
	2017[1] 30 Jun	2018[1] 30 Jun	2019 30 Jun	Year-on-year growth %	2017[1] 31 Dec	2018[1] 31 Dec	2019 31 Dec	Year-on-year growth %
Faculty								
Commerce, Management and Law	19 834	21 648	22 360	3%	23 761	25 105	**25 433**	**1%**
Creative Economies	2 749	2 889	3 092	7%	2 727	2 878	**3 065**	**6%**
Education & Humanities	1 112	1 735	2 758	59%	1 039	1 839	**3 301**	**79%**
Engineering & Information Technology	57	62	70	13%	57	63	**70**	**11%**
	23 752	26 334	28 280	7%	27 584	29 885	**31 869**	**7%**
Modes of learning delivery								
On-campus	4 755	5 402	6 081	13%	4 833	5 500	**6 197**	**13%**
Off-campus	18 997	20 932	22 199	6%	22 751	24 385	**25 672**	**5%**
	23 752	26 334	28 280	7%	27 584	29 885	**31 869**	**7%**
Made up as follows:								
% On-campus	20%	21%	22%		18%	18%	**19%**	
% Off-campus	80%	79%	78%		82%	82%	**81%**	

[1] *like-for-like comparison including student numbers of all underlying HEIs as if they had been a part of the Group in this period. The prior year figures have been restated accordingly, and adjusted to correctly split the student numbers by mode of delivery.*

REVIEW OF RESULTS

The Group's Financial Results for the year ended 31 December 2019, marks the end of the period envisioned in the PLS, issued on 15 September 2017 and pleasingly, the Group has achieved, and exceeded, its strategic objectives and forecast financial benchmarks as set out in the PLS.

PROMISES OF THE PRE-LISTING STATEMENT (HEADLINE EARNINGS Rm)



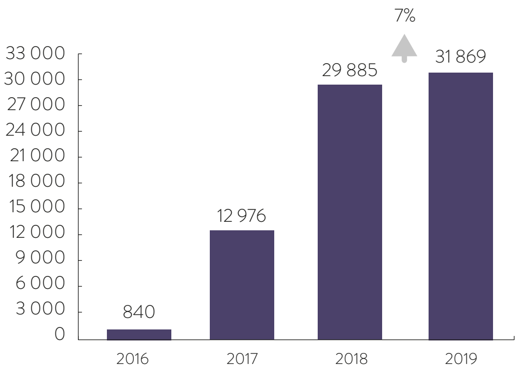
** Excludes a fair value adjustment in respect of contingent consideration of R13 million. Including this fair value adjustment, the amount would be R70 million.*

The Financial Results for the year ended 31 December 2019 include the consolidation of all HEIs for the full year. Effective 1 October 2019, the Group acquired, by way of a share repurchase, the remaining 26% shareholding in SBS.

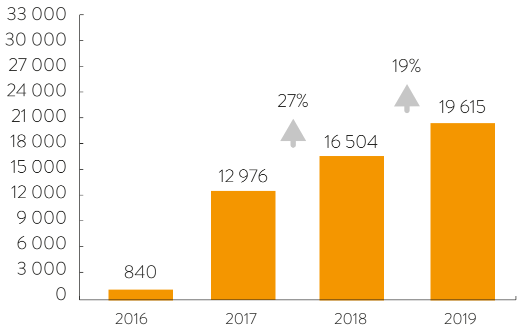
The comparative 2018 Financial Results, include the acquisitions of Milpark Education (Pty) Ltd, the business of CA Connect Professional Training Institution CPT (Pty) Ltd (CA Connect) (hereinafter collectively referred to as Milpark) and the results of Prestige Academy (Pty) Ltd (Prestige Academy) (the 2018 Acquisitions) from their respective acquisition dates of 19 March 2018, 12 April 2018 and 1 November 2018.

At 31 December 2019, the Group increased overall student enrolments by 7% to 31 869 (2018: 29 885), of which on-campus students grew by 13% to 6 197 (2018: 5 500), and off-campus students grew by 5% to 25 672 (2018: 24 385). The overall growth in student numbers, specifically off-campus student numbers, was negatively impacted by the decline in Milpark's student numbers to 12 254 at 31 December 2019 (2018: 13 381). Excluding the impact of Milpark's student numbers, the Group grew student numbers by 19% for the year ended 31 December 2019.

STUDENT NUMBERS (actual) 31 DECEMBER 2019



STUDENT NUMBERS (actual) (EXCLUDING MILPARK) 31 DECEMBER 2019



A part of Milpark's business is to service the higher education training needs of various corporate entities. This portion of the business is cyclical and is directly impacted by various economic factors which remain outside of Milpark's control. Notwithstanding the decline in student numbers, Milpark contributed significantly to the overall performance of the Group with a 14% increase in revenue and a 124% increase in EBITDA for the year (on a like-for-like basis). The increase is predominantly attributable to a better mix of enrolled students contributing more profitably to the Group as well as through disciplined cost control and capitalising on operational efficiencies. Milpark currently has 28 registered programmes, including an AMBA accredited Masters in Business Administration (MBA) and a Post Graduate Diploma in Accounting (PGDA).

The growth in revenue of 29% from the prior year is attributable to organic growth of 17% in the underlying HEIs, as well as 12% acquisitive growth from the inclusion of the 2018 Acquisitions for the full 12 months.

The increase in EBITDA of 40% to R180 million (2018: R129 million) was attributable to the 22% organic growth of the underlying HEIs, 3% acquisitive growth, and a net 15% increase arising from fair value adjustments and the adoption of IFRS 16 Leases (IFRS 16). The adoption of IFRS 16 in the current year specifies that certain rental expenses are excluded from operating expenses but instead are reflected through an increase in depreciation and finance costs for the 2019 Financial Year. Consequently, depreciation increased to R45 million (2018: R22 million); and finance costs increased to R20 million (2018: R7 million); for the year ended 31 December 2019. Further details are contained in Note 9 of the Summary Financial Statements.

Earnings per share (EPS) and Headline earnings per share (HEPS) both grew 9% from 7.8 cps to 8.5 cps. The growth was impacted by a non-cash fair value adjustment of R13 million in respect of the contingent consideration payable for the CA Connect and Prestige Academy acquisitions. This adjustment was primarily as a result of the better than expected performance on the PGDA offering than was originally anticipated when the acquisition was concluded.

CHEPS reflects HEPS 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 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 2019, the Group grew CHEPS by 26% to 10.8 cps (2018: 8.6 cps).

The loss allowance (pre-recoveries), as a percentage of revenue, increased from 3.2% to 4.3%. The increase is reflective of the current economic environment but is managed and maintained within the Group's acceptable threshold of 5%.

CAPITAL INVESTMENT AND CASH UTILISATION

During the year, the Group invested capital as follows:

- On 27 September 2019, the Group entered into a purchase agreement to purchase land and improvements thereon in Centurion for a total amount of R110 million. Construction on the site commenced in November 2019 and, subject to regulatory approvals, the Group intends to open its first multi-faculty STADIO campus (STADIO Centurion), in January 2021;
- Effective 1 October 2019, the Group acquired, by way of a share repurchase, the remaining 26% shareholding in SBS for a purchase consideration of R155.5 million (SBS acquisition). The Group, furthermore, entered into an agreement to purchase the property on which SBS carries out its South African operations for a purchase consideration of R28.5 million. It is the intention of the Group to utilise these premises to develop a centralised logistical and distribution centre for the Group's off-campus operations. The purchase of the property is subject to transfer; and
- The Group invested R69 million during the year on existing facilities and moveable assets, construction and development of the STADIO Centurion site, new programme development, and development of the Group's information technology system.

In December 2019, the Group entered into a revolving credit facility with Standard Bank of South Africa Limited for an amount of R200 million. The facility will be utilised to fund the new developments and growth initiatives as well as for working capital requirements. The Group remains in a strong cash position with a cash balance of R93 million at 31 December 2019.

The Group reported R141 million cash inflow from operating activities. Working capital movements of R12 million (Note 7) were impacted by the payment of a R13.5 million deposit for the acquisition of the land for the proposed Western Cape multi-faculty campus. The increase in cash flows from operating activities for 2019 to R141 million (2018: R77 million) was also positively affected by the application of IFRS 16, with the repayment component of the lease liability recognised in cash flows from financing activities, under IFRS 16.

Cash utilisation for the year	**2019 R'000**	2018 R'000
Cash balance as at 1 January	**259 508**	646 090
Acquisition of subsidiaries	**(158 100)**	(243 750)
Acquisition of Centurion land and improvements	**(126 137)**	–
Capital expenditure and programme development	**(52 720)**	(57 507)
Net proceeds from/(repayment of) borrowings	**61 047**	(155 530)
Repayment of lease liabilities	**(20 022)**	–
Net cash flow generated from operating activities	**141 284**	77 257
Other	**(11 424)**	(7 052)
Cash balance as at 31 December	**93 436**	259 508

Statement of financial position	2019 R'000	2018 R'000
Total assets	2 066 659	1 904 246
Total equity	1 583 298	1 697 102
Attributable to equity holders	1 571 160	1 649 916
Non-controlling interests	12 138	47 186
Total liabilities	483 361	207 144
Borrowings	65 392	4 150
Lease liabilities	169 370	395
Other liabilities	248 599	202 599
NAV per share (cents)	192.1	201.8
Gearing ratio	15%	0%
Gearing ratio (excluding IFRS 16 lease liabilities)	4%	0%

The SBS acquisition, concluded by way of a share repurchase, resulted in R123 million being recognised directly in Equity in accordance with IFRS 3 Business Combinations. In addition, the Group adopted IFRS 16 using the modified retrospective approach resulting in a R36 million adjustment to opening retained earnings. The impact of these transactions resulted in the Group recognising an accumulated loss as at 31 December 2019 of R6 million (2018: R81 million retained income).

During December 2019, the Group drew down an amount of R65 million from the abovementioned revolving credit facility, payable in December 2022 and bearing interest at a three-month JIBAR plus 2.09%. This borrowing resulted in the Group's Gearing ratio, excluding the impact of IFRS 16, increasing to 4% from nil at 31 December 2019, which remains low.

SHARE CAPITAL

During the year, the Company issued 381 471 as the equity settled portion of top-up consideration payable in respect of the Prestige Academy Proprietary Limited acquisition.

DIVIDENDS

Given the Group's current expansion plan, no Group dividend was declared for the year ended 31 December 2019 (2018: Rnil).

PROSPECTS

The Group continues on its journey to establish and migrate various programmes to one STADIO, which will reap efficiencies in the long-term, but could result in additional costs in the short-to-medium term. Notwithstanding the challenging South African environment, especially in light of the uncertainty around the impact of COVID-19, the Board has considered the prospects of the Group and believes that the Group is well-positioned to deliver on its strategic objectives to reach 100 000 students over time.

Ms S Totaram (CA(SA)
Chief Financial Officer
29 April 2020

SUMMARY FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Stadio Holdings Limited

OPINION

The Summary Consolidated Financial Statements of Stadio Holdings Limited, set out on pages 65 to 76 of the Stadio Holdings 2019 Integrated Report, which comprise the Summary Consolidated Statement of Financial Position as at 31 December 2019, 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 2019.

In our opinion, the accompanying Summary Consolidated Financial Statements are consistent, in all material respects, with the audited consolidated Financial Statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in Note 1 to the Summary Consolidated Financial Statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Summary Consolidated Financial Statements 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 Statements 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 Summary Consolidated Financial Statements and the Audited Consolidated Financial Statements do not reflect the effects of events that occurred subsequent to the date of our report on the Audited Consolidated Financial Statements.

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 4 March 2020. 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 STATEMENTS

The Directors are responsible for the preparation of the Summary Consolidated Financial Statements in accordance with the JSE's requirements for summary financial statements, set out in Note 2 to the Summary Consolidated Financial Statements, 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 Statements 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.

PricewaterhouseCoopers Inc.
Director: Dawid de Jager
Registered Auditor

Stellenbosch
29 April 2020

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Year-on-year change %	2019 R'000	Restated 2018 R'000
Revenue	29%	815 427	632 928
Other income	(10%)	8 054	8 981
Operating expenses[1]	23%	(608 335)	(492 799)
Loss allowance[1]	72%	(34 832)	(20 298)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**40%**	180 314	128 812
Depreciation and amortisation	79%	(60 890)	(33 995)
Earnings before interest and taxation (EBIT)	**26%**	119 424	94 817
Investment income	11%	28 047	25 264
Finance cost	197%	(19 926)	(6 719)
Profit before taxation	**13%**	127 545	113 362
Taxation	22%	(43 861)	(36 071)
Profit for the period	**8%**	83 684	77 291
Attributable to:			
Owners of the parent	10%	69 836	63 270
Non-controlling interests	(1%)	13 848	14 021
Total comprehensive income for the period	**8%**	83 684	77 291
Headline earnings (Note 3)	11%	69 662	62 838
Core headline earnings (Note 4)	26%	88 211	69 952
		Cents	**Cents**
Earnings per share (EPS)			
– Basic	9%	8.5	7.8
– Diluted	9%	8.4	7.7
Headline earnings per share (HEPS)			
– Basic	9%	8.5	7.8
– Diluted	9%	8.4	7.7
Core headline earnings per share (CHEPS)			
– Basic	26%	10.8	8.6
– Diluted	25%	10.6	8.5
		Million	**Million**
Number of shares in issue			
– Basic	–	818	818
– Diluted	–	829	826
Weighted average number of shares in issue			
– Basic	1%	818	811
– Diluted	1%	829	819

[1] *The Group restated operating expenses in the prior year to separately disclose changes in the loss allowance in accordance with IAS 1 Presentation of Financial Statements.*

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	2019 R'000	2018 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**663 358**	531 298
Right-of-use asset (Note 9)	**91 702**	–
Intangible assets	**211 522**	206 228
Goodwill	**749 482**	749 482
Other financial assets	**5 173**	6 727
Trade and other receivables	**16 281**	–
Deferred tax asset	**107 026**	43 004
Total non-current assets	**1 844 544**	1 536 739
Current assets		
Inventories	**2 132**	4 372
Trade and other receivables	**115 834**	89 493
Loans to related parties	**805**	1 954
Tax receivable	**9 908**	12 180
Cash and cash equivalents	**93 436**	259 508
Total current assets	**222 115**	367 507
Total assets	**2 066 659**	1 904 246
EQUITY		
Share capital (Note 5)	**1 565 675**	1 564 283
(Accumulated loss)/retained earnings[1]	**(5 548)**	80 511
Share based payment reserve	**11 033**	5 122
Total equity attributable to equity holders of the Company	**1 571 160**	1 649 916
Non-controlling interest	**12 138**	47 186
Total equity	**1 583 298**	1 697 102
LIABILITIES		
Non-current liabilities		
Borrowings	**65 000**	3 392
Lease liabilities (Note 9)	**137 061**	209
Trade and other payables	**18 993**	29 732
Deferred tax liability	**70 809**	35 776
Total non-current liabilities	**291 863**	69 109
Current liabilities		
Loans from related parties	**96**	1 137
Borrowings	**392**	758
Lease liabilities (Note 9)	**32 309**	186
Trade and other payables	**65 757**	46 241
Income received in advance	**89 786**	86 451
Tax payable	**3 158**	3 262
Total current liabilities	**191 498**	138 035
Total liabilities	**483 361**	207 144
Total equity and liabilities	**2 066 659**	1 904 246
Net asset value per share (cents)	**192**	202

[1] *As part of the Group's growth strategy and migration plans, the Group acquired the remaining 26% shareholding in SBS, by way of a share repurchase, whereby SBS settled a shareholders loan of R35 million and repurchased the 54 ordinary shares held by the minority shareholder for a total purchase price of R155.5 million.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 R'000	2018 R'000
Balance at the beginning of the period	1 697 102	1 414 671
Change in accounting policy (IFRS 16)	(35 940)	–
Restated balance at the beginning of the period	1 661 162	1 414 671
Total comprehensive income/(loss) for the period	83 684	77 291
Issue of ordinary shares	1 400	197 525
Share issue costs	(8)	(365)
Share-based payment charge	5 911	4 169
Non-controlling shareholders interest acquired	(155 500)	6 542
Dividends paid to non-controlling shareholders	(13 351)	(2 731)
Balance at the end of the period	1 583 298	1 697 102

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Year-on-year change %	2019 R'000	2018 R'000
Net cash flow from operating activities	83%	141 284	77 257
Cash generated from operations (Note 7)	89%	189 551	100 075
Interest income	10%	27 712	25 264
Finance cost	428%	(19 701)	(3 733)
Tax paid	27%	(56 278)	(44 349)
Net cash flow used in investing activities	42%	(176 922)	(305 161)
Purchase of property, plant and equipment	(278%)	(157 427)	(41 637)
Purchase of intangible assets and curriculum development costs	(35%)	(21 430)	(15 870)
Acquisition of subsidiaries, net of cash acquired	100%	–	(243 750)
Proceeds from sale of property, plant and equipment	(100%)	35	–
Proceeds from loans from related parties	100%	–	96
Disposal of/(investment in) other financial assets	148%	1 900	(4 000)
Net cash flow from financing activities	18%	(130 434)	(158 678)
Share issue costs	98%	(8)	(365)
Proceeds/(repayment) from loans	142%	65 089	(155 626)
(Repayment)/proceeds of borrowings and loans with related parties	(9 286%)	(4 042)	44
Repayment of lease liabilities	(100%)	(20 022)	–
Dividends paid to non-controlling shareholders	(389%)	(13 351)	(2 731)
Additional investment in subsidiary with no change in control	(100%)	(158 100)	–
Net movement in cash and cash equivalents for the period		(166 072)	(386 582)
Cash and cash equivalents at the beginning of the period		259 508	646 090
Cash and cash equivalents at the end of the period		93 436	259 508

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Summary Consolidated Financial Statements (Summary Financial Statements) are prepared in accordance with the requirements of the JSE Limited Listing Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The 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 4 March 2020.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the Consolidated Annual Financial Statements from which the Summary Financial Statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous Consolidated Annual Financial Statements, other than the adoption of: IFRS 16; Annual Improvements to IFRS Standards (2015 – 2017); IFRIC 23 Uncertainty over Income Tax Treatments; and Amendments to: IFRS 9: Prepayment Features with Negative Compensation; IAS 19: Plan Amendment Curtailment or Settlement; and IAS 28: Long-term Interests in Associates and Joint Ventures; all of which were effective from 1 January 2019. Other than IFRS 16, the adoption of these standards and amendments have not had a material effect on the Financial Results of the Group.

IFRS 16 replaces IAS 17 Leases along with three Interpretations (IFRIC 4 Determining whether an Arrangement contains a Lease; SIC 15 Operating Leases-Incentives; and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease).

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases, except for those identified as low-value or having a remaining lease term of less than 12 months, from the date of initial application. In addition, the Group classifies any sub-leases which are for the major part of the remaining term of the head lease, as finance leases with a net investment in leases being disclosed within trade and other receivables. Refer to Note 9 for further detail.

The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings on 1 January 2019. Prior periods have not been restated as permitted under the specific transitional provisions in the standard.

For a full list of standards and interpretations that have been adopted by the Group, we refer you to the consolidated annual financial statements for the year ended 31 December 2019.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. HEADLINE EARNINGS PER SHARE

	2019 R'000	2018 R'000
Reconciliation of headline earnings:		
Basic earnings	**69 836**	63 270
Adjustments attributable to parent:		
Loss on disposal of property, plant and equipment	**265**	425
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**(521)**	(1 025)
Tax on above	**82**	168
Headline earnings	**69 662**	62 838

4. 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 quarterly report provided to the board of 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

		31 December 2019		31 December 2018	
	Year-on-year change %	**Earnings R'000**	**Earnings per share Cents**	Earnings R'000	Earnings per share Cents
Headline earnings	**11%**	**69 662**	**8.5**	62 838	7.8
Adjustments for non-core items attributable to parent:					
Contingent consideration adjustments	**414%**	**13 385**	**1.7**	2 604	0.3
Acquisition costs	**9%**	**1 398**	**0.2**	1 280	0.2
Amortisation of client list	**17%**	**5 241**	**0.6**	4 496	0.5
Tax on above	**17%**	**(1 475)**	**(0.2)**	(1 266)	(0.2)
Core headline earnings (CHE)	**26%**	**88 211**	**10.8**	69 952	8.6
CHEPS – basic	**26%**		**10.8**		8.6
CHEPS – diluted	**25%**		**10.6**		8.5

5. SHARE CAPITAL

The Company issued ordinary shares in relation to the payment of contingent consideration during the period as per the share capital reconciliation below:

	Number of ordinary shares Thousands	Share capital R'000
Balance as at 1 January 2019	817 714	1 564 283
Issue of shares in respect of acquisitions	381	1 400
Share issue costs	–	(8)
Balance as at 31 December 2019	818 095	1 565 675

6. BORROWINGS

In December 2019, the Group entered into a Revolving Credit Facility of R200 million with Standard Bank of South Africa Limited.

An amount of R65 million was drawn down in December 2019, payable in December 2022, and bears interest at a three-month JIBAR plus 2.09%.

7. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	Year-on-year change %	2019 R'000	2018 R'000
Profit before taxation	**13%**	**127 545**	113 362
Non-cash and other items disclosed separately	**262%**	**74 215**	20 478
	51%	**201 760**	133 840
Movements in working capital	**64%**	**(12 209)**	(33 765)
Decrease in inventories	**(25%)**	**2 240**	2 998
(Increase)/decrease in trade and other receivables	**(217%)**	**(26 070)**	22 323
Increase/(decrease) in trade and other payables	**138%**	**8 287**	(21 803)
Increase/(decrease) in income received in advance	**109%**	**3 334**	(37 283)
Cash generated from operations	**89%**	**189 551**	100 075

Non-cash items and trade and other payables were affected by the adoption of IFRS 16 for the 2019 financial year. Refer to Note 9 for further details.

8. ACQUISITIONS

Effective 1 October 2019, the Group acquired, by way of a share repurchase, the remaining 26% shareholding in SBS for a total consideration of R155.5 million, resulting in SBS being wholly owned by the Group from the effective date.

The acquisition was affected by:

- SBS settling the existing shareholders loan claim of R35 million which Bredamonti (Pty) Ltd (the Seller) held against SBS; and
- SBS repurchasing 54 ordinary shares in the issued share capital of SBS from the Seller, (constituting the remaining 26% of the issued share capital of SBS not held by the Group).

There was no change in control following this acquisition and an amount of R123 million was recognised directly in Equity in relation to the change in shareholding.

9. ADOPTION OF IFRS 16 LEASES

The Group adopted IFRS 16 using the modified retrospective approach from 1 January 2019. Applying the specific transition provisions of IFRS 16, the comparatives for the 2018 reporting periods have not been restated, however, the resulting adjustments and reclassifications have been recognised in the opening balance of retained earnings on 1 January 2019.

The following items were affected in the statement of financial position as at 1 January 2019:

9.1

	2019 1 Jan R'000
The following items were affected in the statement of financial position as at 1 January 2019:	
Decrease in property, plant and equipment	(319)
Increase in right-of-use assets	102 010
Increase in deferred tax assets	13 979
Increase in trade and other receivables	16 540
Decrease in trade and other payables	10 801
Decrease in finance leases	395
Increase in lease liabilities	(179 346)
The net decrease on retained earnings on 1 January 2019	(35 940)
Attributable to:	
Non-controlling interest	(3 165)
Retained earnings attributable to the equity holders of the Company	(32 775)

Lease liabilities

'Operating leases' previously recognised under the principles of IAS 17 Leases, have been recognised as lease liabilities by the Group. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was between 9.7% and 13.1%.

9. ADOPTION OF IFRS 16 LEASES (CONTINUED)

'Finance leases' previously recognised under the principles of IAS 17 Leases, have been recognised at the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. This resulted in measurement adjustments of R0.4 million.

9.2 MEASUREMENT OF LEASE LIABILITIES

	2019 1 Jan R'000
Operating lease commitments disclosed as at 31 December 2018	259 427
Discounted using the lessee's incremental borrowing rate at the date of initial application	142 306
Add: finance lease liabilities recognised as at 31 December 2018	395
(Less): short-term leases recognised on a straight-line basis as expense	(1 119)
(Less): low-value leases recognised on a straight-line basis as expense	(1 856)
Add/(less): adjustments as a result of a different treatment of extension and termination options[1]	39 620
Lease liability recognised as at 1 January 2019	**179 346**
Of which:	
Current lease liabilities	35 572
Non-current lease liabilities	143 774
	179 346

[1] *In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).*

9.3

	2019 R'000	2018 R'000
LEASE LIABILITIES		
At 1 January	395	–
Adoption of IFRS 16	178 951	–
New leases/acquisitions	8 332	395
Finance charge	18 831	–
Repayments – interest	(18 831)	–
Repayments – principal	(20 022)	–
Remeasurements	1 714	–
At 31 December	169 370	395

9. ADOPTION OF IFRS 16 LEASES (CONTINUED)

9.4 THE RECOGNISED RIGHT-OF-USE ASSETS RELATE TO THE FOLLOWING TYPES OF ASSETS:

Right-of-use asset

A corresponding right-of-use asset for leases was measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Land R'000	Buildings R'000	Computer equipment R'000	Office, furniture and other equipment R'000	Motor vehicles R'000	Total R'000
Right-of-use Asset						
Group						
Net carrying amount						
At 1 January 2019 – initial IFRS 16 recognition	30 870	69 678	191	1 155	116	102 010
Additions – new leases entered into	–	8 255	77	–	–	8 332
Remeasurements	–	1 714	–	–	–	1 714
Depreciation charge for the year	(347)	(19 527)	(140)	(318)	(22)	(20 354)
At 31 December 2019	30 523	60 120	128	837	94	91 702

9. ADOPTION OF IFRS 16 LEASES (CONTINUED)

9.5 THE ADOPTION OF IFRS 16 HAD THE FOLLOWING IMPACT ON THE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

Statement of comprehensive income

On adoption of IFRS 16 in the current year, the comparative figures have not been restated and as such, the movement in the statement of comprehensive income is distorted. To assist the users of the financial statements in understanding this movement, the effect on the statement of comprehensive income in the current year is disclosed as below for the period ended 31 December 2019:

	2019 R'000
Decrease in rental expense	34 113
Increase in depreciation and amortisation	(20 354)
Increase in investment income	2 167
Increase in finance cost	(18 831)
Decrease in profit before taxation	(2 905)
Decrease in taxation	813
Decrease in non-controlling interest	26
Decrease in profit for the period attributable to parent	(2 066)

The adoption of IFRS 16 had the following impact on the statement of cash flows for the period ended 31 December 2019:

	2019 R'000
Increase in cash generated from operations	38 853
Increase in interest paid	(18 831)
Increase in net cash inflow from operating activities	20 022
Lease repayments	(20 022)
Increase in net cash outflow from financing activities	(20 022)

10. EVENTS AFTER THE REPORTING PERIOD

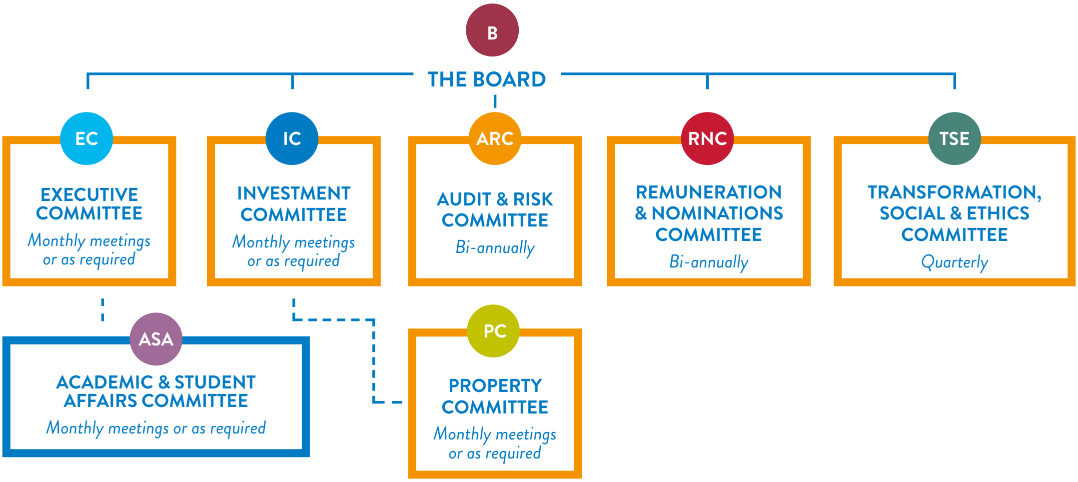
There were no significant events after the reporting period ended 31 December 2019.

GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE

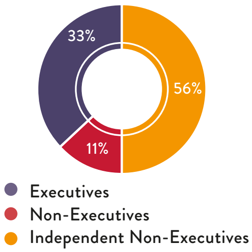
The Group is fully committed to good corporate governance and stands firmly grounded on the values of integrity, quality and openness as described in the Group's Ethics Pledge on page 13. The Group respects and understands the need for simplicity and will always focus on the virtues of clarity, credibility, transparency and sheer honesty. These are the values lived by the leadership and filtered down throughout the Group. These values have been adopted by all employees and we seek to instil these values in our students. Transparency – false promises and half-truths are an anathema to the STADIO ethos.

CORPORATE GOVERNANCE STRUCTURE

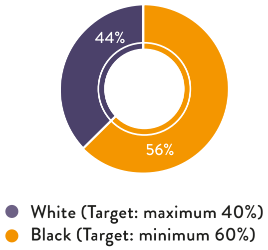


FOR THE YEAR ENDED 31 DECEMBER 2019 THE BOARD DEMOGRAPHICS WERE AS FOLLOWS:

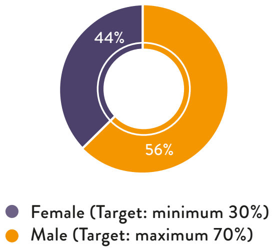
BOARD BALANCE



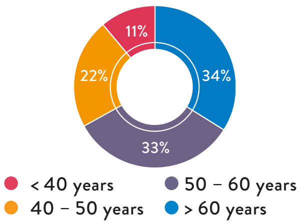
RACIAL DIVERSITY



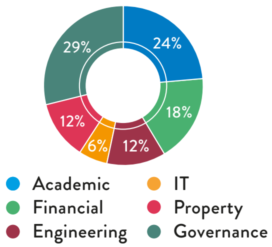
GENDER DIVERSITY



AGE DIVERSITY



SKILLS DIVERSITY



BOARD OF DIRECTORS

PROF ROLF HEINRICH STUMPF (PROF STUMPF) (74)

CHAIRPERSON

Independent non-executive Director

BA (Mathematics and Statistics);
Hons (Statistics); MA (Statistics);
PhD (Statistics)

B ASA RNC

Prof Stumpf is highly respected and regarded in higher education. Previously, he was vice- chancellor and chief executive officer of the Nelson Mandela Metropolitan University in Port Elizabeth, vice-rector at the University of Stellenbosch and the president and chief executive officer of the Human Sciences Research Council. Before that he was Deputy Director-General of the Department of National Education.

CHRISTIAN PHILLIPUS DAVID VORSTER (MR VORSTER) (52)

CHIEF EXECUTIVE OFFICER

Executive Director

BA (Social Science),
BA Hons (HR Development),
MA (Management and Development)

EC ASA *

Mr Vorster was appointed as CEO of STADIO Holdings effective 1 April 2020. Previously he was founder and CEO of SBS, which he founded in 1996 and today accommodates approximately 13 000 distance learning students. SBS became part of the STADIO Group in November 2017 and in August 2019, Mr Vorster was appointed as co-COO of STADIO Holdings.

DR CHRISTIAAN RUDOLPH VAN DER MERWE (DR VAN DER MERWE) (57)

FORMER CHIEF EXECUTIVE OFFICER

Non-executive Director

B Prim (Ed), B Ed, M Ed (Cum Laude),
PhD in Education

B EC IC PC TSE *

Dr van der Merwe was CEO of STADIO Holdings from July 2017 to 31 March 2020 playing a critical role in ensuring the Group met its strategic objectives and achieved the promises set out in the PLS. He was appointed as a non-executive Director on 1 April 2020, and will continue to play a role in advising STADIO Holdings specifically on the development of STADIO's first two multi-faculty campuses.

Previously, Dr van der Merwe a teacher and entrepreneur, founded Curro in 1998 with 28 learners in a church in Durbanville and as CEO, led Curro to its listing on the JSE in 2011. He continues to serve on the board of Curro.

* *memberships during the year ended 31 December 2019*

SAMARA TOTARAM (MS TOTARAM) (41)

CHIEF FINANCIAL OFFICER

Executive Director

CA(SA), CFA

B EC IC PC

Ms Totaram is a qualified chartered accountant having completed her articles with Deloitte & Touche (in South Africa and New York). She has vast amount of experience having previously worked at the Royal Bank of Scotland in London, was a Director of PSG Capital where she was primarily involved in new listings, capital raisings and other commercial transactions, merger and acquisitions and general corporate finance consulting, was the managing director of Thembeka Capital Limited, a PSG Group-supported B-BBEE investment company and more recently joined Curro as the managing director of the Meridian venture.

DR DIVYA SINGH (DR SINGH) (55)

CHIEF ACADEMIC OFFICER

Executive Director

BA (Law); LL B (Cum Laude); LL M; LL D; Masters in Tertiary Education Management (with Honours)

B EC IC ASA

Dr Singh is an admitted advocate of the High Court of South Africa, having practiced privately for seven years and is a Certified Ethics Officer by The Ethics Institute.

Previously, she was the Vice-Principal Advisory and Assurance Services (UNISA) and served in the capacity of Registrar Governance as well as the Deputy Registrar, taking responsibility for institutional student administration.

Dr Singh has received awards domestically and internationally for academic contribution and community service and engagement, as well as stakeholder recognition.

DOUGLAS MAITAKHOLE RAMAPHOSA (MR RAMAPHOSA) (63)

INDEPENDENT NON-EXECUTIVE DIRECTOR

MA (Social Sciences); Programme for Executive Development (Institute of Management Development)

B RNC TSE ARC *

Mr Ramaphosa has more than 30 years of business experience through various executive management and board positions. He is currently Chairman of IRCA (Pty) Ltd, an occupational risk management company, and serves on the Boards of Curro, WESSA (Wildlife and Environment Society of South Africa), and is Chairman and founding member of investment companies such as Mnotho Group, Chakula Wote Africa, Thusang Global Advisory. Previously, Mr Ramaphosa served at senior executive level for a number of corporations including Altron, Transnet, ABSA and Anglo American. He was CEO of Bytes Healthcare Solutions, managing director of Bytes Specialised Solutions, and served on the boards of Anglo American (SA), Eskom Enterprises and was chairperson of Rotek Industries.

* *memberships during the year ended 31 December 2019*

MATHUKANA MOKOKA (MS MOKOKA) (46)

INDEPENDENT NON-EXECUTIVE DIRECTOR

CA(SA)

B ARC RNC TSE *

Ms Mokoka is a qualified Chartered Accountant (CA) SA with over 15 years of post-articles experience. She has sound public and private sector experience on various boards of companies, including Sanlam Limited, Sanlam Life Insurance Limited, Palabora Mining Proprietary Limited, CSG Holdings, amongst others.

THOMAS HENRY BROWN (DR BROWN) (53)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc, HED, BEd, MEd, PhD

B ARC

Dr Brown has been involved in education for more than 29 years, both in on-campus and distance learning, and received his PhD in the field of distance learning in 1993. He serves on the Board of Directors for a number of companies and is Chairman of the DC Education Group. Until recently, he was a Research Professor in the Institute for Open and Distance Learning, UNISA. Previously, Dr Brown held various executive positions in both public and private higher education and consulted to several institutions in the fields of private higher education, distance learning, mobile learning, educational technology and technology-enhanced learning. He is also one of the founding Directors of the International Association for Mobile Learning (IAmLearn).

CHRISTINA BUSISIWE VILAKAZI (BUSI) (36)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc in Electrical Engineering, MSc in Engineering, DPhil (PhD) in Engineering Science)

B ARC TSE

Dr Vilakazi is an innovative result-oriented research and development leader with expertise in project management, strategy development and technology management and innovation management. She is a professional with a passion for the role that innovation and emerging technologies such as AI and big data can play in solving pressing challenges faced by South Africa and Africa in education and health and has a proven track record of leading and managing R&D projects in various sectors. She is currently part of the Eskom presidential task team advising the president and was a senior researcher at the CSIR.

* *memberships during the year ended 31 December 2019*

PIETER NICOLAAS DE WAAL (MR DE WAAL) (44)

NON-EXECUTIVE DIRECTOR

BEng (Mech), MBA

B IC RNC ARC*

Mr de Waal joined the PSG Group in 2011 and currently serves as the Chief Executive Officer of PSG Alpha Proprietary Limited. Prior to joining the PSG Group, he was an executive at SABMiller plc from 2008 to 2010. He also served as a management consultant at McKinsey & Company, Inc. from 2001 to 2007, specialising in strategy and operations.

ANDRIES MELLET (MR MELLET) (36)

ALTERNATE NON-EXECUTIVE DIRECTOR TO MR DE WAAL

CA(SA), B Compt Hons

B IC

Mr Mellet is a qualified chartered accountant having completed his articles with PwC and has been working for the PSG Group since 2010.

* *memberships during the year ended 31 December 2019*

PRESCRIBED OFFICER

JACOBUS JOHANNES HUMAN (MR HUMAN) (55)

CHIEF OPERATING OFFICER

BCom, BEd (Honours), Higher Ed Diploma (Postgrad), MEd (Diadactics)

EC PC

Mr Human was appointed as co-COO of STADIO HOLDINGS on 1 August 2019 and full COO effective 1 April 2020. Previously, he was CEO of Embury which he co-founded in 2000. Mr Human has almost 30 years of combined public and private higher education experience.

THE BOARD B

The Board acknowledges that they are responsible for ensuring that the Group complies with all of its statutory and regulatory obligations, as well as setting the ethical tone and culture followed throughout the Group. The Board endorses King IV™ and is committed to the principles of transparency, integrity, fairness and accountability by the Group in the conduct of its business and affairs.

The Board is responsible for ensuring that the Group complies with all of its statutory and regulatory obligations. It oversees and ensures an effective compliance framework, the integrity of the Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders.

While retaining overall accountability, the Board has delegated authority to the CEO to run the day-to-day affairs of the Group. The CEO is supported by the executive Directors and the Executive committee. The Board has created sub-committees to enable it to discharge its duties and responsibilities properly and to fulfil its decision-making process effectively. The Board also ensures there is a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision-making.

The Board has adopted and approved a gender and racial diversity policy and will, in identifying suitable candidates for appointment as Directors, consider candidates on merit against objective criteria with due regard for the potential benefits of gender and racial diversity, including a better understanding of the diverse environment in which the Group operates.

During 2019, the Board saw the following membership changes in respect of its independent non-executive Directors:

Appointments:
15 April 2019: Ms Mokoka
9 October 2019: Dr Vilakazi; Dr Brown

Resignation/retirement:
5 June 2019: Mr Khayelihle S Sithole (Mr Sithole)
6 June 2019: Ms Renganayagee Kisten (Ms Kisten)

Following the above-mentioned changes, at 31 December 2019, the Board narrowly missed its Racial Diversity target (maximum 40% White membership) with 44% of the Board being White (2018: 33%). The Board believes in the value of a diverse Board in terms of skills, age, gender and race and is committed to assessing all these factors on future appointments to the Board.

In addition to the above-mentioned changes, the former CEO, Dr van der Merwe retired as the CEO of STADIO Holdings on 31 March 2020. He will continue to serve as a non-executive Director on the Board of STADIO Holdings and will continue to advise and support the Group, specifically on the development of STADIO Centurion and STADIO Durbanville. Mr Vorster was appointed as CEO of STADIO Holdings and commenced his tenure on 1 April 2020. The Board believes that Mr Vorster's appointment will position the Group to reach its strategic objectives.

2019	Board[1]	ARC	REMNO	TSEC
Meetings held	8	2	7	4
Prof Stumpf	7 (8)	1*	6 (7)	3*
Dr van der Merwe	8 (8)	2*	7*	4 (4)
Mr Ramaphosa	8 (8)	2 (2)	7 (7)	4 (4)
Ms Mokoka[2]	5 (7)	1 (1)	2 (3)	1 (1), 1*
Dr Vilakazi[3]	2 (2)			1 (1)
Dr Brown[3]	2 (2)			
Mr de Waal	8 (8)	1 (1), 1*	7 (7)	
Ms Totaram	8 (8)	2*		3*
Dr Singh	8 (8)	2*		
Mr Sithole[4]	4 (4)	1 (1)		2 (2)
Ms Kisten[5]	3 (4)	1 (1)	3 (3)	2 (2)

* *Attended as an invitee.*
[1] *Includes three Strategy Days.*
[2] *Appointed to the Board on 15 April 2019.*
[3] *Appointed to the Board on 9 October 2019.*
[4] *Retired from the Board on 5 June 2019.*
[5] *Resigned from the Board on 6 June 2019.*

BOARD ACTIVITIES

Areas of focus	What the Board did
Group strategy	• approved the Group's strategy and monitored its implementation • provided robust and constructive challenges to management regarding the Group's strategy • monitored Group's progress regarding agreed strategic initiatives • considered and challenged growth opportunities, including acquisition of the Centurion site, acquisition of additional shareholding in SBS, the development of existing HEIs, and land banking opportunities for future growth • monitored and challenged decisions regarding the Group's progress towards migrating the Group's existing HEIs into a single registered higher education provider after HEIs
Risk management, corporate governance and audit	• reviewed information to ensure that the Group complied with applicable laws, codes and standards • determined the Group's risk appetite and risk tolerance levels • approved the Group's risk register and ensured appropriate controls were in place to address these risks • received reports on the Group's internal control weaknesses and instigated actions where necessary • considered the impact of King IV™, the JSE Listings Requirements and the requirements of the Companies Act and ensured their compliance and implementation • considered and confirmed the independence of the non-executive Directors having regard to factors that might impact their independence • considered and confirmed the independence of the external auditors and approved their appointment based on recommendation by the ARC
Leadership	• in conjunction with the REMNO, the Board considered and approved the following recommendations from the REMNO following robust REMNO and Board meetings and put forward the following recommendations for approval by the shareholders at the AGM – appointment of the CEO – appointments of the non-executive Directors to the Board • approved the Group's macro-structure, including the appointment of the two COOs • ensured the Board set the tone for effective and ethical leadership • acted as the focal point, and custodian, of good corporate governance
Effectiveness	• performed a self-assessment evaluation identifying the Board's strengths and areas of improvement • finalised areas/topics for Directors' development sessions in the year ahead after considering the outcomes of the Board's performance evaluation
Remuneration	• the Board considered and approved the following recommendations from the REMNO following robust REMNO meetings: – executive Directors' pay – amendments to the long-term share incentive scheme • improved performance evaluation of executive Directors • considered and recommended the non-executive Directors' fees for approval by the shareholders at the AGM
Corporate citizenship	• promoted and confirmed the Group's commitment to good corporate citizenship including: – its commitment to B-BBEE – widening access to higher education – the promotion of equality and the prevention of unfair discrimination – provision of high-quality academic programmes with a focus on bettering student throughput rates and ensuring academic programmes are aligned with the world of work
Board and sub-committee	• considered the current Board composition in relation to the growing Group and approved appointments to the sub-committee, Board and sub-Board committees taking into account necessary skills as well as gender and racial diversity • received and reviewed suggested changes from the REMNO regarding the Board's sub-committees' composition • discussed succession planning including an update on key management
Financial results and going concern	• scrutinised the Group's financial results throughout the year • considered, challenged and approved the Group's 2020 budget • considered, reviewed and approved the Group's Integrated Report for the year ended 31 December 2018 • considered, reviewed and approved the consolidated interim financial results for the period ended 30 June 2019 and the consolidated and separate annual financial statements for the year ended 31 December 2019 • assessed, confirmed and satisfied itself of the Group's ability to continue as a going concern for the next 12 months and accordingly adopted the going concern approach
Information Technology	• received regular updates in respect of Information Technology initiatives and system changes within the Group • sharper focus on Information Technology governance
Policies	• reviewed and approved various Group-wide policies within the Group

BOARD COMMITTEES

The Group has the following sub-committees which have been mandated by the Board, and which report directly to the Board:

AUDIT AND RISK COMMITTEE ARC

The Group's Audit and Risk Committee (ARC) has the following members, all of whom are non-executive Directors:

Ms Mokoka (appointed chairperson and member on 5 June 2019)
Mr Sithole (retired as chairperson and member on 5 June 2019);
Mr Ramaphosa (resigned on 3 March 2020);
Mr de Waal (appointed on 2 July 2019, resigned 9 October 2019);
Dr Vilakazi (appointed 9 October 2019);
Dr Brown (appointed 9 October 2019); and
Ms Kisten (resigned 6 June 2019).

The ARC assists the Board by providing an objective and independent view on the Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:

- the accounting policies of the Group and any proposed revisions thereto;
- the effectiveness of the Group's information systems and internal controls;
- the appointment and monitoring of the effectiveness of the external auditors;
- the appropriateness of the Group's risk register, the mitigating controls, and assessment thereon;
- the appropriateness, expertise and experience of the CFO;
- the setting of principles for recommending the use of external auditors for non-audit services;
- the Integrated Annual Report and specifically the Summary Financial Statements included therein;
- the Annual Financial Statements;
- the reports of the external auditors;
- the Group's going-concern status; and
- compliance with applicable legislation and requirements of regulatory authorities.

In terms of risk management, the Committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor Group-wide risks. During 2019, management identified Revenue and Debtors (accounts receivable) as a potential high financial risk area to the Group and appointed the services of an external registered chartered accountant and auditing firm to perform the internal audit function.

Refer to the Risks and Opportunities section on pages 41 to 46.

REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the Audit and Risk Committee, as required in terms of section 94(7)(f) of the Companies Act, is set out on pages 91 to 92.

REMUNERATION AND NOMINATIONS COMMITTEE (REMNO) RNC

The Group's REMNO has the following members:

Ms Mokoka (appointed as chairperson of the remuneration section on 2 July 2019);
Prof Stumpf (appointed as member and chairperson of the nominations section on 1 March 2019);
Ms Kisten (chairperson – resigned 6 June 2019);
Mr de Waal; and
Mr Ramaphosa.

All of the members of the REMNO are non-executive Directors, with a majority of such non-executive Directors being independent.

The role of the REMNO is divided between matters relating to Remuneration and matters relating to Nominations as follows.

Remuneration matters include assisting the Board in:

- overseeing overall remuneration framework of the Group;
- recommending executive Directors' key performance areas for approval by the Board;
- recommending executive Directors' remuneration for approval by the Board, ensuring that this is fair, responsible and transparent so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term;
- ensuring remuneration practices and structures support the strategy and performance goals of the Group, whilst safeguarding stakeholder interest, and recommending these to the Board;
- administering the Group's Share Scheme as delegated to the Committee by the Board;
- carrying out its duties in terms of non-executive Directors' fees and advising the Board on what to recommend to the Shareholders for consideration in this regard as noted below;
- ensuring the disclosure of Directors' Remuneration is accurate, complete and transparent; and
- ensuring effective succession planning for executive Directors.

- **Nomination** matters include a focus on:

- succession planning for non-executive Directors;
- the process for identifying and appointing non-executive Directors with a focus on Board diversity in terms of skills, race and gender;
- the Board evaluation process; and
- Director induction, orientation and ongoing training.

The REMNO assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and the Group.

Fees payable to non-executive Directors are recommended by the Board to the Shareholders at the AGM for approval.

The Group's Remuneration Policy and the Implementation Report will be tabled at each AGM of the Group for separate non-binding advisory votes by Shareholders. Such policy will record the measures that the Board will adopt should either the remuneration policy or the implementation report, or both, be voted against by 25% or more of the votes exercised at such AGM. In this regard, should 25% or more of the votes exercised on these resolutions at the AGM be against such policy or report or both, STADIO Holdings will in its voting results announcement include an invitation to dissenting Shareholders to engage with STADIO Holdings and the Board, as well as the manner and timing of such engagement.

The Group's Remuneration Policy can be found on pages 95 to 99 and the Implementation Report on pages 100 to 102.

TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE (TSEC)

TSE

The Group's TSEC comprises the following members:

Mr Ramaphosa (chairperson);
Mr Vorster (appointed on 1 April 2020);
Dr Vilakazi (appointed 9 October 2019);
Mr Sithole (retired 5 June 2019);
Ms Kisten (resigned on 6 June 2019); and
Dr van der Merwe (resigned 31 March 2020).

2019 saw the Group's TSEC gathering momentum under the chair of Mr Ramaphosa and the Group obtaining its first Group-wide B-BBEE scorecard.

The TSEC assists the Board and Management by:

- setting strategic direction, monitoring and providing oversight of transformation, social and ethical matters related to the Group and the reporting thereon, as required;
- formulating, implementing and monitoring policies, principles and practices to ensure long-term sustainability of the Group supported by a business model that creates financial, environmental and social value for all stakeholders; and
- monitoring the Group's activities with regard to applicable legislation, codes of best practice and, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, stakeholder and consumer relationships and labour and employment issues).

The TSEC will draw to the attention of the Board, matters within its mandate as occasion requires and will report to the Shareholders at the Group's AGM on such matters.

The Group is committed to transformation and continues to work towards achieving a truly diverse and transformed Group.

OPERATING COMMITTEES

The Group has the following operating committees which have been mandated by the Board and which report, either directly or indirectly, to the Board:

EXECUTIVE COMMITTEE

EC

The Group's Executive Committee (Exco) comprises the following members:

Mr Vorster (CEO) – chairperson) (appointed as member on 1 August 2019, chairperson 1 April 2020);
Ms Totaram (CFO);
Dr Singh (CAO);
Mr Human (COO – appointed 1 August 2019); and
Mr van der Merwe (former CEO – retired 31 March 2020).

The Exco meets regularly, usually monthly, and is responsible for discussing the Group's operations and acts as a consolidated oversight committee for the Group.

ACADEMIC AND STUDENT AFFAIRS COMMITTEE (ASACOM)

ASA

The ASACOM is chaired by the Group's Chief Academic Officer (CAO), Dr Singh, and includes the Academic Heads of all the HEIs in the Group, Prof Stumpf, representing the Board, and all Group CEOs.

The ASACOM meets quarterly and is supported by a robust committee structure comprising staff members from the various brands. The ASACOM is responsible for all academic matters including, but not limited to, regulatory matters, academic and student support policies, enhancements to the programme and qualification mix across the Group, internationalisation opportunities and collaborations, quality standards for scholarship, throughput and success rates, and institution incident reports. The CAO reports to the Exco and Board at each meeting.

INVESTMENT COMMITTEE IC

The Group's Investment Committee (Investco) comprises the following members:

Mr Vorster (CEO – chairperson) (appointed 1 April 2020);
Ms Totaram (CFO);
Dr Singh (CAO);
Mr de Waal (non-executive Director);
Mr Mellet (alternate to Mr de Waal) (invitee); and
Dr van der Merwe (former CEO – resigned 31 March 2020).

The Investco meets regularly, usually monthly, and is primarily responsible for the allocation and investing of the Group's resources, including capital.

The Investco advises the Board on material investment decisions.

PROPERTY COMMITTEE PC

The Group's Property Committee (Propco) comprises the following member and permanent invitees:

Mr Human (Chairperson – COO);
Mr Vorster (CEO);
Ms Totaram (CFO);
Mr Gawie le Roux (Engineer) – invitee;
Mr Johan van Zyl (architect) – invitee;
Mr Dirk Blom (Quantity Surveyor) – invitee; and
Dr van der Merwe (former CEO – resigned 31 March 2020).

The Propco specifically focuses on land banking, campus expansion and property development opportunities, and performs analysis of potential opportunities available to buy or rent in order to facilitate the Group's growth strategy.

The Propco reports to the Investco at each committee meeting.

KING IV™ APPLICATION

The Board endorses King IV™ and is committed to the principles of transparency, integrity, fairness and accountability by the Group in the conduct of its business and affairs.

The Board is responsible for ensuring that the Group complies with all of its statutory and regulatory obligations. It oversees and ensures an effective compliance framework, the integrity of the Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders.

Following the changes to the Board, Mr de Waal was appointed as an interim member of the ARC resulting in temporary non-compliance, in contravention with King IV™. On appointment of appropriate independent non-executive Directors to the Board on 9 October 2019, Mr de Waal immediately resigned as a member of ARC and Dr Brown and Dr Vilakazi were appointed as members of ARC. Mr Ramaphosa resigned from ARC on 3 March 2020, following a successful hand-over to the new members.

A full analysis of the steps taken by the Group to comply with the principles of corporate governance as set out in King IV™ is available on the Group's website at http://www.stadio.co.za/investor-relations/corporate-governance/King-Code.

SHAREHOLDING OF DIRECTORS

The shareholding of Directors in the issued share capital of the Company as at 31 December 2019, excluding the participation in the share incentives plan, was as follows:

Director	2019 Direct '000	2019 Indirect '000	2019 Total '000	2018 Direct '000	2018 Indirect '000	2018 Total '000
Mr Vorster	–	14 783	14 783	–	14 783	14 783
Dr van der Merwe	–	4 735	4 735	–	5 735	5 735
Ms Totaram	699	–	699	699	–	699
Dr Singh	157	–	157	157	–	157
Ms Kisten	–	–	–	694	–	694
Mr de Waal	154	–	154	154	–	154
Mr Mellet (alternate to Mr de Waal)	–	88	88	–	88	88
Ms Mokoka	174	–	174	174	–	174
Dr Brown	100	–	100	71	–	71
	1 294	19 606	20 890	1 949	20 606	22 555

There were no changes to the Directors' shareholding between the year ended 31 December 2019 and the date of this 2019 Integrated Annual Report. The register of interests of Directors and other in shares of the Company is available to the shareholders on request.

COMPANY SECRETARY

Stadio Corporate Services Proprietary Limited (SCS) is the appointed Company Secretary of the Group. Having considered the individuals who perform the Company Secretary role within SCS, the Board is satisfied as to the competence, qualifications and experience of the Company Secretary and its employees and that an arm's-length relationship exists between the Company Secretary and the Board.

All Board members have access to the advice and services of the Company Secretary, which acts as a conduit between the Board and the Group. The Company Secretary is responsible for Board administration, and liaison with the Companies and Intellectual Property Commission (CIPC), and the JSE Limited, through its sponsor. The Company Secretary maintains a professional relationship with Board members, giving direction on matters such as good corporate governance, if required, and implementing training programmes and providing the supply of information to assist Board members in the proper discharge of their duties, as required.

The Board is of the opinion that the Company Secretary is suitably qualified and experienced to carry out its duties as stipulated under section 88 of the Companies Act and King IV™.

DECLARATION BY COMPANY SECRETARY

In terms of the requirements of the Companies Act of South Africa, I certify, to the best of my knowledge, that the Group has lodged with the CIPC all such returns and notices as are required of a public company in terms of this Act, and that all such returns are true, correct and up to date.

Stadio Corporate Services Proprietary Limited
Company Secretary
29 April 2020

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee (the Committee) appointed in respect of Stadio Holdings Limited and its subsidiaries (the Group) for the year ended 31 December 2019.

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

Committee consists solely of Independent Non-Executive Directors being:

- Ms Mokoka (Chairperson) – appointed 5 June 2019;
- Mr Ramaphosa – resigned 3 March 2020;
- Dr Brown – appointed 9 October 2019;
- Dr Vilakazi – appointed 9 October 2019;
- Mr de Waal – appointed 2 July 2019 and resigned 9 October 2019;
- Mr Sithole (Chairperson) – retired by rotation 5 June 2019; and
- Ms Kisten – resigned 6 June 2019.

The Committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act of South Africa and Regulation 42 of the Companies Regulations, 2011.

2. PURPOSE

The Committee has an independent role whose purpose is to assist the Board by providing an objective and independent view on the Group's finance, accounting and control mechanisms, including risk management, and by reviewing and ensuring that consideration is given to the following:

- setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
- the appointment of the auditor is presented and included as a resolution at the annual general meeting of Stadio Holdings Limited;
- the integrated report and specifically the annual financial statements included therein; and
- that the appropriate financial reporting procedures exist and are working.

3. MEETINGS HELD BY THE COMMITTEE

The Committee performs the duties imposed upon it by section 94(7) of the Companies Act of South Africa, by holding meetings with the key management on a regular basis and by the unrestricted access granted to the external auditor.

The Committee held two scheduled meetings during 2019, which all Committee members attended.

4. EXTERNAL AUDIT

The Group appointed PricewaterhouseCoopers Inc. in accordance with section 90 of the Companies Act of South Africa, as their external auditor for the year ended 31 December 2019 with Mr D de Jager, a registered independent auditor, as the designated partner for the 2019 audit.

The Committee satisfied itself that the external auditors are independent of the Group, as set out in section 94(8) of the Companies Act of South Africa, and as per the standards stipulated by the auditing profession. The external auditor is thus suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the Listings Requirements of the JSE.

The Committee ensured that the appointment of the auditor is presented and included as a resolution at the upcoming AGM pursuant to section 61(8) of the Companies Act of South Africa.

The Committee ensured that the appointment of the external auditor complied with the Companies Act of South Africa, and any other legislation relating to the appointment of an auditor.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the scope and extent of the work required and the timing of the audit.

The Committee has considered and pre-approved all non-audit services, where applicable, provided by the external auditors and the fees thereof to ensure that the independence of the external auditors is maintained.

5. ANNUAL FINANCIAL STATEMENTS

The Committee recommended the approval of the annual financial statements of the Group to the Board, following a detailed review thereof.

6. ACCOUNTING PRACTICES AND INTERNAL CONTROL

Internal controls and systems have been designed to provide reasonable assurance of the integrity and reliability of the financial information presented in the annual financial statements and to safeguard, verify and maintain the assets of the Group and the Company.

The Committee, through consultation with the external auditors, ensures that management's processes and procedures are adequate to identify; assess; manage; and monitor group-wide risks.

The Committee considers the accounting policies, practices and annual financial statements to be appropriate.

The Committee ensured that appropriate financial reporting procedures exist and are operating.

7. EVALUATION OF THE CHIEF FINANCIAL OFFICER

As required by paragraph 3.84(g)(i) of the Listings Requirements of the JSE, the Committee has assessed and is satisfied with the expertise and experience of the Group's Chief Financial Officer, Ms S Totaram.

8. COMPLAINTS AND/OR CONCERNS

No complaints or concerns were received by the Committee on any matters relating to the accounting practices of the Group, the content or auditing of the annual financial statements, the internal financial controls of the Group or on any other related matter during the year under review.

On behalf of the Committee

Ms M Mokoka CA(SA)
Audit and Risk Committee chairperson

Durbanville
29 April 2020

REMUNERATION REPORT

PART 1: REMUNERATION BACKGROUND STATEMENT

We are pleased to present the Remuneration and Nominations Committee's (the REMNO Committee) Remuneration report. Our report and disclosures are aligned to the principles and recommended practices of King IV™ for remuneration. In this regard we have adopted a three-part remuneration report approach. Part 1 consists of this Remuneration Background Statement, Part 2 sets out the details of the Forward-Looking Remuneration Policy and Part 3 illustrates the Implementation of the Remuneration Policy adopted in 2019.

The REMNO Committee considered a remuneration policy to incentivise the Group's Executive Directors and key head office management and professionals, to strategically position the business to achieve its strategic objectives.

OVERALL REMUNERATION PHILOSOPHY

The Group's overarching philosophy regarding remuneration is to:

- align remuneration with the interests of all stakeholders ensuring that remuneration remains fair and responsible and promotes a performance driven culture within the organisation;
- align remuneration practices with the Group's business strategies and objectives;
- attract, develop and retain key employees responsible for the achievement of the Group's business strategies and objectives; and
- reward for success, having regard to the current financial position of the business and in the context of the overall economy.

VOTING AT THE 2019 AGM AND FEEDBACK FROM SHAREHOLDERS

At the STADIO Holdings annual general meeting (AGM) held on 5 June 2019, shareholders endorsed the Remuneration Policy and the Implementation Report of the Company by way of separate non-binding advisory votes of 96.54% and 97.07% respectively. As the non-binding votes were passed by the requisite majorities, no further engagement with shareholders was required.

However, the views of our shareholders are important to the Company and therefore taking into account feedback received from our shareholders, we have enhanced disclosure on our short-term incentive (STI) targets, introduced malus and clawback provisions for the long-term incentive scheme and STIs, and disaggregated our special resolution relating to the fees paid to non-executive Directors in the Notice of AGM.

The malus and clawback provisions have been incorporated into the Group Share Incentive Trust deed, as noted in the Notice of AGM on pages 106 to 121, with other changes reflected in the Remuneration Policy as set out in Part 2 of this report.

THE REMNO COMMITTEE'S KEY DECISIONS DURING 2019

During 2019, the REMNO Committee, in accordance with its Terms of Reference, recommended the following key decisions to the Board for approval:

- Executive Committee members' annual salary increases.
- overall salary increases of the Group.
- STIs for executive Directors for the 2018 financial year.
- reassessed the short-term incentive tool used for awarding STIs to executive Directors in 2019, ensuring alignment with the Group's strategic objectives.
- reviewed the long-term incentive awards.
- appointment of a CEO following a robust selection process.
- reviewed the non-executive Directors fees for submission to shareholders at the AGM that took place in June 2019.

FORWARD LOOKING APPROACH

The REMNO Committee will continue to implement best practice in determining the Remuneration Policy of the Group and will benchmark this policy against local and international best practice. For 2020, the REMNO Committee will consider:

- appropriate long-term incentive strategies for the Group's key employees;
- succession planning for key management and executive Directors; and
- Group wide employee value proposition and remuneration strategy as we migrate to one STADIO as a single registered higher education provider.

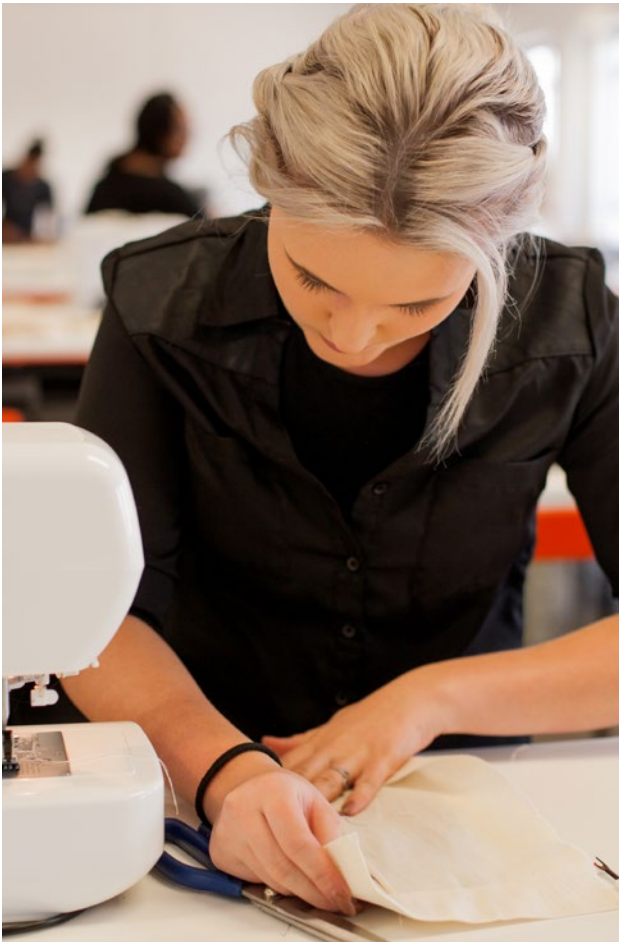
In addition, the REMNO Committee will continue to monitor the economic effects of COVID-19, and where necessary, look to implement alternative remuneration strategies to ensure the Group continues to remunerate and retain staff in this unprecedented time.

The REMNO Committee believes that the overall remuneration of executive Directors during 2019 (as set out in Part 3 of this report) reflects the Group's exceptional performance in 2019, as set out on pages 65 to 76, the successful delivery of the forecasts made in the PLS and the delivery on the Group's strategy to date.

The REMNO Committee is of the view that the objectives stated in the Remuneration Policy have been achieved for the period under review. The REMNO Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and with the status of remuneration and incentives in the Group and looks forward to the support of its shareholders.

Ms M Mokoka CA(SA)
Chairperson of the Remuneration section
Durbanville
29 April 2020

Prof RH Stumpf
Chairperson of the Nominations section
Durbanville
29 April 2020



PART 2: REMUNERATION POLICY

In line with the overall remuneration philosophy set out in Part 1, the Remuneration Policy aims to:

- align remuneration practices with the Group's business strategies and objectives;
- attract, retain and motivate members of the Executive Committee, and key employees, to deliver on their performance goals and strategy;
- ensure the remuneration remains market-related, taking cognisance of both local and international best practices;
- ensure remuneration packages take into account Group performance and the interests of all our stakeholders, reflecting their views;
- align the short-term incentive tool used on which to award short-term incentives to the Executive Committee to the key strategic objectives of the Group;
- reward exceptional performance through short-term incentives linked to key performance objectives;
- provide for a deferral, where applicable, of the Executive Committee's STIs, taking into account market conditions and other internal or extraneous factors in its sole discretion; and
- provide long-term performance incentives to the Executive Committee.

The Group has three components of remuneration for its Executive Committee and key head office employees:

- A total guaranteed cost to company package including benefits (TGP);
- A variable short-term incentive (STI) bonus (cash-settled), linked to overall Group and individual employee performance; and
- A variable long-term incentive (LTI) scheme to motivate individuals to produce results that enhance and sustain stakeholder value and Group performance over the long-term.

The Executive Committee's remuneration is reviewed annually by the REMNO Committee, which seeks to ensure there is a balance between the Executive Committee's base salary, which is fixed, and the variable elements of their remuneration such as short-term cash-settled incentives and long-term share option awards. In addition, the REMNO Committee ensures there is a balance between variable short-term and longer-term financial performance incentives, ensuring the total package is appropriate considering the size of the business and competitive benchmarking.

Set out below is the remuneration mix for individuals at different levels within the organisation:

Level	Focus	Strategic view	Remuneration		
			TGP	STI	LTI
Tier 1: Executive Committee (CEO, CFO, CAO, COO)	Strategy formulation and execution	Long-term	Base salary plus benefits	Up to a maximum of 125% of TGP on achieving certain targets	Share options
Tier 2: Senior management and critical roles	Strategy execution	Medium-to-long-term	Base salary plus benefits	Up to 15th cheque	Share options
Other Tiers: General employees	Operational	Short-term	Base salary plus benefits	Discretionary bonus (up to 15th cheque dependent on performance and employment tier)	Not applicable

TOTAL GUARANTEED PACKAGE (TGP)

The TGP is reviewed annually with increases effective across the Group between 1 January to 1 April each year.

In determining the TGP the following factors are considered:

- Performance of the individual
- Level of skill and experience
- Current market-related remuneration
- Economic conditions e.g. inflation
- Financial performance of the Group

As the Group migrates to one STADIO, the Group is in the process of grading all jobs across the Group and ensuring TGP per individual is fair and market related.

SHORT-TERM INCENTIVE (STI)

The STI for the Group's Executive Committee and key management is underpinned by the performance of the Group, as well as an individual's performance. The STI is payable in cash in March every year and is capped per individual.

The overall performance of the Group and the individual are taken into account using a detailed scorecard matrix which uses pre-determined key performance objectives approved by the REMNO Committee, taking into account the attainment of certain targets, including minimum and stretch targets.

The STI's are subject to malus and clawback provisions. The Group shall be entitled to exercise the clawback provisions in relation to a participant for a period of up to three years following payment of the STI to the participant.

The details of the 2019 STI are set out in Part 3 of this report.

Set out below is the table of performance measures and their relative weighting against which the Executive Committee will be assessed in 2020:

Relative weight of Key Performance Measures	Targets			Individual Allocation [1]		
1. Business Results (50%)	Low road	Median road	High road	Low road	Median road	High road
Organic revenue growth	16% – 17%	18% – 19%	20%	5%	8%	10%
EBITDA margin	16% – 17%	18% – 19%	20%	2%	8%	15%
Core HEPS growth	10%	15%	20%	10%	15%	25%
2. Individual performance [2] (50%)	– specific to key projects and priority items					50%

[1] *CEO is entitled to a maximum STI of 125% of his TGP*

[2] *Significant emphasis is placed on individual KPIs, especially considering the challenging and uncertain environment with regards to the COVID-19 virus.*

Academic performance is covered extensively within specific projects and goals for the Academic Project and are accounted for under Individual Performance.

STI DEFERRAL

In 2018, the REMNO Committee decided that a portion of the 2018 bonus entitlement should be deferred to take into account the size and stage of the Group as at 2018, and vests in equal tranches over three years, subject to certain vesting criteria, namely:

- The executive Director still being in the employ of the Group.
- The Group maintaining a minimum EBITDA margin of 20% on its organic business, excluding projects linked to future growth strategies and acquisitions.
- Overall performance of the Group against associated targets (i.e key target CHEPS for any year still to be achieved).
- To the extent that overall performance of Group against associated targets above does not allow payment of the vested portion in any particular year, same may be rolled forward for a maximum of five years from the end of 2018.
- To the extent that a portion of the bonus pool remains unvested in 2023, the unvested portion shall be forfeited.

It is the discretion of the REMNO Committee, whilst acting reasonably, to defer any STI payment, taking into account the financial fitness of the Group.

LONG-TERM INCENTIVE PLAN (LTI)

The Group established a share incentive scheme for the Executive Committee and certain key members of management. The Group believes that the retention of key skills is important to the sustainability of the Group and the share incentive scheme assists in retaining these skills. Through the share incentive scheme, the Group's performance is linked to longer-term value creation, and is aligned to the value earned by the shareholder.

The maximum number of shares that may be utilised for purposes of the share incentive scheme is currently limited to 40 246 572 shares, being equal to approximately 5% of the total issued share capital of STADIO. The maximum number of shares that may be acquired by any one individual for purposes of the share incentive scheme is limited to 8 049 314 shares. As set out in ordinary resolution number 15 of the notice of AGM, the REMNO Committee is recommending the increase of the maximum number of shares that may be utilised for purposes of the share option scheme to 57 332 884 shares, being equal to approximately 7% of the total issued share capital of STADIO Holdings, and an increase in the maximum number of shares that may be acquired by any one individual for purposes of the share incentive scheme to 12 285 618 shares, to allow for increased participation in the scheme by current and future participants.

At 31 December 2019, the number of share options that had already been awarded but remain unvested amounted to 20 398 758 shares (2018: 15 623 636). At 31 December 2019, the share incentive scheme had ten participants (2018: ten), being qualifying individuals across the Group. The first share options vested on 3 October 2019 and subsequently lapsed, with no shares being issued.

In 2020, the REMNO Committee performed a holistic review of the LTI, including its participants and their factors. The REMNO Committee has made a number of once-off LTI allocations in 2020 to participants who will no longer participate in the scheme going forward. The number of ongoing participants in the scheme, however, has been reduced. The REMNO Committee believes that all participants in the LTI scheme going forward are key to the strategic outcomes of the Group and the respective factors of salary used to determine the amount of exposure is fair and ensures sustainability of the scheme.

The REMNO Committee is also recommending the inclusion of malus and clawback provisions for all LTI awards, as set out in ordinary resolution number 15 of the notice of AGM.

MECHANICS OF THE SHARE INCENTIVE SCHEME

Award

Share options are awarded annually at the discretion of the REMNO Committee. The number of share options to be awarded is calculated based on an agreed factor of the respective individual's base salary applied thereto, depending on the individual's seniority and level of responsibility assumed within the organisation, as well as the level of his/her performance measured against the key performance objectives outlined above. In 2020, the REMNO Committee reassessed the factors awarded to participants to ensure the longevity of the scheme and have reduced all factors going forward.

The following factors are applied to the Executive Committee member's awards:

	2020	2019	2018	2017
CEO	5	7	6	6
Executive Committee	4	6	6	4–6.5*

** the 6.5 represents an initial allocation following the set-up of the business prior to listing*

All share options are awarded at a strike price equal to the Group's 30-day volume weighted average price (VWAP) immediately preceding such award date.

Vesting

The vesting of share options is solely dependent on the individual remaining in service, with 25% vesting on each of the second, third, fourth and fifth anniversary of the award date. In the case of resignation or dismissal of an individual (i.e. bad leaver), unvested share options are generally forfeited. In the case of the death, retirement or retrenchment of an individual (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months.

NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of non-executive Directors is reviewed annually by the REMNO Committee taking into account the size and stage of the Group, as well as the general staff increase applied across the Group. These non-executive Director's fees are recommended by the Board to shareholders for approval at the AGM.

Changes to the fee structure are effective 1 January, subject to approval by shareholders at the Group's AGM.

The annual fees payable to non-executive Directors are fixed and not subject to the attendance of meetings. In the event of non-attendance on a regular basis, same may be reviewed. These fees are paid bi-annually in June and December.

The proposed fee structure for the Group's non-executive Directors for the financial year ending 31 December 2020, excluding value-added tax, is set out in the table below:

	Board		Audit and Risk		Remuneration and Nominations		Transformation, Social and ethics	
	Proposed annual fee 2020 Rands	Annual fee 2019 Rands	**Proposed annual fee 2020 Rands**	Annual fee 2019 Rands	**Proposed annual fee 2020 Rands**	Annual fee 2019 Rands	**Proposed annual fee 2020 Rands**	Annual fee 2019 Rands
Annual fixed fee								
Chairperson	**371 000**	350 000	**100 000**	75 000	**79 500**	75 000	**79 500**	75 000
Members	**212 000**	200 000	**53 000**	50 000	**53 000**	50 000	**53 000**	50 000
Additional hourly fee in rare circumstances (on pre-approval by chairperson of the Remuneration and REMNO Committee)	**R2 650 per hour**	R2 500 per hour	**R2 650 per hour**	R2 500 per hour	**R2 650 per hour**	R2 500 per hour	**R2 650 per hour**	R2 500 per hour

The Group also pays all reasonable travelling and accommodation expenses incurred to attend Board and Committee meetings.

VOTING ON REMUNERATION

As required by King IV™, the Group's Remuneration Policy and Implementation Report as detailed in this Remuneration Report, need to be tabled for separate non-binding advisory votes by shareholders at the upcoming AGM.

In the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights entitled to be exercised by shareholders at such AGM, then the REMNO Committee will ensure that the following measures are taken in good faith and with best reasonable efforts:

- An engagement process to ascertain the reasons for the dissenting votes.
- Legitimate and reasonable objections and concerns raised which may include amending the Remuneration Policy or clarifying or adjusting remuneration governance and/ or processes.

PART 3: IMPLEMENTATION OF THE REMUNERATION POLICY

REMUNERATION

TGP

The salary and salary increases of the Executive Committee and key management employees were approved by the REMNO Committee. These increases are usually in line with the inflationary increases offered to the Group, however in some instances, were adjusted to benchmark against market related rates, where required.

In 2020, the TGP was benchmarked against remuneration of other JSE Small Cap listed companies. It was noted that the Chief Financial Officer and Chief Academic Officer's remuneration were below market-related rates and as such their base salaries were increased to align more closely with market-related rates, albeit having regard to the current size of the Group and taking into consideration stakeholders interests.

STI

For the year ended 31 December 2019, the Group's primary performance targets included:

- Growth in organic revenue of 20%
- Normalised EBITDA margin of 20%
- Growth in Core HEPS of 20%
- General module success rate of 68% for distance learning and 83% for on-campus learning
- Achievement of agreed upon strategic initiatives and
- Individual performance against agreed KPIs.

For the year ended 31 December 2019, the Group achieved the following, on which the above targets were adjudicated against and on which the STIs were awarded:

- Growth in organic revenue of 17%
- Normalised EBITDA margin of 22%
- Achieved an average module success rate of 77% for distance learning, and 84% for on-campus learning, across the Group
- 80% to 90% of strategic initiatives were met; and
- Individual performance ratings of between 80% and 85%.

In adjudicating the above performance measures for the 2019 financial year end, as well as considering the individual performances of each executive Director, the executive Directors were eligible to receive a bonus of between 86% and 109% of their annual base salaries. In 2019, the above-mentioned targets were only applied to executive Directors.

During 2018, a portion of the 2018 bonus entitlement was deferred, and vests in equal tranches over three years, subject to certain vesting criteria as detailed in part 2 of this report. In 2019, the Group achieved the set targets, namely, all executive Directors were employed in 2019 and the Group achieved an EBITDA margin of 20% and core HEPS growth of 20%, and as such, the executive Directors will receive a full payout of the 2018 deferred bonus to be paid in relation to the 2019 year.

As such, the Executive Committee's Bonus for 2019, and the deferred bonus for 2018, payable in 2020 is as follows:

	2019 Bonus[1] Rands	2018 Deferred portion[1] Rands
Executive Directors		
Dr van der Merwe	**3 326 680**	327 960
Ms Totaram	**1 720 269**	151 138
Dr Singh	**1 850 578**	123 888
Prescribed officers		
Mr Vorster[2]	**1 800 000**	–
Mr Human[2]	**200 000**	–
Total	**8 762 527**	602 985

[1] *Bonuses paid in March 2020*

[2] *These individuals were only appointed to the Executive Committee in August 2019 and received bonus payments in accordance with their underlying HEI's remuneration schemes for 2019. In 2020 they will be adjudicated in line with the targets set in Part 2 of this report.*

REMUNERATION REPORT (CONTINUED)

The following table sets out the remuneration paid to the Executive Committee for the years ended 31 December 2018 and 2019:

Name	2019 Basic salary/ Director's fees R'000	2019 Bonuses R'000	2019 Share-based incentive payments R'000	2019 Pension contribu-tions paid R'000	2019 Total R'000	2018 Basic salary/ Director's fees R'000	2018 Bonuses R'000	2018 Share-based incentive payments R'000	2018 Pension contribu-tions paid R'000	2018 Total R'000
Executive Directors										
Dr van der Merwe	2 739	2 516	–	271	5 526	2 220	1 191	1 782	220	5 413
Ms Totaram	1 877	1 377	–	96	3 350	1 752	1 050	975	60	3 837
Dr Singh	1 740	1 128	–	172	3 040	1 345	669	–	132	2 146
Prescribed officers										
Mr Vorster[1]	2 263	1 339	–	–	3 602	–	–	–	–	–
Mr Human[1]	2 112	231	–	104	2 447	–	–	–	–	–
Total	10 731	6 591	–	643	17 965	5 317	2 910	2 757	412	11 396

[1] *These individuals were appointed as co-COO in August 2019 and continued to receive remuneration from the underlying HEI. They are considered prescribed officers of the Group.*

During the year 5.6 million (2018: nil) share options were issued to the executive Directors.

1.9 million share options (2018: nil) vested during the year, and lapsed. Therefore, the individual received no gain in respect of these share options.

LTI (SHARE OPTIONS)

Details of share options outstanding at the year-end are as follows. No share options were exercised by Directors during the year.

	opening balance of share options at 1 January 2019 '000	Number of share options awarded during the year '000	Number of share options vested during the year[1] '000	Strike price per share options awarded	Share options' grant date[1]	Closing balance of share options at 31 December 2019 '000
Dr van der Merwe	4 054	–	(1 014)	2.96	3 October 2017	3 040
	–	2 580	–	3.63	3 April 2019	2 580
	4 054	2 580	(1 014)			5 620
Ms Totaram	1 725	–	(431)	2.96	3 October 2017	1 294
	–	1 159		3.63	3 April 2019	1 159
	1 725	1 159	(431)			2 453
Dr Singh	1 757	–	(439)	2.96	3 October 2017	1 318
		1 865	–	3.63	3 April 2019	1 865
	1 757	1 865	(439)			3 183
Total	7 536	5 604	(1 884)			11 256

[1] *The share options vesting in 2019 lapsed and had no gain during the year.*

FORMER CHIEF EXECUTIVE OFFICER

Dr CR van der Merwe (Chris) completed his tenure as CEO effective 31 March 2020. Chris will continue to serve the Group as a non-executive Director. Effective 1 April 2020, the Group has entered into a restraint of trade agreement with Chris, for a period of two years whereby Chris has also made himself available to consult around his areas of strength e.g. marketing STADIO programmes to the school market, and will be available to the new Group CEO as a resource.

The REMNO Committee has decided to consider Chris a good leaver in terms of the LTI scheme and as such, Chris will not forfeit his share options. Chris will continue to hold these share options until the share options vest, however, will not be entitled to be awarded any new share options.

NON-EXECUTIVE DIRECTORS

The annual fees paid to the non-executive Directors during 2019 and 2018 are as follows:

	2019 non-executive Directors fees	2018 non-executive Directors fees
Prof Stumpf	**426**	170
Mr Ramaphosa	**375**	115
Ms Mokoka[1]	**233**	–
Dr Vilakazi[1]	**68**	–
Dr Brown[1]	**56**	–
Mr de Waal/Mr A Mellet[2]	**267**	135
Ms Kisten[1]	**188**	165
Mr Sithole[1]	**163**	150
	1 776	735

[1] *These Directors was appointed, resigned or retired during the year and therefore received fees pro-rated for their time of service as a Company Director during the year.*

[2] *PN de Waal's non-executive Director's remuneration is paid to PSG Corporate Services Proprietary Limited of which he is a salaried employee. A Mellet is an alternate Director for PN de Waal and does not receive non-executive Director fees in his own right.*

STATEMENT BY THE BOARD REGARDING COMPLIANCE WITH THE REMUNERATION POLICY

The Board receives a report from the REMNO Committee annually on remuneration practices across the Group, including salary levels and trends, bonus and long-term incentive participation. The Board endorses the REMNO Committee's position that the Group's remuneration policy appropriately takes into account the remuneration and employment conditions of employees in the Group as well as relevant external factors. It is the view of the Board that this policy as detailed herein, drives business performance and value creation for all stakeholders.

GENERAL INFORMATION

SHAREHOLDERS' ANALYSIS
AS AT 31 DECEMBER 2018

Range of shareholding 2019	Number of shareholders	% of shareholders	Number of shares held '000	% of total shares
1 – 10 000	11 886	83.0	25 041	3.0
10 001 – 100 000	2 109	14.7	59 286	7.0
100 001 – 1 000 000	273	1.9	72 426	9.0
More than 1 000 000	50	0.4	661 342	81.0
	14 318	100.0	818 095	100.0

Range of shareholding 2018	Number of shareholders	% of shareholders	Number of shares held '000	% of total shares
1 – 10 000	14 281	84.4	30 252	3.7
10 001 – 100 000	2 327	13.7	63 587	7.8
100 001 – 1 000 000	268	1.6	74 037	9.0
More than 1 000 000	43	0.3	649 838	79.5
	16 919	100.0	817 714	100.0

Shareholder spread

To the best knowledge of the Directors and after reasonable enquiry, the spread of shareholders as at 31 December 2019 were as follows:

Public and non-public shareholding 2019	Number of shareholders	% of shareholders	Number of shares held '000	% of total shares
PSG Alpha Investments Proprietary Limited	1	–	359 597	44.0
Directors (including prescribed officers and subsidiary Directors)	17	0.1	80 004	10.0
Directors from other related parties	9	0.1	6 321	1.0
Non-public shareholding	27	0.2	445 922	55.0
Public shareholding	14 291	99.8	372 173	45.0
Total of all shareholders	14 318	100.0	818 095	100.0

Public and non-public shareholding 2018	Number of shareholders	% of shareholders	Number of shares held '000	% of total shares
PSG Alpha Investments Proprietary Limited	1	–	359 597	44.0
Directors (including prescribed officers and subsidiary Directors)	9	–	80 879	9.8
Directors from other related parties	12	–	8 048	1.0
Non-public shareholding	22	–	448 524	54.8
Public shareholding	16 897	100.0	369 190	45.2
Total of all shareholders	16 919	100.0	817 714	100.0

SHAREHOLDERS' ANALYSIS (CONTINUED)

AS AT 31 DECEMBER 2018

Major shareholders

According to the information available to the Company, the following beneficial shareholders are directly or indirectly interested in 5% or more of the Group's share capital.

	Shares held 2019		Shares held 2018	
	Number '000	%	Number '000	%
PSG Alpha Investments Proprietary Limited	359 597	44.0	359 597	44.0
Coronation Fund Managers Limited	59 355	7.3	63 530	7.8
Brimstone Investment Corporation Limited	43 565	5.3	43 565	5.3

Share information

	2019	2018
Closing price at period end (cents)	200	349
JSE market price high (cents)	425	860
JSE market price low (cents)	188	321
Total number of transactions on JSE	23 321	32 408
Total number of shares traded	78 798 551	112 075 904
Total value of shares traded (R)	222 874 747	513 286 616
Average price per share (cents)	283	458
Shares in issue	818 095 250	817 713 779
Percentage volume traded to shares in issue	9.6%	13.7%

NOTICE OF ANNUAL GENERAL MEETING

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 STADIO Group, or the Company)

Notice is hereby given of the annual general meeting of ordinary shareholders of STADIO Holdings to be conducted entirely by electronic communication as permitted by the Companies Act, No. 71 of 2008, as amended (the Companies Act) and by the Company's memorandum of incorporation, at 12:00 on Wednesday, 1 July 2020 (the AGM).

PURPOSE

The purpose of the AGM is to transact the business set out in the agenda below.

IMPACT OF COVID-19 OUTBREAK ON THE AGM

As a result of the COVID-19 outbreak, and guidance from authorities regarding the need for social distancing, the AGM will be conducted entirely by electronic communication.

Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (Participant(s)) must either 1. register online using the online registration portal at www.smartagm.co.za; or 2. apply to Computershare, by delivering the duly completed electronic participation form to: First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or sending it by email to proxy@computershare.co.za so as to be received by Computershare by no later than 12:00 on Monday, 29 June 2020. The electronic participation form can be found as an insert in this Notice of AGM. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

The Company will inform Participants who notified Computershare of their intended participation in accordance with paragraph 1 under Electronic Participation, on page 116 of this Notice of AGM, by no later than 12:00 on Tuesday, 30 June 2020 by email of the relevant details through which Participants can participate electronically.

AGENDA

- Presentation of the audited Annual Financial Statements of STADIO Holdings, including the reports of the Directors of STADIO Holdings (Directors) and the Audit and Risk Committee, for the year ended 31 December 2019. The 2019 Integrated Report of the STADIO Group containing the audited Summary Financial Statements, and the audited Consolidated and Separate Annual Financial Statements, is available at www.stadio.co.za or can be obtained in person, at no charge, from the Company at its registered office during office hours.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary and special resolutions:

Note:
For any of the ordinary resolutions numbers 1 to 11 and 13 to 14 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolutions numbers 12 and 15, at least 75% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For special resolutions numbers 1 to 11 to be adopted, at least 75% of the voting rights exercised on each such resolution must be exercised in favour thereof.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

1. CONFIRMATION OF APPOINTMENT, RETIREMENT AND RE-ELECTION OF DIRECTORS

1.1 Ordinary resolution number 1

Resolved that Dr CB Vilakazi's appointment as a Director, in terms of the memorandum of incorporation of the Company be and is hereby confirmed.

1.2 Ordinary resolution number 2

Resolved that Dr TH Brown's appointment as a Director, in terms of the memorandum of incorporation of the Company be and is hereby confirmed.

1.3 Ordinary resolution number 3

Resolved that Dr CR van der Merwe's appointment as a Director, in terms of the memorandum of incorporation of the Company be and is hereby confirmed.

1.4 Ordinary resolution number 4

Resolved that Mr CPD Vorster's appointment as a Director, in terms of the memorandum of incorporation of the Company be and is hereby confirmed.

1.5 Ordinary resolution number 5

Resolved that Mr DM Ramaphosa, who retires by rotation in terms of the memorandum of incorporation of the Company, and being eligible, offers himself for re-election, be and is hereby re-elected as Director.

1.6 Ordinary resolution number 6

Resolved that Ms M Mokoka, who retires by rotation in terms of the memorandum of incorporation of the Company, and being eligible, offers herself for re-election, be and is hereby re-elected as Director.

1.7 Ordinary resolution number 7

Resolved that Mr PN de Waal, who retires by rotation in terms of the memorandum of incorporation of the Company, and being eligible, offers himself for re-election, be and is hereby re-elected as Director.

The reason for ordinary resolutions numbers 1 to 4 is that the Listings Requirements of the JSE Limited (JSE) requires that any new appointment to the Board of Directors of the Company be confirmed by the shareholders at the next annual general meeting of the Company. Dr CB Vilakazi's and Dr TH Brown's appointments as independent non-executive Directors of STADIO Holdings was effective from 9 October 2019, and Dr CR van der Merwe's appointment as a non-executive Director and Mr CPD Vorster's appointment as an executive Director of STADIO Holdings, was effective from 1 April 2020.

The reason for ordinary resolutions numbers 5 to 7 (inclusive) is that the memorandum of incorporation of the Company, the Listings Requirements of the JSE, and to the extent applicable, the Companies Act, require that one-third of non-executive Directors will retire at each annual general meeting of the Company and, being eligible, may offer themselves for re-election as Directors.

Brief curriculum vitae of each of the Directors being appointed or eligible for re-election and confirmation to the Board appears on pages 79 to 82 of the 2019 Integrated Report.

2. RE-APPOINTMENT OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY

Note:
For the avoidance of doubt, all references to the Audit and Risk Committee of the Company are a reference to the audit committee as contemplated in the Companies Act.

2.1 Ordinary resolution number 8

Resolved that Ms M Mokoka, subject to the approval of ordinary resolution number 6 above, being eligible, be and is hereby re-appointed as a member and chairperson of the Audit and Risk Committee of the Company, as recommended by the Board of the Company, until the next annual general meeting of the Company.

2.2 Ordinary resolution number 9

Resolved that Dr CB Vilakazi, subject to the approval of ordinary resolution number 1 above, being eligible, be re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of the Company, until the next annual general meeting of the Company.

2.3 Ordinary resolution number 10

Resolved that Dr TH Brown, subject to the approval of ordinary resolution number 2 above, being eligible, be re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of the Company, until the next annual general meeting of the Company.

The reason for ordinary resolutions numbers 8 to 10 (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of the Company.

3. RE-APPOINTMENT OF AUDITOR

3.1 Ordinary resolution number 11

Resolved that PricewaterhouseCoopers Inc. be and are hereby re-appointed as the auditor of the Company for the ensuing financial year or until the next annual general meeting of the Company, whichever is the later, with the designated auditor being Mr D de Jager, a registered auditor and partner in the firm on the recommendation of the Audit and Risk Committee of the Company.

The reason for ordinary resolution number 11 is that the Company, being a public listed company, must have its Annual Financial Statements audited, and such an auditor must be appointed or re-appointed, as the case may be, at each annual general meeting of the Company, as required by the Companies Act.

4. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

4.1 Ordinary resolution number 12

Resolved that the Directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's memorandum of incorporation, the Companies Act and the Listings Requirements of the JSE, and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to 10% of the issued share capital of the Company at the date of this notice of AGM, provided that:

- *the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond 15 months from the date of this resolution;*

4. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH (continued)

4.1 Ordinary resolution number 12 (continued)

- *the general issues of shares for cash in any one financial year may not exceed, in the aggregate, 10% of the Company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer or in consideration for acquisitions or shares issued to the STADIO Group Share Incentive Trust (Trust) or options granted by the Trust in accordance with the Listings Requirements of the JSE shall not diminish the number of ordinary shares that comprise the 10% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 10% of the issued ordinary shares of the Company amounts to 81 904 120 ordinary shares;*
- *in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30-business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;*
- *any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties;*
- *any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and*
- *if the issued securities represent, on a cumulative basis, 5% or more of the number of securities in issue, prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE.*

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or in consideration for acquisitions and/or to share incentive schemes, which schemes have been duly approved by the JSE and by the shareholders of the Company), it is necessary for the Board to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE and the memorandum of incorporation of the Company. The reason for ordinary resolution number 12 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE and the memorandum of incorporation of the Company.

For ordinary resolution number 12 to be adopted, at least 75% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof.

5. NON-BINDING ADVISORY VOTES ON STADIO HOLDINGS' REMUNERATION POLICY AND IMPLEMENTATION REPORT ON THE REMUNERATION POLICY

5.1 Ordinary resolution number 13

Resolved that the Company's Remuneration Policy, as set out on pages 95 to 99 of this 2019 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote.

The reason for ordinary resolution number 13 is that the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™) recommends, and the Listings Requirements of the JSE require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution number 13, if passed, will be to endorse the Company's Remuneration Policy. Ordinary resolution number 13 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's Remuneration Policy.

5.2 Ordinary resolution number 14

Resolved that the Company's Implementation Report with regards to its Remuneration Policy, as set out on pages 100 to 102 of this 2019 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote.

The reason for ordinary resolution number 14 is that King IV™ recommends, and the Listings Requirements of the JSE requires, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of ordinary resolution number 14, if passed, will be to endorse the Company's Implementation Report in relation to its Remuneration Policy. Ordinary resolution number 14 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's Remuneration Policy and its implementation.

6. AMENDMENTS TO SHARE TRUST DEED

6.1 Ordinary resolution number 15

Resolved that the existing trust deed of the STADIO Group Share Incentive Trust, which contains the terms of and governs the STADIO Group share incentive scheme (Pre-existing Trust Deed), be amended and replaced by a new trust deed (Trust Deed), incorporating the amendments as set out in Annexure A to this notice of AGM, and a copy of which Trust Deed is available for inspection.

The reason for ordinary resolution number 15 is to obtain the prior approval of shareholders to replace the Pre-existing Trust Deed with the Trust Deed, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of Schedule 14 of the Listings Requirements of the JSE. The effect of ordinary resolution number 15, if passed, will be that the Pre-existing Trust Deed will be replaced with the Trust Deed.

For ordinary resolution number 15 to be adopted, at least 75% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any shares held by the STADIO Group Share Incentive Trust and the votes attaching to shares acquired in terms of the STADIO Group share incentive scheme and owned or controlled by persons who are existing participants in the scheme, and which may be impacted by the resolution, will not be taken into account.

A copy of the Trust Deed is available for inspection by shareholders at the Company's registered office and, in Johannesburg, at the office of the Company's JSE sponsor, PSG Capital Proprietary Limited, at 2nd Floor, Building 2, 11 Alice Lane, Sandhurst, Sandton 2196, during office hours.

To consider and, if deemed fit, approve, with or without modification, the following special resolutions:

7. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Special resolutions numbers 1 to 8

Resolved in terms of section 66(9) of the Companies Act that the Company be and is hereby authorised to remunerate its non-executive Directors for their services as Directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the Company.

7.1 Special resolution number 1

Resolved that the chairperson of the Board be paid an annual fee of R371 000 (excluding value added tax (VAT)).

7.2 Special resolution number 2

Resolved that members of the Board be paid an annual fee of R212 000 (excluding VAT).

7.3 Special resolution number 3

Resolved that the chairperson of the Audit and Risk Committee be paid an annual fee of R100 000 (excluding VAT).

7.4 Special resolution number 4

Resolved that members of the Audit and Risk Committee be paid an annual fee of R53 000 (excluding VAT).

7.5 Special resolution number 5

Resolved that the chairpersons of the Remuneration and Nominations Committee be paid an annual fee of R79 500 (excluding VAT).

7.6 Special resolution number 6

Resolved that members of the Remuneration and Nominations Committee be paid an annual fee of R53 000 (excluding VAT).

7.7 Special resolution number 7

Resolved that the chairperson of the Transformation, Social and Ethics Committee be paid an annual fee of R79 500 (excluding VAT).

7.8 Special resolution number 8

Resolved that members of the Transformation, Social and Ethics Committee be paid an annual fee of R53 000 (excluding VAT).

Notes:

1. Fees are paid for services rendered as Directors and are not based on the number of meetings attended.
2. The fees are paid bi-annually in arrears and VAT is payable thereon if the non-executive Director is VAT registered.

The reason for special resolutions numbers 1 to 8 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive Directors in accordance with the requirements of the Companies Act.

The effect of special resolutions numbers 1 to 8, if passed, is that the Company will be able to pay its non-executive Directors for the services they render to the Company as Directors without requiring further shareholder approval until the next annual general meeting of the Company.

8. INTER-COMPANY AND RELATED FINANCIAL ASSISTANCE

8.1 Special resolution number 9: Inter-company financial assistance

Resolved in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board be and is hereby authorised to approve that the Company provide any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board may deem fit to any company or corporation that is related or inter-related ('related' and 'inter-related' will herein have the meanings attributed thereto in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.

The reason for and effect, if passed, of special resolution number 9 is to grant the Directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation that is related or inter-related to the Company. This means that the Company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

8.2 Special resolution number 10: Financial assistance for the subscription and/or the acquisition of shares in the Company or a related or inter-related company

Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, the Board be and is hereby authorised to approve that the Company provide any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board may deem fit to any person (including a juristic person) for purposes of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company ('related' and 'inter-related' will herein have the meanings attributed thereto in section 2 of the Companies Act), on the terms and conditions and for amounts that the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.

The reason for and effect, if passed, of special resolution number 10 is to grant the Directors of the Company the authority, until the next annual general meeting of the Company, to provide financial assistance to any person for purposes of, or in connection with, the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, *inter alia*, to grant loans to any person (including its subsidiaries) or to guarantee and furnish security for the debt of any person where any such financial assistance is directly or indirectly related to that person subscribing for options, shares or securities in the Company or its subsidiaries or purchasing options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the Directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 9 and 10 above:

- *the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and*
- *the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.*

In addition, the Board will only approve the provision of any financial assistance contemplated in special resolutions numbers 9 and 10 above, where:

- *the Board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and*
- *all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's memorandum of incorporation have been met.*

9. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

9.1 Special resolution number 11

Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the Listings Requirements of the JSE, including, *inter alia*, that:

- *the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;*
- *this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;*
- *an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;*
- *the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;*
- *a resolution has been passed by the Board approving the repurchase, confirming that the Company and its subsidiaries (the Group) have satisfied the solvency and liquidity test as defined in the Companies Act, and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Group;*
- *general information in respect of major shareholders and the share capital of the Company is contained in the 2019 Integrated report of which this notice forms part, as well as the full set of annual financial statements, being available on the Company's website at www.stadio.co.za or which may be requested and obtained in person, at no charge, at the registered office of the Company during office hours. Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the annual financial statements and the date of this 2019 Integrated Report.*
- *the general repurchase is authorised by the Company's memorandum of incorporation;*
- *repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five-business-day period;*
- *the Company and/or its subsidiaries may at any point in time appoint only one agent to effect any repurchase(s) on the Company's and/or its subsidiaries' behalf; and*
- *the Company and/or its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless a repurchase programme, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements of the JSE, has been submitted to the JSE in writing and executed by an independent third-party.*

The reason for and effect, if passed, of special resolution number 11 is to grant the Directors a general authority in terms of the Company's memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 11. The resolution is being sought in the interests of prudence and good corporate governance should the need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not collectively hold more than 10% in aggregate of the number of the issued shares of any class of a company. In order to avoid doubt, a *pro rata* repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

9.2 Information relating to special resolution number 11

1. The Directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company, as set out in special resolution number 11, to the extent that the Directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Company and its subsidiaries (the Group) would not be compromised as to the following:

   - the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
   - the consolidated assets of the Group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited Annual Financial Statements of the Group;
   - the ordinary capital and reserves of the Group after the purchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM and after the date of the share repurchase;
   - the working capital available to the Group after the repurchase will be sufficient for the Group's ordinary business purposes for a period of 12 months after the date of the notice of the AGM; and
   - the Directors have passed a resolution authorising the repurchase, resolving that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Group.

2. The Directors, whose names appear on pages 79 to 82 of this 2019 Integrated Report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the notice of AGM contains all information required by the Listings Requirements of the JSE.

3. Special resolutions numbers 9, 10 and 11 are renewals of resolutions passed at the previous annual general meeting held on 5 June 2019.

10. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

10.1 Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company (the share register) for purposes of being entitled to receive this notice of AGM is Friday, 22 May 2020.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this meeting is Friday, 26 June 2020, with the last day to trade being Tuesday, 23 June 2020.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the AGM before being entitled to participate in the AGM and must accordingly submit a copy of their identity document, passport or driver's license to the transfer secretaries at proxy@computershare.co.za. If in any doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Certificated shareholders and own-name dematerialised shareholders entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Forms of proxy must be completed and lodged at or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag, X9000, Saxonwold, 2132), or emailed to proxy@computershare.co.za so as to be received by the transfer secretaries by no later than 12:00 pm (South African time) on Monday, 29 June 2020, provided that any form of proxy not delivered to the transfer secretaries by this time may be submitted to the transfer secretaries via email at proxy@computershare.co.za anytime before the appointed proxy exercises any shareholder rights at the AGM.
5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM will need to request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.

11. ELECTRONIC PARTICIPATION

1. Shareholders or their proxies who wish to participate in the AGM via electronic communication (Participants) must either 1. register online using the online registration portal at www.smartagm.co.za; or 2. apply to Computershare, by delivering the duly completed electronic participation form to: First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or sending it by email to proxy@computershare.co.za so as to be received by Computershare by no later than 12:00 on Monday, 29 June 2020. The electronic participation form can be found as an insert in this Notice of AGM. Computershare will first validate such request and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.
2. The Company will inform Participants who notified Computershare in accordance with paragraph 1 above by no later than 12:00 on Tuesday, 30 June 2020 by email of the relevant details through which Participants can participate electronically.
3. The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
4. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies STADIO Holdings against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against STADIO Holdings, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the AGM.
5. STADIO Holdings cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

By order of the Board
STADIO Holdings Limited

1 June 2020

Registered office:

Office 101, The Village Square c/o Oxford and Queen Streets, Durbanville, South Africa, 7550
(PO Box 2161, Durbanville, South Africa, 7551)

Transfer secretaries:
Computershare Investor Services Proprietary Limited Rosebank Towers
15 Biermann Avenue, Rosebank, South Africa, 2196
(Private Bag, X9000, Saxonwold, 2132)

Sponsor:

PSG Capital Proprietary Limited, 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, South Africa, 7600
(PO Box, 7403, Stellenbosch, South Africa, 7599) and at
2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, South Africa, 2196
PO Box 650957, Benmore, South Africa, 2010

ANNEXURE A

AMENDMENTS TO THE STADIO GROUP SHARE INCENTIVE TRUST DEED

The amendments set out below were made to the pre-existing STADIO Group Share Incentive Trust deed ("Pre-existing Trust Deed"), however, for purposes of practicality all of the below amendments were incorporated into a new STADIO Group Share Incentive Trust deed ("Trust Deed") which replaces the Pre-existing Trust Deed.

The amendments below cater for (i) increasing the number of shares available for the STADIO Group Share Incentive scheme and individual participants of the scheme; (ii) to provide for net equity settlement on the vesting of options; and (iii) to provide for malus and clawback provisions upon the occurrence of trigger events.

The full Trust Deed incorporating the below amendments is available for inspection by shareholders at the Company's registered office and, in Johannesburg, at the office of the Company's JSE sponsor, PSG Capital (Pty) Ltd, at 2nd Floor, Building 2, 11 Alice Lane, Sandhurst, Sandton 2196. The full Trust Deed will be available for inspection during normal business hours from Friday, 3 April 2020, until the date of the AGM, or may be requested electronically by contacting the Company Secretary at kater@stadio.co.za.

The following amendments are proposed to the STADIO Group Share Incentive Trust deed ("Trust Deed"):

1. The insertion of the new definition of "**Market Price**" in clause 1.1.20 of the Trust Deed, which reads as follows:

   *"1.1.20 "**Market Price**" means the price per Share at the closing of trade on the JSE on the relevant Option Exercise Date;"*

2. The insertion of the new definition of "**Trigger Event**" in clause 1.1.35 of the Trust Deed, which reads as follows:

   "1.1.35 "Trigger event" means any event to which the Participant wilfully contributed towards or was responsible for, which event the Board, in their absolute discretion, acting reasonably, deem to have resulted in or contributed towards:

   1.1.35.1 a wilful material misstatement of the financial results of the Company and/or any Subsidiary;

   1.1.35.2 a wilful material failure in the risk management of the Company and/or any Subsidiary; and/or

   1.1.35.3 fraudulent or dishonest conduct;"

3. The amendment of the existing clause 19.3.1 of the Trust Deed, by replacing the words *"40 246 572 (forty million two hundred and forty six thousand five hundred and seventy two)"* with the words *"57 332 884 (fifty seven million three hundred and thirty two thousand eight hundred and eighty four)"*, so that such clause will thereafter read as follows:

   "57 332 884 (fifty seven million three hundred and thirty two thousand eight hundred and eighty four) Shares;"

4. The amendment of the existing clause 19.4 of the Trust Deed, by deleting the word *"unvested"*, so that such clause will thereafter read as follows:

   "The maximum number of Shares that may be acquired by any one Beneficiary in terms of the Share Scheme, shall not exceed -"

5. The amendment of the existing clause 19.4.1 of the Trust Deed, by replacing the words *"8 049 314 (eight million forty nine thousand three hundred and fourteen)"* with the words *"12 285 618 (twelve million two hundred and eighty five thousand six hundred and eighteen)"*, so that such clause will thereafter read as follows:

   "12 285 618 (twelve million two hundred and eighty-five thousand six hundred and eighteen) Shares"

6. The insertion of a new clause 20.1.8 of the Trust Deed, which reads as follows:

   "may, at the election of a Beneficiary in accordance with clause 22, be settled on a net equity basis as set out in clause 22;"

7. The deletion of the previous clause 20.1.8 of the Trust Deed, being renumbered to clause 20.1.9 after the insertion of the new clause 20.1.8 as set out in 6 above, in its entirety and the insertion of the new clause 20.1.9 as follows:

   "20.1.9 shall, pursuant to the exercise of an Option, be settled upon a Beneficiary:

   20.1.9.1 by way of the delivery of Shares; or

   20.1.9.2 in the event that the Beneficiary elects to have the Options settled on a net equity basis in accordance with clause 22, either by way of the delivery of Shares; or by the Company making a cash payment to the Beneficiary, in lieu of Shares, as the Board may elect, in its sole discretion, it being recorded that, for the purposes of International Financial Reporting Standard 2, the aforegoing shall be an equity-settled share-based payment transaction;"

8. The amendment of the existing clause 20.1.9 of the Trust Deed, being renumbered to clause 20.2.10 after the insertion of the new clause 20.1.8 as set out in 6 above, by the insertion of *"save as provided for in clause 22"*, so that such clause will thereafter read as follows:

   "20.1.10 save as provided for in clause 22, shall be awarded on the basis that the number of Scheme Shares to be delivered to a Beneficiary, and the discharge of the Strike Price in respect of such Shares, shall be on a delivery versus payment method in accordance with the provisions of this Trust Deed; and"

9. The amendment of the existing clause 20.5.5 of the Trust Deed, by deleting the full stop at the end of such clause and inserting a semi-colon and by including the word *"or"* at the end of clause 20.5.5, so that such clause will thereafter read as follows:

   "upon the Beneficiary making application for the voluntary surrender of his estate or his estate becoming subject to any provisional or final order for its sequestration or upon any attachment of any interest of a Beneficiary under the Scheme unless the Board in its discretion passes a resolution to the contrary within 60 (sixty) days of such voluntary surrender, sequestration or attachment; or"

10. The insertion of a new clause 20.5.6 of the Trust Deed, which reads as follows:

    "20.5.6 in accordance with clause 24 (Malus and Clawback)."

11. The amendment of the existing clause 21.3 of the Trust Deed, by deleting the clause references in such clause to "24 or 26" and replacing such clause references with clause references to clauses "26 or 8", so that such clause will thereafter read as follows:

    "Board, in its discretion, may instruct the Trustees to reach more favourable alternative arrangements with Participants or the relevant executor or legal representative in regard to the date or time limits of the lapsing of an Option or the exercising of an Option or the date of payment of the Strike Price (including in respect of any dates or time limits contemplated in clauses 20, 21, 26 or 8 hereof) or the manner for effecting payment thereof."

ANNEXURE A
(CONTINUED)

12. The insertion of a new clause 22 of the Trust Deed, which reads as follows:

"22. NET EQUITY SETTLEMENT

22.1 Notwithstanding any of the other provisions of this Trust Deed, in the event that a Beneficiary wishes to exercise his/her Options in terms of the Trust Deed, but is unable to, or elects not to pay the aggregate Strike Price due in respect of such Options being exercised and the Beneficiary Taxation due in relation to the exercise of such Options, the Beneficiary may elect (in writing, together with his written notice to the Company that he/she is exercising his/her Options) to have all (and not only a portion) of his/her Options so exercised, settled on a net equity basis as set out in this clause 22.

22.2 Where a Beneficiary has, in accordance with the provisions of clause 22.1, elected to have his/her Options settled on a net equity basis in accordance with the provisions of clause 22.1 above, the Board will settle -

22.2.1 the Beneficiary's After-Tax Gain through the issue or other transfer of fully paid Shares to the Beneficiary or by making a cash payment in lieu of Shares to the Beneficiary, as may be determined by the Board in its sole discretion; and

22.2.2 the Beneficiary Taxation due in respect of the Options being exercised, on behalf of the Beneficiary.

*22.3 The "**After Tax Gain**" of the Beneficiary will be determined as follows –*

*22.3.1 First, the "**Taxable Gain**" of the Beneficiary will be determined using the following formula –*

***Taxable Gain** = Market Value less the Strike Value*

Where

Market Value = the number of Options exercised multiplied by the Market Price per Share on the Option Exercise Date

Strike Value = the number of Options exercised multiplied by the Strike Price per Share

*22.3.2 Next, the "**After-Tax Gain**" will be determined using the following formula –*

After-Tax Gain = Taxable Gain less the Tax Payable

*The "**Tax Payable**" will be calculated on the Taxable Gain based on the applicable income tax rate which applies to the Beneficiary.*

22.4 The After-Tax Gain will then be settled by the Board, either by making a cash payment to the Beneficiary in lieu of Shares, or by the issue and allotment of such number of Shares by the Company, or by the transfer of such number of Shares by the Trust, within 10 (ten) business days following the relevant Option Exercise Date, as determined using the formula set out below, as may be elected by the Board in its sole discretion –

Number of Shares = After-Tax Gain divided by the Market Price Per Share on the Option Exercise Date

Rounded to the nearest full number, as no fractions of Shares will be issued.

22.5 For the avoidance of doubt, an illustrative example is set out below:

		Net settlement	Full settlement
1	Number of Options exercised	100	100
2	Strike Price per Share	R4	R4
3	Strike Value (1 x 2)	R400	R400
4	Market Price per Share	R7	R7
5	Market Value (1 x 4)	R700	R700
6	Taxable Gain (5 – 3)	R300	R300
7	Tax rate applicable (assumed)	45%	45%
8	Tax Payable (6 x 7)	R135	R135
9	After-Tax Gain (6 – 8)	R165	R165
10	Total Strike Value & Tax Payable in cash by Beneficiary (3 + 8)	n/a	R535
11	Number of Shares to be issued at Market Price (9 / 4), if not settled by way of a cash payment	24	100

13. The amendment of the existing clause 22.2 of the Trust Deed, being renumbered to clause 23.3 after the insertion of the new clause 22 as set out in 12 above, by the insertion of the words "or clause 22", so that such clause will thereafter read as follows:

    "Subject to any applicable laws, including the JSE Listings Requirements, and the provisions of this Deed (including clause 20.3), a Beneficiary shall be entitled to sell any of his Scheme Shares upon the rights of ownership of the Scheme Shares passing to the Beneficiary in terms of clause 20.3 or clause 22, in which event –"

14. The insertion of a new clause 24 of the Trust Deed, which reads as follows:

    "***24. MALUS AND CLAWBACK***

    24.1 The malus and clawback provisions of the Share Scheme shall be triggered by the occurrence of a Trigger Event.

    24.2 **Pre-vesting Trigger Event**

    In the event of a Trigger Event occurring before a Participant's Options have vested, the Options shall automatically lapse, unless the Board, in its sole discretion, acting reasonably, determines otherwise. In such circumstances the Board shall be entitled to determine if all or part of the Participant's unvested Options shall lapse.

    24.3 **Post-vesting Trigger Event**

    In the event of a Trigger Event occurring after a Participant's Option vests, the Company will be entitled to claw back all the after-tax benefit received by the Participant during such period of the transgression. The Company shall be entitled to exercise the claw back of after-tax benefits from the Participant in accordance with this clause 24.3, for a period up to three years from the vesting date of the relevant Option(s).

    24.4 All the Options which have not vested and which have lapsed, and any Scheme Shares in respect of which the Company has exercised the claw back provisions, in accordance with this clause 24, will revert back to the Share Scheme and not alter the limits applicable to the Share Scheme set out in clause 19.

    24.5 A Participant (or previous Participant) will have no claim of whatsoever nature against the Trust, the Trustees, the Company, its Directors, the Board or against any other member of the Group in the event of his/her Options lapsing and/or his/her after-tax benefits received under the Share Scheme being clawed back as a result of the occurrence of a Trigger Event."

ANNEXURE A
(CONTINUED)

15. The amendment of the existing clause 23.1 of the Trust Deed, being renumbered to clause 25.1 after the insertion of the new clauses 22 and 24 as set out in 12 and 14 above, by the insertion of the words "*but subject to clause 22*", so that such clause will thereafter read as follows:

    "*25.1 Upon an Option Exercise Date, the number of Scheme Shares which a Beneficiary is entitled to receive, against payment of the Strike Price, but subject to clause 22, shall be determined by the number of Options the Beneficiary elects to exercise on such Option Exercise Date.*"

16. The amendment of the existing clause 23.3 of the Trust Deed, being renumbered to clause 25.3 after the insertion of the new clauses 22 and 24 as set out in 12 and 14 above, by inserting the words "*Subject to clause 22*", so that such clause will thereafter read as follows:

    "*25.3 Subject to clause 22, pursuant to the exercise of an Option by a Beneficiary, upon the payment of the Strike Price in full in accordance with such terms and conditions as may be imposed by the Trustees, the Trustees shall cause the Scheme Shares to be delivered to the Beneficiary and registered in the Beneficiary's name or in the name of such other party as may be entitled thereto in terms of this Trust Deed.*"

17. The amendment of the existing clause 23.4 of the Trust Deed, being renumbered to clause 25.4 after the insertion of the new clauses 22 and 24 as set out in 12 and 14 above, by the insertion of the words "*Subject to clause 22*", so that such clause will thereafter read as follows:

    "*Subject to clause 22, if the Beneficiary fails to comply timeously with his obligation to pay the Strike Price, then, unless the Board otherwise directs, such Beneficiary shall (without prejudice to any other rights of the Trust or the Company in law) forfeit forthwith any and all of his rights to his Scheme Shares (and, if applicable, the Option in respect thereof, which Option shall be deemed to have lapsed).*"

18. Consequential changes to the paragraph numbers in the Trust Deed and the page numbers appearing in the table of contents of the Trust Deed.

FORM OF PROXY

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 STADIO Group, or the Company)

Form of proxy – for use by certificated and own-name dematerialised shareholders only

For use at the annual general meeting of ordinary shareholders of STADIO Holdings to be conducted entirely by electronic communication as permitted by the Companies Act, No. 71 of 2008, as amended and by the Company's memorandum of incorporation at 12:00 on Wednesday, 1 July 2020 (the AGM).

I/we (full name in print) ....

of (address) ....

Telephone: (work) area code (........) .... Telephone: (home) area code (........) ....

Cellphone number: (........) ....

being the registered holder of .... shares in the Company, hereby appoint

1. .... or failing him/her

2. .... or failing him/her

3. the chairperson of the AGM,

as my/our proxy to attend, speak and vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instruction (see notes):

		In favour of	Against	Abstain
Ordinary resolution number 1:	To appoint Dr CB Vilakazi as a Director			
Ordinary resolution number 2:	To appoint Dr TH Brown as a Director			
Ordinary resolution number 3:	To appoint Dr CR van der Merwe as a Director			
Ordinary resolution number 4:	To appoint Mr CPD Vorster as a Director			
Ordinary resolution number 5:	To re-elect Mr DM Ramaphosa as a Director			
Ordinary resolution number 6:	To re-elect Ms M Mokoka as a Director			
Ordinary resolution number 7:	To re-elect Mr PN de Waal as a Director			
Ordinary resolution number 8:	To re-appoint Ms M Mokoka as a member and chairperson of the Audit and Risk Committee of the Company			
Ordinary resolution number 9:	To re-appoint Dr CB Vilakazi as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 10:	To re-appoint Dr TH Brown as a member of the Audit and Risk Committee of the Company			
Ordinary resolution number 11:	To re-appoint PricewaterhouseCoopers Inc. as the auditor			
Ordinary resolution number 12:	General authority to issue ordinary shares for cash			
Ordinary resolution number 13:	Non-binding endorsement of STADIO Holdings' remuneration policy			
Ordinary resolution number 14:	Non-binding endorsement of STADIO Holdings' implementation report on the remuneration policy			

Please see overleaf for Ordinary resolution number 15 and Special resolutions

FORM OF PROXY
(CONTINUED)

Ordinary resolution number 15:	Amendments to the Share Trust Deed			
Special resolution number 1:	Remuneration of chairperson of the Board			
Special resolution number 2:	Remuneration of members of the Board			
Special resolution number 3:	Remuneration of chairperson of the Audit and Risk Committee			
Special resolution number 4:	Remuneration of members of the Audit and Risk Committee			
Special resolution number 5:	Remuneration of chairpersons of the Remuneration and Nominations Committee			
Special resolution number 6:	Remuneration of members of the Remuneration and Nominations Committee			
Special resolution number 7:	Remuneration of chairperson of the Transformation, Social and Ethics Committee			
Special resolution number 8:	Remuneration of members of the Transformation, Social and Ethics Committee			
Special resolution number 9:	Inter-company financial assistance			
Special resolution number 10:	Financial assistance for the subscription and/or the acquisition of shares in the Company or a related or inter-related company			
Special resolution number 11:	Share repurchases by the Company and its subsidiaries			

Please indicate your voting instruction by way of either 1. inserting the number of shares; or 2. inserting a cross in the space provided should you wish to vote all of your shares.

Signed at .... on this .... day of .... 2020.

Signature(s)..

Assisted by (where applicable) (state capacity and full name) ....

Each STADIO Holdings shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholder(s) of the Company) to participate, speak and vote in his/her stead at the AGM.

Please read the notes overleaf.

Notes:

1. A STADIO Holdings' shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting 'the chairperson of the AGM'. The person whose name appears first on the form of proxy and who is participating in the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. A STADIO Holdings' shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairperson of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A STADIO Holdings' shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect of which abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders are present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares, or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any shares stand shall be deemed joint holders thereof.

4. Proxy forms should be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, South Africa, or posted to the transfer secretaries at Private Bag, X9000, Saxonwold, 2132, South Africa, or emailed to proxy@computershare.co.za, to be received by them not later than Monday, 29 June 2020, at 12:00 pm (South African time), provided that any form of proxy not delivered to the transfer secretaries by this time may be submitted to the transfer secretaries via email at proxy@computershare.co.za, at any time before the appointed proxy exercises any shareholder rights at the AGM.

5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the AGM.

7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

PARTICIPATION IN THE AGM VIA ELECTRONIC COMMUNICATION

CAPITALISED TERMS USED IN THIS FORM SHALL BEAR THE MEANINGS ASCRIBED THERETO IN THE NOTICE OF AGM TO WHICH THIS PARTICIPATION FORM IS ATTACHED

1. **Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (Participants), must either 1. register online using the online registration portal at www.smartagm.co.za; or 2. apply to Computershare, by delivering this duly completed Form to:**

   Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or by email to proxy@computershare.co.za so as to be received by Computershare by no later than 12:00 on Monday, 29 June 2020. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

2. **Important notice**

   The Company shall, by no later than 12:00 on Tuesday, 30 June 2020, notify Participants that have delivered valid notices in the form of this Form, by email of the relevant details through which Participants can participate electronically.

Application form		
Full name of Participant:		
ID number:		
Email address:		
Cell number:		
Telephone number:	(code):	(number):
Name of CSDP or broker (if shares are held in dematerialised format):		
Contact number of CSDP/broker:		
Contact person of CSDP/broker:		
Number of share certificate (if applicable):		
Signature:		
Date:		

Terms and conditions for participation in the AGM via electronic communication

1. The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies STADIO Holdings against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the AGM.
3. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed fully and signed by the Participant.
4. STADIO Holdings cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

Participant's name ____

Signature ______________________________ Date ____________________

COMPANY INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment holding company in private higher education industry
Directors	**Executive** CPD Vorster S Totaram D Singh **Non-Executive** CR van der Merwe PN de Waal * *A Mellet (alternate Director to PN de Waal) **Independent Non-Executive** RH Stumpf DM Ramaphosa M Mokoka CB Vilakazi TH Brown
Company Secretary	STADIO Corporate Services Proprietary Limited
Registered office and business address	Office 101, The Village Square Cnr of Oxford and Queen Streets Durbanville, South Africa, 7550 (PO Box 2161, Durbanville, South Africa, 7551)
Bankers	Standard Bank of South Africa Limited Rand Merchant Bank Limited
Auditor	PricewaterhouseCoopers Incorporated
Sponsor	PSG Capital Proprietary Limited 1st Floor, Ou Kollege Building 35 Kerk Street, Stellenbosch South Africa, 7600 (PO Box 7403, Stellenbosch, South Africa, 7599) and at 2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, South Africa, 2196 (PO Box 650957, Benmore, South Africa, 2010)
Company registration number	2016/371398/06
Level of assurance	The Summary Financial Statements, and the Annual Financial Statements from which they are derived, have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The Summary Financial Statements, were compiled under the supervision of Ms S Totaram CA(SA), CFA
Website	www.stadio.co.za

GLOSSARY OF TERMS

The words in the first column shall have the corresponding meanings stated opposite them in the second column:

Accreditation	A quality assurance process under which qualifications and institutions are evaluated by an external body (CHE and DHET) to determine if applicable standards are met. If standards are met, accredited status is granted by the agency.
AFS	Annual Financial Statements
AGM	Annual General Meeting
AMBA	Association of MBAs
ARC	Audit and Risk Committee, a sub-committee of the Board
Articulation	Articulation is both a formal system and a process. As a formal system, articulation policy ensures that qualifications offered at different institutions match, to the extent that standardisation allows, for transfer of credits. As a process, articulation involves formal and informal agreements between education providers in the context of formal policy
ASACOM or ASA	Academic and Student Affairs Committee, an operating committee
BA	Bachelor of Arts
B-BBEE	Broad-Based Black Economic Empowerment
BCom	Bachelor of Commerce
BEd	Bachelor of Education
BHAG	Big Hairy Audacious Goal – a long-term goal that changes the very nature of a business' existence
Black	Black people as defined in the B-BBEE Act
Board or B	Board of Directors of STADIO
Brimstone	Brimstone Investment Corporation Limited, the Group's B-BBEE partner
CAGR	Compound Annual Growth Rate
CAO	Chief Academic Officer
CA Connect	CA Connect Professional Training Institution CPT Proprietary Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CHE	The South African Council on Higher Education
CHEPS	Core Headline Earnings per share
CL	Contact learning, i.e. on-campus learning mode of delivery
Companies Act	The Companies Act, No. 71 of 2008, as amended
Core Headline Earnings	Headline earnings 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
CSR	Corporate Social Responsibility
Curro	Curro Holdings Limited
DHET	The South African Department of Higher Education and Training
Directors	Members of the Board
DL	Distance learning
Drop-out	A student decides to discontinue his or her studies prior to completing the programme on which the student was registered
EBIT	Earnings Before Interest and Taxation

EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EC	Executive Committee, an operating committee
ECD	Early Childhood Development
Ekosto	Ekosto 1067 Proprietary Limited, a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by Intraframe
Embury	Stadio Proprietary Limited (formerly Embury Institute for Higher Education Proprietary Limited), a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SIH
EPS	Earnings per Share
EXCO	Executive Committee, an operating committee
FET	Further Education and Training
FT	Full-time
GTER	Gross Tertiary Enrolment Rate – defined as total student enrolments divided by the school leaver age-cohort in the national population
HC	Higher Certificate
HEI	Higher Education Institution
HEPS	Headline Earnings per Share
Histodox	Histodox Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SCS
IAR	Integrated Annual Report
IASB	International Accounting Standards Board
ICT	Information, Communication and Technology
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIRC	International IR Framework
Intraframe	Intraframe Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SCS
Investco or IC	Investment Committee, an operating committee
JSE	JSE Limited
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
Lisof	Lisof Proprietary Limited is a private company incorporated under the laws of South Africa, 100% of the issued share capital is held by SIH. Lisof's associated property companies, Wadam and Histodox, are wholly owned by SCS.
Listing date	STADIO listed on the main board of the JSE on 3 October 2017
MBA	Master of Business Administration
MBS Education	Master Education Investments Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by Milpark SPV
Milpark	Milpark Education Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by MBS Education
Milpark SPV	Milpark Investments SPV Proprietary Limited, a private company incorporated under the laws of South Africa, of which 74.9% of issued share capital is held by SIH and 25.1% of issued share capital is held by Newshelf 1409 Proprietary Limited, which is a special purpose vehicle held by SIH (49%) and Brimstone (51%)
MOI or memorandum of incorporation	The memorandum of incorporation of STADIO Holdings, as approved by Shareholders on 4 June 2018

GLOSSARY OF TERMS
(CONTINUED)

NDP	National Development Plan
NQA	Namibia Qualifications Authority
NQF	The South African National Qualifications Framework
NRF	National Research Foundation
OECD	Organisation for Economic Co-operation and Development
Off-campus	includes distance learning and distance learning online modes of learning delivery
On-campus	includes contact learning mode of delivery
Other	Foreign nationals and other people not defined as Black or White in the B-BBEE Act
PC	Property Committee, an operating committee
PGDA	Postgraduate Diploma in Accounting
PLS	Pre-Listing Statement
Prestige Academy	Prestige Academy Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SIH.
PSET	Post-School Education and Training
PSG	PSG Group Limited
PT	Part-time
PwC	PricewaterhouseCoopers Inc.
QA	Quality Assurance
REMNO or RNC	Remuneration and Nominations Committee, a sub-committee of the Board
SAICA	The South African Institute of Chartered Accountants
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SBS	Southern Business School Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SIH
SBS Group	Collectively SBS and SBS's interest in SBS Namibia
SBS Namibia	Southern Business School of Namibia Proprietary Limited, a private company incorporated under the laws of Namibia, of which 74% of the issued share capital is held by SBS
SCS	Stadio Corporate Services Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SIH
SIH	Stadio Investment Holdings Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by STADIO
Shareholders	Investors holding ordinary shares in STADIO Holdings Limited
STADIO	STADIO Proprietary Limited, a registered HEI currently offering a School of Education. During 2020, subject to regulatory approvals, the Group will migrate its other underlying HEIs into STADIO as part of becoming one registered higher education institution, STADIO
STADIO Group or **the Group,** or **the Company**	STADIO Holdings Limited and its underlying subsidiaries
Success rate	Number of students who graduate / successfully complete their course
Stop-out	A student decides to temporarily discontinue his or her studies for a certain period of time with the aim of returning to formal studies at a later stage when it is more convenient
Throughput rate	The percentage of students from the same cohort who successfully complete their studies
TSEC or TSE	Transformation, Social and Ethics Committee, a sub-committee of the Board
UN	United Nations
UNISA	University of South Africa
USA	United States of America
Wadam	Wadam Proprietary Limited, a private company incorporated under the laws of South Africa, of which 100% of the issued share capital is held by SCS


STADIO

TOWARDS

STADIO