STADIO
HOLDINGS

2020 INTEGRATED REPORT

HIGHLIGHTS

"A NEW VISION IN HIGHER EDUCATION"

STADIO REGISTERED AS A **NEW PRIVATE HIGHER EDUCATION** INSTITUTION

2020 ACADEMIC YEAR **COMPLETED IN 2020**

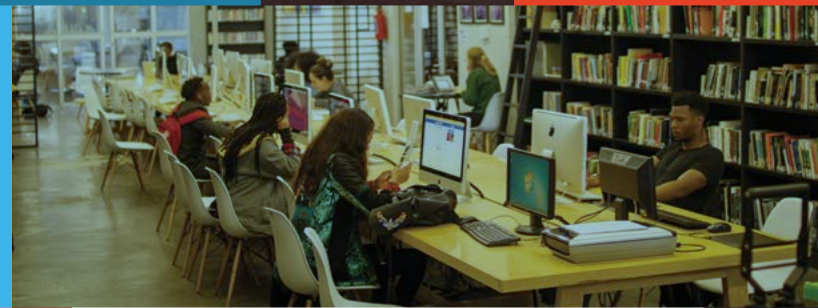
STUDENT DROP-OUT RATES **DECREASED**

SUCCESSFUL BUSINESS TRANSFER INTO STADIO

26 OCTOBER 2020 **OFFICIAL BRAND LAUNCH OF STADIO**

STUDENT NUMBERS INCREASED 10% TO 35 031

MODULE **SUCCESS** RATE **INCREASED**



REVENUE INCREASED 14% TO R933M

14%

ADJUSTED EBITDA* INCREASED 29% TO R253M

ACCREDITATION OF **2 NEW DOCTORATES** IN MANAGEMENT AND POLICING

CORE HEADLINE EARNINGS** INCREASED 33% TO R117M

CORE HEPS** INCREASED 31% TO 14.2 CENTS

THE GROUP HAS **95 ACCREDITED QUALIFICATIONS** AND 35 PIPELINE PROGRAMMES

APPOINTMENT OF **DR VINCENT MAPHAI** AS CHAIRPERSON OF THE BOARD

* *Earnings before interest depreciation and amortisation (EBITDA) was adjusted to exclude the fair value adjustment in respect of the CA Connect acquisition.*

** *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.*

14 CAMPUSES,

2 SUPPORT OFFICES

COMMENCED CONSTRUCTION OF **STADIO CENTURION,** 1ST MEGA-CAMPUS

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01 OVERVIEW

ABOUT THIS REPORT

Stadio Holdings Limited (STADIO Holdings) is proud to present its Integrated Report for the year ended 31 December 2020 (this Report). This Report incorporates information pertaining to STADIO Holdings and its subsidiaries (the Group).

Integrated thinking is intrinsic to how we manage our business, to our internal strategy development, and to our reporting practices and is evident in how we managed, and continue to manage, the challenges posed by the COVID-19 pandemic.

This Report has been prepared for the benefit of all our stakeholders (with a focus on providing relevant information to our investment community) and provides a holistic overview of the Group's strategy, our performance against this strategy for the year and overall creation of value for stakeholders during the year. This Report also looks at how risks were managed over the year as well as what risks exist in achieving our strategy and value creation for stakeholders over the short-, medium- and long-term.

MATERIAL MATTERS

We consider a matter to be material if it has, or may have, a material impact on our ability to execute our strategic priorities and to create value in the short-, medium- and long-term for our stakeholders. The material matters detailed on pages 19 to 20 of this Report were informed by those matters discussed by the Board and its committees during the year and which were taken into account when formulating the strategic priorities of the Group.

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.

NAVIGATION OF OUR REPORT

To assist users to understand our integrated thinking and to illustrate connectivity throughout this report, we make use of various icons as depicted below.

Widening access | World of work | Student centredness

A glossary of terms used throughout this Report is also included on pages 111 to 113.

The 2020 Integrated Report will not be printed, but instead is available to all stakeholders on the STADIO Holdings' website, www.stadio.co.za. This is in line with our continued effort to support environmental initiatives wherever possible. The consolidated Annual Financial Statements for the year ended 31 December 2020, which were approved by the Board on 12 March 2021, and all supplementary reports are also available on our website.

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 Audit and Risk Committee reviewed the 2020 Integrated Report and recommended it to the Board for approval.

The Board acknowledges its responsibility for overseeing the integrity and completeness of the 2020 Integrated Report and in doing so, has considered the Group's operating environment, strategy, and value creation model in this process, as well as the unmodified audit opinion issued by PricewaterhouseCoopers Inc. on the consolidated Annual Financial Statements. Elements of the information included in this Report were verified by a combination of internal and external assurance specialists.

The Board has applied its mind to the 2020 Integrated Report and believes that the 2020 Integrated Report addresses all material matters that have, or could have, a material effect on the Group's ability to create value, and this Report presents a fair and balanced account of the Group's performance. The 2020 Integrated Report was approved by the Board on 30 April 2021.

Dr Vincent Maphai
Chairperson
30 April 2021

Mr Chris Vorster
Chief Executive Officer
30 April 2021

CHAIRPERSON'S REPORT

"Education is critical for the future of our country, and the achievement of the Group's purpose, 'To empower the nation by widening access to higher education', is both a moral and financial imperative for South Africa, one in which the commercial benefit for the Group will follow."

2020 was an unprecedented year. Companies, and individuals, had to be flexible and be able to adapt in order to endure. I am proud to say that STADIO Holdings not only adapted but made the most of this challenging time by adjusting its business model and strategic focus as required. All teaching and learning moved online, all staff worked remotely and even Board members got used to engaging with each other through electronic Board meetings. Despite the challenges presented by COVID-19, the Group was successful in completing the 2020 Academic year within the 2020 calendar year and grew student numbers by 10%, with core headline earnings growing by 33%.

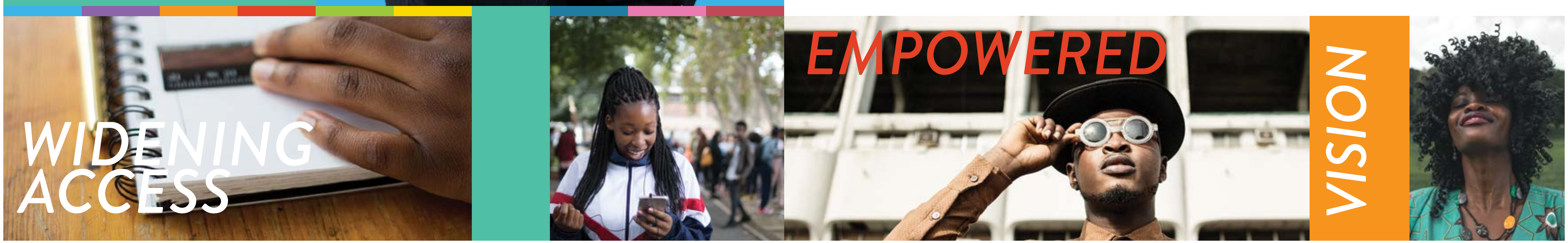
2020 was a year where, despite navigating the uncertainty and trials of COVID-19, management laid the foundations on which to grow the Group in the future. This was evident in the achievement of one of STADIO Holdings' strategic imperatives, namely, the registration of STADIO Proprietary Limited (STADIO) as a new private higher education institution, and the amalgamation of the underlying subsidiary institutions into this single integrated provider. Considering the individual offerings and needs of the underlying subsidiary institutions, the decision was taken to house four of the underlying six brands under a single brand, STADIO. These were STADIO School of Education (formerly Embury Institute for Higher Education Proprietary Limited (Embury)), LISOF Proprietary Limited (LISOF), Prestige Academy Proprietary Limited (Prestige Academy) and Southern Business School Proprietary Limited (SBS). In the meantime, The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) and Milpark Education Proprietary Limited (Milpark) continue to operate as autonomous higher education institutions. The launch of this new institution, STADIO, will assist the Group in achieving its commitment to widening access to quality higher education for more students whilst ensuring the quality of its academic offerings is enhanced and at the same time, allowing the Group to enjoy synergies that will come through the implementation and use of shared services.

Education is critical for the future of our country, and the achievement of the Group's purpose, "To empower the nation by widening access to higher education", is both a moral and financial imperative for South Africa, one in which the commercial benefit for the Group will follow.

I joined the STADIO Holdings Board as chairperson on 16 July 2020, and it is truly exciting to be part of a company that can make a lasting difference and contribute to the development of our nation, and the lives of many individuals. I also believe that STADIO can be a leader in higher education.

I wish to thank my fellow Board members for their robustness and dedication over the past year, as well as the highly capable management team for their efforts in navigating a year that none of us will forget any time soon.

Dr Vincent Maphai
Chairperson
30 April 2021



CEO'S REPORT

"We are excited about the future and believe that we are doing the right things now to realise sustainable growth in the future."

2020 was a very interesting, but at the same time, a very challenging year for the Group. We started the year with a focus on consolidating four of our six brands (namely Embury, LISOF, Prestige Academy and SBS) into a single registered higher education institution, STADIO (Business Transfer). These four brands operated as autonomous institutions with their own strategies and vision. Managing the changes caused by the consolidation process was at the top of our agenda when I took over the reins as CEO from Dr Chris van der Merwe, on 1 April 2020. Simultaneously, the COVID-19 pandemic reached our country.

COVID-19 forced us to do things differently and to adjust how we offer teaching and learning to our students. The Group's COVID-19 strategy focused on the following three aspects:

- Health and safety of our staff and students:
  - We always place our staff and students at the center of our decision making. All staff received 100% of their salaries for the year.
  - We complied, and will continue to do so, with regulations set by government, the Department of Higher Education and Training (DHET), Higher Health, and with Occupational Health and Safety guidelines.
  - Sadly, three of our students passed away due to the COVID-19 pandemic during the 2020 academic year.
- The continuation of the academic project:
  - The Group completed the 2020 academic year in the 2020 calendar year.

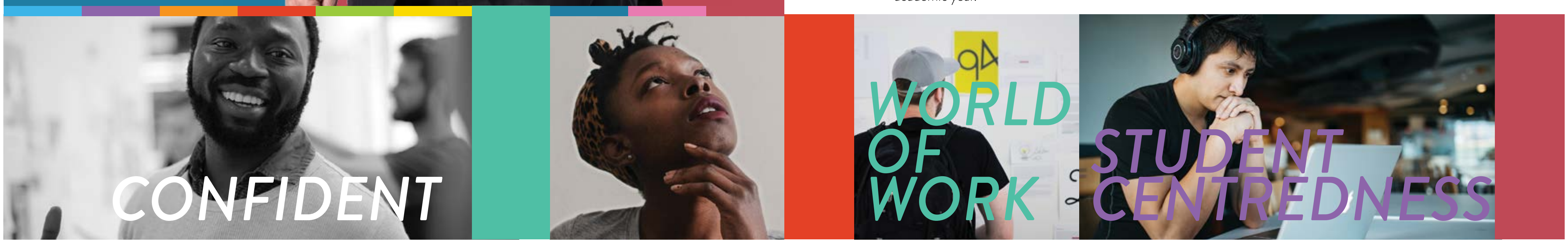
    This is something that we are very proud of. The academic team went the extra mile to support students during the lockdown period which is evidenced in the decrease in dropout rates and increase in success rates during the period. We will continue to use a combination of synchronous and asynchronous learning for the 2021 academic year.
- The protection of financial resources as well as stakeholders' interests:
  - The Group put a freeze on all uncommitted capital expenditure as well as all new staff appointments, with the aim of preserving cash. The construction of our STADIO Centurion campus was paused and the Group sought government relief initiatives which assisted in easing the impact of the slow-down in fee collections and increased bad debt loss allowance.

Despite the COVID-19 challenges we had several highlights during the year. The successful Business Transfer and registration of the new STADIO Higher Education Institution must be at the top of the list. The official launch of the new STADIO brand accompanied the Business Transfer on 26 October 2020, which has been well received thus far. Following the Business Transfer, the Group is now represented by three brands, namely STADIO, Milpark and AFDA. With these brands we are well positioned to reach our next target of 56 000 students by 2026.

The accreditation of two new Doctorate degrees, namely the Doctorate in Management and the Doctorate in Policing, were a definite highlight. STADIO is the only Private Higher Education Institution in the country offering three Doctorate degrees which showcases the academic standing of the Institution.

2020 also saw the appointment of Dr Vincent Maphai (Dr Maphai) as chairperson of the STADIO Holdings Board. Dr Maphai brings many years of experience in Higher Education, as well as business, to the Board, and his appointment was well received in the industry. Dr Maphai replaced the previous chairperson, Prof Rolf Stumpf, who sadly passed away in 2020.

The construction of our first mega-campus in Centurion (Gauteng) was paused during the first national lockdown but work re-commenced in September.



CEO'S REPORT (CONTINUED)

This campus will be ready for the 2022 intake and supports our plans to accommodate 20% of our students on-campus with the remaining 80% studying through online and distance learning modes of delivery.

I am proud of our financial results for 2020. We showed good organic growth despite the difficult times caused by the COVID-19 pandemic. Student numbers increased by 10%, revenue increased by 14%, adjusted EBITDA, which excludes abnormal once-off accounting adjustments for the CA Connect transaction, grew by 29%, and core headline earnings increased by 33%. Due to the tough economic times in our country we had to increase our loss allowance from 4.3% to 8.6%.

We are currently hard at work laying the foundation for the Group. We believe that we will continue to grow in the sector if we position ourselves towards the changing higher education environment. The use of technology and alternative teaching and learning methods are key in this new environment. We are investing in upgrading our systems and in developing alternative teaching and learning strategies, as well as expanding our distance learning infrastructure and offerings.

The Group is not just another provider of higher education in South Africa. We bring a new vision to higher education. A vision that focusses on three fundamentals namely, our "**WWS**":

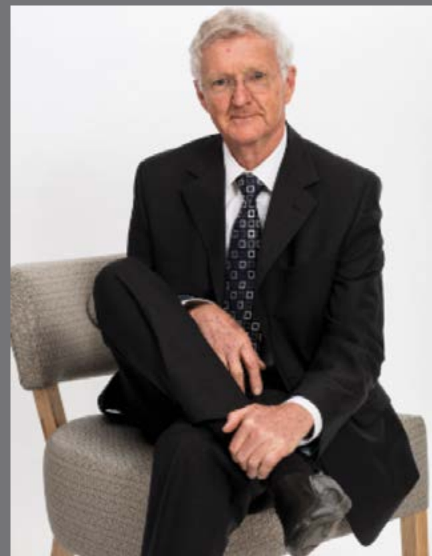
- **Widening access** for more people to benefit from higher education and to address the serious skills shortage in our country.
- Alignment with the **world of work**. STADIO is an Institution for the real world, and we will produce students who are employable and workplace ready.
- Students will be supported to be successful with their studies. The Group places **students at the center** and learning at the core.

We are excited about the future and believe that we are doing the right things now to realise sustainable growth in the future.

Finally, I wish to express my appreciation to my fellow EXCO members and the broader Group team for their dedication and hard work during the year. We are building a truly great business, one that is set to make a lasting contribution to the development of our country.

Mr Chris Vorster
Chief Executive Officer
30 April 2021

A TRIBUTE TO OUR FORMER CHAIRPERSON – PROF STUMPF



PROF ROLF HEINRICH STUMPF (PROF STUMPF) – *INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRPERSON* (1 MAY 2017 – 27 MAY 2020)

Prof Stumpf joined the STADIO Holdings Board of Directors as chairperson on 1 May 2017 and played a pivotal role in the establishment of STADIO Holdings and the Group, from its listing on the JSE in October 2017, to establishing STADIO Holdings, through its institutions, as one of South Africa's leading providers of quality higher education.

Prof Stumpf assisted in putting in place the strategies, plans, policies and structures as well as being instrumental in achieving the Group's first major milestone of migrating a number of our various brands into a single registered Private Higher Education Institution, STADIO.

Prof Stumpf resigned due to long-standing health issues in May 2020 and sadly passed away on 26 October 2020. Prof Stumpf was respected and admired as a leader, scholar and gentleman by the staff he engaged with across the Group.

Prof Stumpf believed in the Group's vision to widen access to quality education and believed that the Group was set to, in his own words, "make a lasting contribution to the development of our country through its investment in the education and training of our people." We at STADIO Holdings are committed to ensuring that the Group succeeds in doing just that.

Prof Stumpf – We salute you. We thank you.

THE GROUP AT A GLANCE

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.

OUR EVOLUTION

FOUNDATION PHASE

2017 YEAR OF ESTABLISHMENT

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

POSITIONING YEARS 2018 – 2019

- OPENED THREE NEW CAMPUSES
- ACQUIRED further QUALITY BRANDS
- NEW PROGRAMME DEVELOPMENT
- IDENTIFIED SUITABLE LAND in Durbanville for future MEGA-CAMPUS
- ACQUIRED SITE in Centurion for STADIO'S first MEGA-CAMPUS
- Progress to becoming ONE STADIO

2020 – 2021 CONSOLIDATION YEARS

- Registration of single higher education institution, STADIO
- Migration of underlying brands into one STADIO brand
- LAUNCH OF STADIO
- Building systems, processes, policies
- Developing the "STADIO way"
- Commence optimisation of current campuses
- Investment into distance learning infrastructure
- Construction of STADIO Centurion, the Group's FIRST MEGA MULTI-FACULTY CAMPUS

GROWTH PHASE

2022 AND BEYOND

- STADIO CENTURION MEGA-CAMPUS OPENS
- Continue EXPANSION OF PROGRAMME OFFERINGS through different modes and streams
- Continue to "get fit" for 56 000 students by 2026, 100 000 + students over time

STADIO Holdings is an investment holding company supporting three prestigious higher education institutions, STADIO, Milpark and AFDA. Together, the Group services around 35 000 students across a diverse range of 95 accredited programmes, ranging from undergraduate (higher certificates, diplomas and degrees) to postgraduate programmes (honours, masters and doctorates) aimed at providing graduates with a real chance of creating employment opportunities (entrepreneurship) or finding employment. These programmes are fully accredited, registered and are internationally recognised.

TRACING OUR ORIGINS

STADIO Holdings started as a subsidiary of Curro Holdings Limited (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, a registered private higher education institution offering 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 higher education, 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.

THREE DISTINCT INSTITUTIONS

On 26 October 2020, the Group achieved a major strategic milestone by successfully completing the Business Transfer and registering a single registered higher education institution, STADIO. The Business Transfer will unlock opportunities to actively deliver on the marketing, operational and regulatory efficiencies that arise from operating as a single higher education institution. The Group is therefore made up of three distinct institutions as illustrated below:

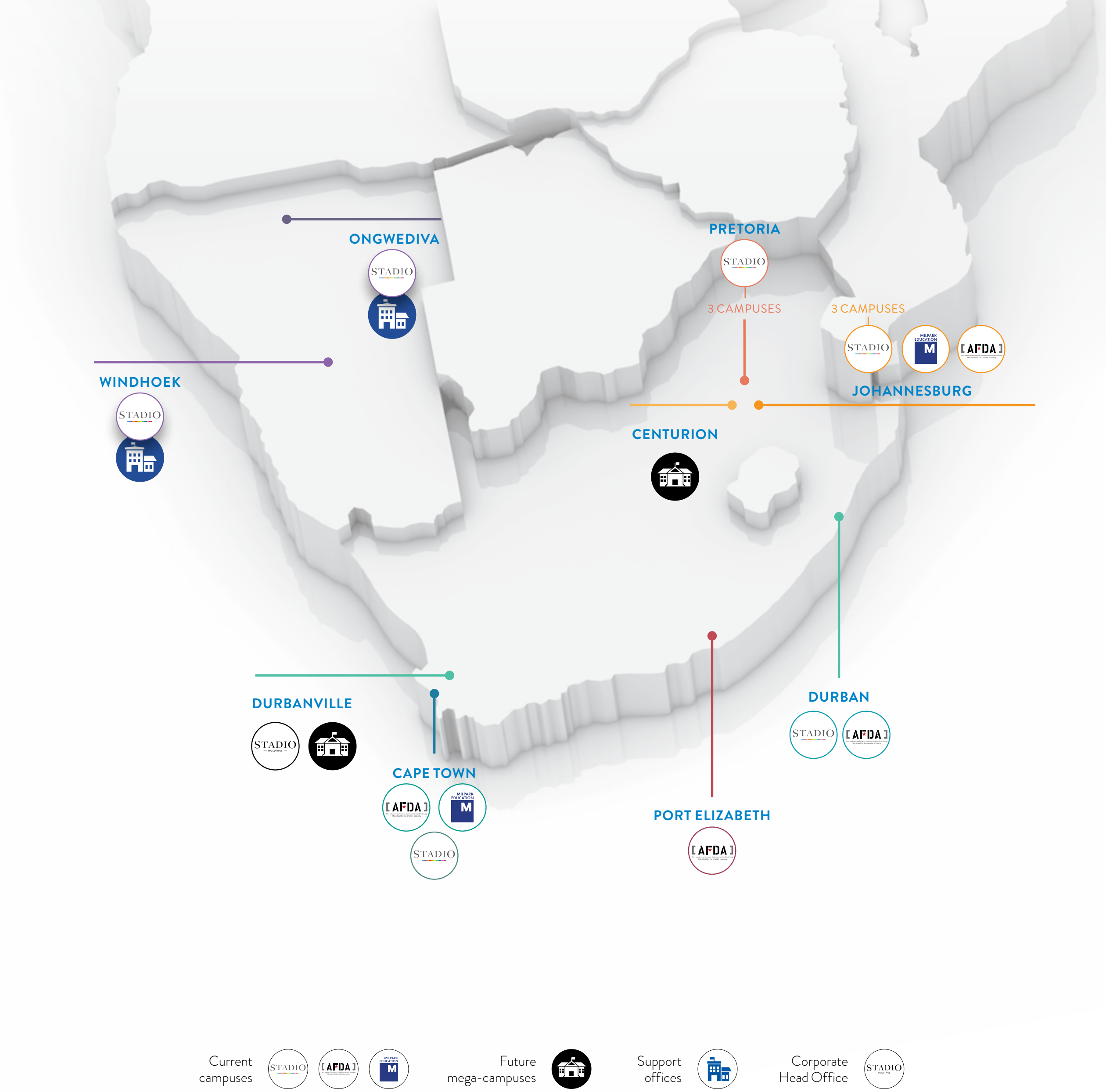
STADIO HOLDINGS LIMITED

STADIO INVESTMENT HOLDINGS PROPRIETARY LIMITED

87.2%	100%	100%
MILPARK EDUCATION; ca•connect	STADIO (FORMALLY SBS, EMBURY, LISOF, PRESTIGE ACADEMY); 74%: STADIO NAMIBIA, SBS NAMIBIA	AFDA film • television • performance • business innovation & technology, the school for the creative economy
PRODUCT LEADERSHIP	OPERATING EXCELLENCE	PRODUCT LEADERSHIP

THE GROUP AT A GLANCE (CONTINUED)

OUR GEOGRAPHIC FOOTPRINT



The Group stands firmly on its key focus areas of "WWS" – Widening Access; World of Work and Student Centredness. These are words that the Group lives by and form the basis of all our decisions and planning.

WIDENING ACCESS

Making higher education available to more individuals by:

- Increased breadth of offerings (from Higher Certificates to Doctorates) allowing individuals who don't qualify for a degree to still access higher education with a pathway to articulate into a degree (should they later wish)
- Affordability of programmes
- Expansion of distance learning offerings which are scalable and more affordable, as well as being flexible for the working adult learner
- Geographic expansion increasing capacity for contact learning students looking for campus life and more student and staff engagement

WORLD-OF -WORK

- Our academic strategy is focused on ensuring relevance and alignment with industry by:
  - Industry participation in new programme development, curriculum design, and content development
  - Lectures and seminars by members of industry built into the teaching and learning programme
  - Industry members involved in external moderation, especially in technical, professional and design modules
- The Centre for Lifelong Learning was established and actively engages with industry to provide short-courses which are needed to upskill staff in the working world and provide relevant courses as desired by industry

MANY PROMISE IT, WE LIVE IT ...

STUDENT CENTREDNESS

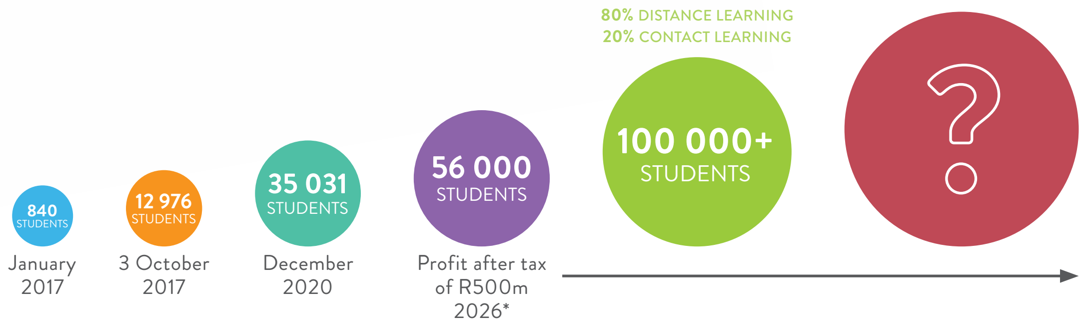
The Academic Promise was approved by the Board and is built on the principles of STUDENTS AT THE CENTRE – LEARNING AT THE CORE ...

"*We believe that having admitted you as a student, we must do all things reasonable and practical to support you to succeed. It is our commitment to provide the enabling environment that will help all our students achieve academic success.*"

- Focus on student success, student support, and student wellness
- Invested in state of the art virtual learning environment, CANVAS

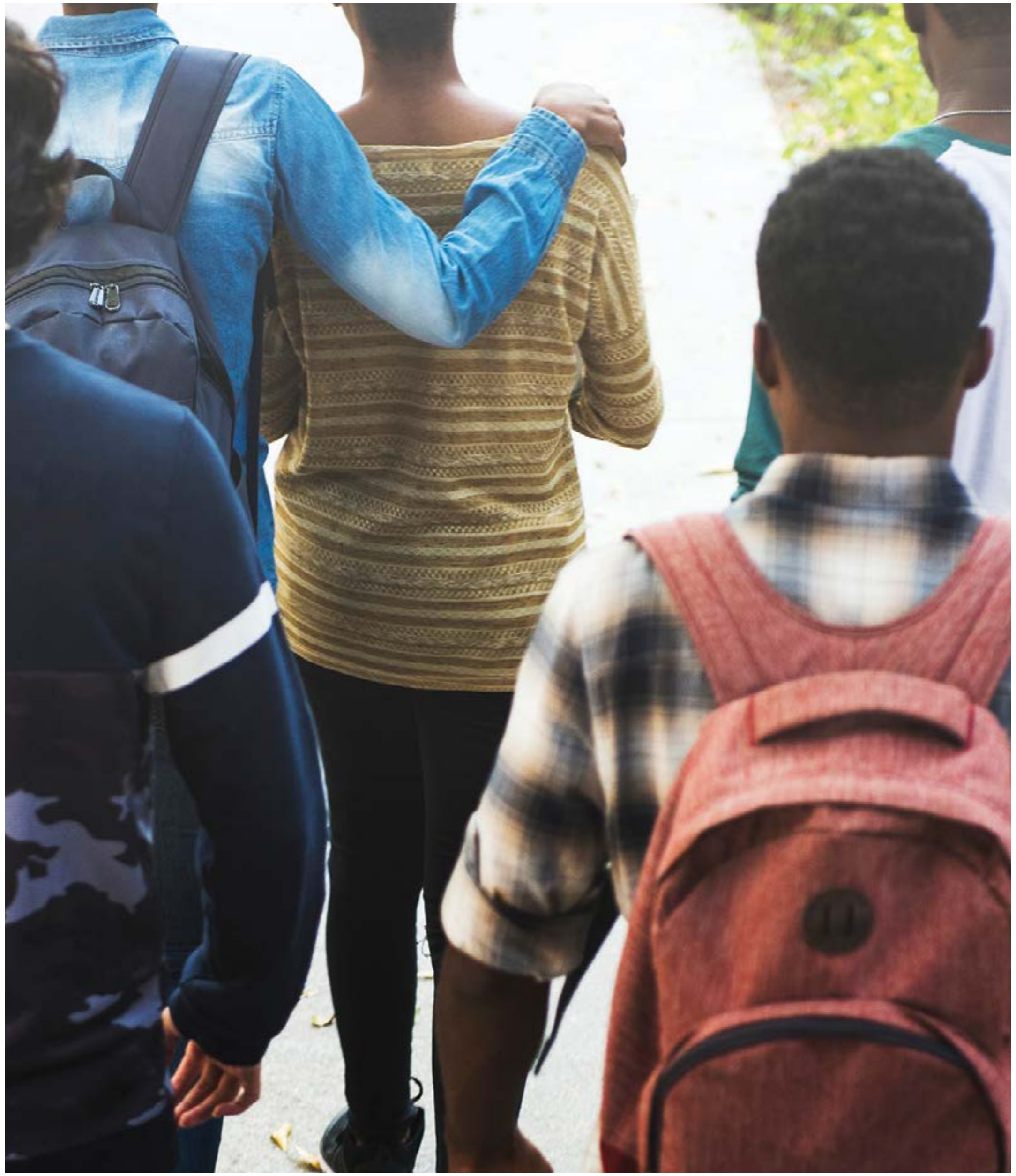
OUR FIVE-YEAR PERFORMANCE OVERVIEW

	2016	2017	2018	2019	2020
Student numbers	840	12 976	29 885	31 869	**35 031**
Revenue (Rm)	46	122	633	815	**933**
Adjusted EBITDA (Rm)	11	0.5	129	196	**253**
Core headline earnings (Rm)	8	3	70	88	**117**
Core headline earnings per share (cents)	1.7	0.6	8.6	10.8	**14.2**



* *as per Pre-Listing Statement issued on 15 September 2017.*

02 OUR BUSINESS



OUR MARKET

"Education is the civil rights struggle of our generation requiring the biggest expansion of educational opportunity in modern history"

UN Special Envoy for Global Education Gordon Brown, UN Education Commission.

Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, it is acknowledged that students who further their post-school education, obtain a wide range of financial, personal and other lifelong benefits. Similarly, taxpayers and society as a whole derive a multitude of direct and indirect benefits when citizens have access to post-school education and it is noted that an expanding post-school education system has become a norm of modernisation.

In South Africa, the need for higher education is dire and the demand continues to outweigh the supply, with affordability and access being a fundamental issue.

WHY IS HIGHER EDUCATION ATTRACTIVE?

- The unemployment rate in South Africa remains critically high (pre-COVID-19 at around 29%*)
- Young South Africans with tertiary education are more than twice likely to be employed or continuing their studies, opposed to those individuals with no higher education experience.**

** SOURCE: according to 2019 Quarterly Labour Force Survey*
*** SOURCE: oecd.org/education/education-at-a-glance/EAG2019*

SIZE OF THE MARKET

- The number of students enrolled at higher education institutions (HEI) has more than doubled since 2000 (557 000 students in 2000 to 1 283 466 students in 2018)
- South Africa's higher education market is made up of 26 public HEIs with a total of 1 085 568 students in 2018
- There were 124 private HEIs, with a total of 197 898 students in 2018
- Private HEIs make up 15% of the total higher education market in South Africa, whereas the global average is closer to 35%
- Even with the introduction of two new public higher education universities in the Northern Cape and Mpumalanga in 2014, at least 60% of school leavers per annum who qualify for further study cannot be accommodated by the public higher education sector
- 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*

** SOURCE: Information sharing workshop on the regulatory framework for private higher education institutions, 7 September 2017.*

CHALLENGES FACED BY THE PUBLIC HEIS:

- Limited budget available to institutions from the national fiscus
- Admission criteria at public universities excludes a vast number of learners
- First-year enrolment demand exceeds public university capacity
- Government cutting NSFAS funding budget
- Infrastructure provision under strain
- High drop-out rates, low graduation rates and the longtime 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 unrest

OUR MARKET (CONTINUED)

The COVID-19 pandemic has also changed the higher education landscape, accelerating the move to a blended learning environment with all contact learning classes being forced to move to online classes as a result of campus closures during the national lockdowns. Societies perception of distance learning as an acceptable mode of study has also been changed and in some ways, distance learning, which is more flexible, is now seen as a more preferable way of studying. In the South African context, however, one needs to be cognisant of the interwoven socioeconomic conditions that exist and have only worsened due to the pandemic. Unemployment has risen, there is less disposable income available to spend on higher education, and not all individuals have access to data or technology to access online teaching and learning.

The Group acknowledges the hugely negative impact that COVID-19 has had on the world, and the acceleration to blended learning. Currently more than 80% of the Group's learners (28 664 students at 31 December 2020) are studying by means of distance learning and therefore the Group is well positioned to continue servicing these students through this mode of learning delivery. In addition, the Group is investing in IT systems, a distance learning logistics centre in Krugersdorp and new distance learning programmes, which will assist in making the current distance learning offering more efficient and affordable as the Group is able to easily scale this offering with limited future investment into new infrastructure.

The Group continues to invest in its two mega-campuses, firstly in Centurion and later into the campus in Durbanville. The Group believes that there is still a need for students, especially school leavers, to have that face-to-face engagement with staff and other students, to experience student and campus-life and to grow their networks. There are also niche programmes which require physical interaction and engagement, such as fashion and film and media. These campuses enable students and prospective students to have a sense of belonging and is a platform in which to showcase the Group's brands.

Taking into account the abovementioned challenges by the public higher education institutions, and the changing higher education landscape, the Group believes it is an ideal partner to support and assist the state in addressing and mitigating its risks in public higher education and assisting in bringing higher education to more individuals. Furthermore, the Group believes that the South African market needs a new institution for the "real world". An institution that offers programmes which are relevant, flexible, aligned to the world of work and can meet the skills-gap whilst still meeting the high academic standards of a registered higher education provider. By providing this service, the Group believes it can achieve the objective as set out in the Pre-Listing Statement in 2017 of enrolling 56 000 students by 2026 with a profit after taxation of approximately R500 million*. Over time, the Group's vision is to increase its reach to 100 000 students and more, of which 80% of students will continue to study through the distance learning mode of delivery and believes it can make a real impact to South Africa society as a whole as more individuals are educated, upskilled and can find employment or create employment opportunities for others.

* *Please note that the aforegoing statement of the Group's objective has not been reviewed or reported on by the auditors or by an independent reporting accountant nor is same guaranteed. It is however an objective that the Group wishes to achieve by 2026 as previously laid out in the Pre-Listing Statement.*

OUR STRATEGY

THE GROUP IS REPRESENTED BY THREE DISTINCT HIGHER EDUCATION INSTITUTIONS, EACH WITH A UNIQUE CUSTOMER BASE AND PRODUCT FOCUS, AND THEREFORE, EACH WITH ITS OWN TAILORED STRATEGIC FOCUS. ULTIMATELY, THE OVERALL GROUP STRATEGY IS UNDERPINNED BY ITS KEY FOCUS AREAS OF **WWS** WHICH IS DETAILED ON PAGE 12 AND UNDERPINS ALL DECISIONS TO ENSURE WE CREATE VALUE FOR OUR STAKEHOLDERS.

OUR STAKEHOLDERS

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.

OUR KEY STAKEHOLDERS INCLUDE

WIDENING ACCESS | WORLD-OF WORK | STUDENT CENTREDNESS

OUR EMPLOYEES

- Employees are the heart of our business. Their knowledge, skills and experience 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.

OUR STUDENTS

- 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 financially sustainable by creating demand for our products and offerings.
- Around 80% of our students study by way of distance learning and are predominantly working adults.
- We continuously strive to make higher education more accessible to more students, always keeping students and their learning at the core of our decisions.

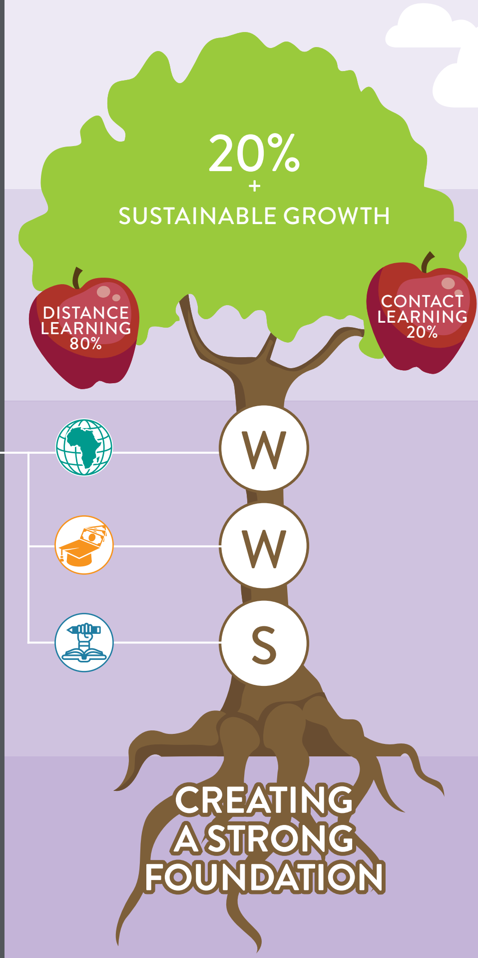
INDUSTRY

- Industry relationships are critical in assisting us produce well-rounded graduates who are ready for the world of work which is imperative with the unemployment rate in South Africa, prior to COVID-19, at approximately 29%.
- We engage with industry to participate in new programme development, to seek integrated teaching and learning opportunities, and ultimately earning industry's trust so that industry seek out our graduates for employment.

REGULATORY BODIES

- 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 Council on Higher Education (CHE) and DHET.
- Some qualifications require compliance with certain regulated professional bodies such as SAICA, SACAP, to name a few.
- The Group is listed on the JSE and is committed to applying good corporate governance and the requirements of the Companies Act and principles and recommended practices of King IV™.

TO RECAP HOW WE SEE IT



KEY PERFORMANCE AREAS

1. Widen access for qualifying learners to higher education
2. Establish STADIO, AFDA & Milpark as credible and respected higher education providers
3. Deliver acceptable growth targets and shareholder returns

KEY INDICATORS

- Growth in Revenue
- EBITDA margin
- Growth in Core Headline Earnings per Share
- Performance against 2021 focus areas including improvement in academic performance and other key identified projects

ONGOING ACTIVITIES

- Site extensions
- New programme development across modes and streams
- Centre for Lifelong Learning
- Quality assurance
- International collaborations
- Industry relationships and graduate employability

2021 FOCUS AREAS

- Consolidation of all businesses (culture and processes)
- Change management continues – looking to embed new structure
- Systems and infrastructure development (CANVAS, CRM, ERP, SIMS)
- Embed the distance learning and contact learning student journeys
- Successful opening of STADIO Centurion
- Commence construction of Krugersdorp logistics centre

INVESTOR AND DEBT COMMUNITY

- Shareholders and debt funders provide us with the financial resources to deliver on our strategic objectives and create shareholder value.
- The Group is focused on delivering acceptable growth targets and shareholder returns.

OUR WORLD

- The Group acknowledges the critical importance of higher education in the growth and development of individuals leading to the growth and development of South Africa and beyond, and is committed to partnering with the state to alleviate the challenges experienced by public higher education institutions by making quality education more accessible, and programmes relevant to the world of work.
- The Group further acknowledges the importance of our environment and is committed to continually seek ways to reduce its carbon footprint and impact on the environmental landscape in which it operates.

MATERIAL MATTERS

SET OUT BELOW ARE THE KEY ITEMS THAT WE BELIEVE IMPACT OUR ABILITY TO EXECUTE OUR STRATEGIC PRIORITIES AND HAD AN IMPACT ON THE BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2020.

MIGRATION TO ONE STADIO BRAND

The transfer of the businesses of LISOF, Prestige Academy, and SBS into a single registered higher education institution, STADIO (formerly Embury) was a critical part of the Group's strategy to unlock value in the medium- to long-term. The Business Transfer will unlock opportunities to actively deliver on the marketing, operational and regulatory efficiencies that arise from operating as a single registered higher education institution.

Due to Milpark's specialised and strategic focus on corporate clients (including a requirement for a high B-BBEE rating (currently level two)), the Group has elected to continue operating Milpark as a stand-alone higher education institution focusing on the corporate business-to-business (B2B) market.

Given the strong brand, niche focus and premium price point of the AFDA programmes, the Board reconsidered the positioning of AFDA within the Group and resolved not to transfer AFDA into STADIO, but instead continue operating AFDA as a stand-alone higher education institution with a specific focus on expanding its niche, premium offerings within the creative economy.

REGULATORY DELAYS

The Group is reliant on various Regulatory Bodies to accredit new products and therefore delays in accreditation impacts the Group's growth strategy.

ACADEMIC QUALITY

The Group remains committed to academic excellence and quality which ensures we will be the trusted partner for students and industry.

IMPACT OF COVID-19

COVID-19 has materially impacted the economy and lives of individuals around the world and may impact the ability of students to pay tuition fees.

Throughout 2020, the Group took all necessary and responsible steps to manage the impact of the COVID-19 pandemic by focusing on and prioritising the health and safety of all staff and students, ensuring the continuation of the academic programme and maintaining the financial health of the business.

Despite the challenges presented, the Group prioritised the delivery of the 2020 academic programme for enrolled students through various online teaching and learning interventions. This allowed the Group to successfully complete the 2020 academic year in 2020. Furthermore, the "COVID-19 way" of operating has created substantial opportunities for the Group to further expand its distance, online and hybrid offerings.

During 2020, the Board further resolved to delay the construction and opening of the new large scale multi-faculty STADIO Centurion campus, which was intended to open in 2021. The Group will conclude the construction of the campus by June 2021 for opening in 2022.

Refer to pages 59 to 78 for the impact on the financial results for the 2020 financial year.

BUSINESS MODEL

OUR CAPITAL RESOURCES AND INPUTS

We use the six capital resources interchangeably and appreciate that there are trade-offs between them. These trade-offs are carefully considered to preserve stakeholder value.

ACADEMIC QUALITY AND INTELLECTUAL CAPITAL

We require a range of quality, relevant curriculum, and programme offerings that, in most cases, are accredited, and in all instances, respected by students, industry and peers

We require state of the art technology systems to enable interactive, flexible learning to enhance operating effectiveness and allow us to scale without compromising quality

- Three distinct registered private higher education institutions
- 95 accredited programmes with 35 pipeline programmes in development or awaiting accreditation
- 34 international partnerships
- Quality assurance

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.

- 965 permanent employees
- 435 permanent academic staff
- Highly qualified and skilled leadership team, with expertise in education, academics, finance, business and entrepreneurship
- Experienced Board of Directors

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.

- 35 031 students
- 3% of revenue spent on bursaries, scholarships and discounts
- Various COVID-19 relief initiatives for students and other CSR initiatives

INFRASTRUCTURE CAPITAL

We require campus infrastructure to provide an environment conducive to learning in order to facilitate our contact learning students and provide support to our distance learning students, as well as infrastructure to efficiently facilitate the logistics of our distance learning students.

- 14 campuses
- Two support offices
- Commencement of construction of first mega-campus in Centurion
- Investment into technology
- Investment into CANVAS and other superior technology systems and solutions to support students and ensure operating efficiency

FINANCIAL CAPITAL

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

- More than 12 000 shareholders
- Revolving debt facility of R200 million with an opportunity to raise a further R100 million
- R274 million cash generated from operations

NATURAL CAPITAL

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

- Community engagement projects
- Promoting sustainable projects that benefit the environment and alleviate poverty
- Water and electricity saving initiatives

OUR BUSINESS AND VALUE CREATION ACTIVITIES AND OUTPUTS

We create value through the growth and development of our higher education institutions through new programme development in both contact and distance modes of learning, exploring geographic expansion through greenfield developments, and drawing on expertise and marketing, operational, and regulatory advantages and synergies available within the Group.

Our various capital resources and inputs are allocated across our business activities and converted into our outputs. This allows us to measure and monitor progress against the Group's strategic objectives, ensuring we create value for our stakeholders and that we remain focused on our WWS whilst striving for 100 000 students over time, servicing 80% of these through distance learning mode of delivery.

The COVID-19 pandemic required the Group to adapt its business model to cater for remote learning and remote assessments and to conserve its cash resources as best as possible. The Group has adjusted its business model to take into account the changed higher education landscape and the efficiencies identified as a result of the new way of operating.

Our Business Model is flexible and can adapt to challenges presented by COVID-19.

BUSINESS ACTIVITIES

WIDENING ACCESS

- A focus on **distance learning** with at least 80% of students studying through this mode of learning delivery given its affordable price point
- Investment in suitable **IT infrastructure** to accommodate large volumes of student numbers
- Construction of **logistics centre** in Krugersdorp to facilitate and accommodate the expansion of distance learning operations
- Construction of targeted **mega-campuses** in response to capacity constraints at public universities whilst optimising existing campuses
- Focus on **flexible learning** solutions for the working adult – study anywhere, anytime
- **Development of programmes** and modules across contact and distance learning modes of delivery from higher certificates to doctorates
- **Strong marketing** and brand campaigns

WORLD OF WORK

- Development of 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)
- Regular engagement and collaboration with **industry partners**
- Centre of Lifelong Learning established to provide short-courses **linked to industry** and to up skill individuals
- Underpinning our Academic offering is the commitment to **high academic standards** and a focus on quality assurance

STUDENT CENTREDNESS

- Investment into state-of-the-art **virtual learning environment (CANVAS) to improve student user experience**
- Partnership with South African Depression and Anxiety Group (SADAG) to support **student wellness**
- Activities focused on student success, student wellness and **student support**

OUTPUTS

- Operating efficiency
- Affordable products or product leaders
- Increased student numbers
- Sufficient capacity to accommodate growth in student numbers
- High academic quality
- An institution for the real-world – one which delivers graduates who:
  - possess the necessary skills to go out into the world
  - are employable
  - are entrepreneurial
- Respected and trusted brands
- Financial returns and performance against business targets

OUTCOMES

Our Business Model culminates in specific outcomes and value creation for our stakeholders whilst standing true to our commitment of WWS. Our Business Model also equips us to deliver on our 2021 strategic priority focus areas:

1. OPERATIONAL EFFICIENCY – continuation of change management, consolidation of business processes and culture with a focus on getting an optimal organisational structure in place
2. GREENFIELD EXPANSIONS – Successful construction and opening of STADIO Centurion, STADIO's first mega-campus, and commencement of construction of Krugersdorp Logistics Center
3. INFRASTRUCTURE TECHNOLOGY
   - Implementation and roll-out of CANVAS, the virtual learning environment, and continued improvement of CRM with roll-out of ERP
   - Scoping and identification of new STADIO SIMS
4. WORLD OF WORK – Enhance relationships with industry to ensure programme relevance and assure graduate employability
5. ACADEMIC EXCELLENCE – Embed the distance learning and contact learning student journeys
6. GROWTH – Delivery of acceptable profit targets

Please refer to pages 40 – 42 for the 2020 year-end outcomes.

RISKS AND OPPORTUNITIES

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 Group recognises the integration of strategy, risk, performance and sustainability in creating value for its stakeholders and is committed to applying the principles and recommended practices of King IV™ to instil good corporate governance practices across the Group. During 2020, an operational Risk Committee was established which reports into the Executive Committee. This Risk Committee has assisted in instilling a culture of risk awareness in daily operations and in sharing best practice around the Group in terms of risk mitigation strategies. The strategic risks identified (i.e. those risks that will impact on the Group's ability to meet its strategic objectives) are reported to the Audit and Risk Committee as well as the Board.

RISK MANAGEMENT PROCESS

STRATEGIC RISKS

The strategic risks managed throughout the 2020 year are disclosed in the following tables. 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.

RISKS AND OPPORTUNITIES (CONTINUED)

Risk identified	Risk description	Link to strategic plan	Controls in place to mitigate risk	Inherent exposure	Residual risk	Change
COVID-19 (External)	• Impact of the COVID-19 pandemic and potential future lockdowns on the business (from an Academic, Operational and Business perspective)	Deliver acceptable growth targets and shareholder returns	• Revised "COVID-19 way" of operating implemented • All teaching and learning moved online • Increased student engagement (both academically and from a debt collection perspective) • Strict financial spending measures in place • Delayed opening of STADIO Centurion mega-campus	Extreme	Minor (Academic) Minor (Operational) Major (Business)	New Risk
REGULATORY (External and internal risk)	• Delays in accreditation of new programmes and sites	Widen access for qualifying learners to higher education	• Regular interaction with regulatory bodies to ensure that sites and programmes are accredited • Quality Assurance Committee signs off on all new programmes prior to submission for accreditation	Extreme	Major	Increased
TECHNOLOGY/ SYSTEMS IMPLEMENTATION (External and internal risk)	• Cybersecurity threat • Implementation of new IT systems do not meet the needs of the business or costs more than expected	Establish STADIO, AFDA and Milpark as credible and respected higher education providers	• Implementation of data encryption tools • IT Governance Risk and Compliance management committee established • Prioritising systems development and integration as a strategic imperative	Extreme (external) Major (internal)	Moderate	Unchanged
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, AFDA and Milpark as credible and respected higher education providers	• Offering market-related remuneration combined with good working conditions 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	Major	Moderate	Unchanged
SALES AND MARKETING (External and internal risk)	• Lack of general public awareness and/or misunderstanding regarding the status of private higher education • Loss of student enrolments due to trading under a new, unknown private higher education brand, STADIO • Limited marketing to schools due to COVID-19 • New CRM system for application and enrolment	Establish STADIO, AFDA and Milpark as credible and respected higher education providers	• National STADIO launch campaign • Conducting ongoing market research to identify and address public perceptions • Allocating focused resources to both general brand awareness and targeted marketing activities • Use association-branding, strong communication strategies including roadshows to staff and current students, prospective students and alumni	Major	Moderate	Unchanged
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 • Impact of COVID-19 on the economy	Deliver acceptable growth targets and shareholder returns	• 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	Unchanged
OPERATIONAL (External and internal risk)	• Organisational disruptions due to implementation of new IT systems; failure to implement effective change management; power outages; COVID-19 • Autonomy of underlying institutions resulting in uncoordinated decisions	Establish STADIO, AFDA and Milpark as credible and respected higher education providers	• Appointment of Executive Heads and other individuals with key skills within the organisation • Increased communication and focused workshops to effectively implement change management and new IT systems • Generators onsite or in the process of being ordered for sites of delivery • Centralised services and development of systems are underway (IT systems (ERP, CANVAS, SIMS), other HR processes, Finance, Marketing and Sales) • Approved budgets per institution with regular monitoring of performance against the budgets	Major	Moderate	Unchanged

RISKS AND OPPORTUNITIES (CONTINUED)

Risk identified	Risk description	Link to strategic plan	Controls in place to mitigate risk	Inherent exposure	Residual risk	Change
ACADEMIC (Internal risk)	• Failure to deliver high quality programmes • Integrity of online assessments	Establish STADIO, AFDA and Milpark as credible and respected higher education providers	• Continuous monitoring of student graduation and throughput rates • Facilitating the success of students through responsible learner support activities with formal and ongoing monitoring of plans • Continuous monitoring of curricula • Establishing international student exchange programmes, as well as collaborating with a number of other international partners • Admissions policy in place stipulating minimum admission criteria	Moderate	Minor	Unchanged
COMPETITION (External risk)	• Increasing number of registered private higher education providers (with the growing potential for international role-players to enter the market) • Acceleration of distance/online learning as a result of COVID-19 resulting in: – increased competition in distance learning (including in the public space) – increased acceptance of distance learning as a mode of learning by students (and parents) – a move from contact learning to distance learning resulting in a shortfall of fees (distance learning is at a lower price point compared to contact learning) – attractiveness of short-courses or non-credit bearing courses is an opportunity	Deliver acceptable growth targets and shareholder returns	• Ensuring niche and quality qualifications/programmes are offered • 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 • Established Centre for Lifelong Learning and offering short-courses	Moderate	Minor	Unchanged
POLITICAL (External risk)	• Slow pace of political support for private higher education • Continued emphasis on the cost of higher education (#FeesmustFall) • Reduction in NSFAS funding creates an opportunity for more students to study at STADIO, AFDA and Milpark	Widen access for qualifying learners to higher education	• 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 • Regular engagement with the SRC on all campuses to ensure open communication between the student body and institution at all times to ease any unrest • Commitment to responsible and reasonable pricing	Moderate	Moderate	Unchanged
REPUTATION (External and Internal risk)	• Institutions do not meet the expected standards of service delivery and quality • The migration to STADIO means the reputation of previously single brands is now linked and the impact is bigger	Establish STADIO, AFDA and Milpark as credible and respected higher education providers	• 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 and STADIO Holdings Board – Organisational monitoring of "minimum standards of quality" for our institutions through centralised quality and learner support committees – Continuous monitoring of curricula by CEOs, academic heads, as well as the ASACOM/Senate	Extreme	Moderate	Increased

OUR INSTITUTIONS
STADIO

STADIO

HIGHER EDUCATION

STADIO IS BORN: A NEW VISION IN HIGHER EDUCATION

At STADIO, we believe in the future of our nation. We want to make a difference by offering greater access to higher education, so that every South African has the opportunity to become the most empowered version of themself. By investing in the human potential all around us, we can grow minds, dreams and employment. Ultimately benefiting our nation as a whole.

We take a profound interest in what our students want, and what our country and the world of work needs and we offer higher education specially designed to satisfy all. At the end of the day, we have an opportunity to not just help individuals realise their dreams, but to help a nation grow stronger.

Chariska Knoetze, Executive Head

WHEN FOUR BECOME ONE

The time to do something great for South Africa is now. That's why we united our collective experience with one goal in mind – to empower the nation by widening access to higher education.

On 26 October 2020, we brought together four highly prestigious institutions – SBS, Embury, LISOF and Prestige Academy – with a collective experience of over 100 years in providing quality, affordable higher education. We are proud to offer **over 50 accredited qualifications** through distance learning and contact learning, in five faculties and eight schools, across ten campuses, to over 20 000 students.

Scan here to view STADIO advert
https://www.youtube.com/watch?v=6nT4MB_LqJ8

"For me becoming STADIO means opportunity. Opportunity to make a difference. Opportunity to become something great in the higher education arena. Opportunity for bigger better things. Opportunity for collaboration and teamwork."

2020 KEY OBJECTIVES AND FOCUS AREAS

Our key objectives in 2020 were to:

- Successfully migrate contact learning students to online learning during lockdown
- Successfully implement online summative assessments for distance learning and contact learning students
- Successfully complete the academic year in 2020
- Grow student numbers
- Implement change management programmes for staff, students and alumni to prepare for the consolidation of our institutions into one
- Implement new organisational structure and best-of-breed systems and processes for applications and registration
- Develop and implement a suitable launch campaign for STADIO Higher Education and to invite applications

We are pleased to report that we successfully achieved all our key objectives, and applaud and thank each staff member for their dedication and commitment during a time of transition.

Our key focus areas, which direct all our activities, are:

Widening Access to Higher Education
Aligning Qualifications with the **World of Work**
Student Centredness.

2020 HIGHLIGHTS

The successful transition to online learning and assessments, allowing students the opportunity to complete the academic year is a clear highlight.

Our first mega multi-faculty campus in Centurion is well on track to open for new enrolments in January 2022 despite the delay in construction due to COVID-19 and the national lockdown.

We finalised the agreement for our state-of-the-art virtual learning environment and joined an impressive list of premium CANVAS customers, which include half the world's top 50 universities.

As part of our brand launch, we launched our new STADIO website (www.stadio.ac.za) and customer relationship management system (CRM) – Microsoft Dynamics which has enabled us to reach many more applicants and which we will continue to develop to further streamline the registration process going forward.

Continuing on the theme of infrastructure, we invested in the development of the ERP system which commenced roll-out in November and will continue to be rolled out across STADIO in 2021. The ERP system will streamline business reporting, and assist in ensuring robust controls and processes are in place.

OUR INSTITUTIONS (CONTINUED)
STADIO (CONTINUED)

STADIO
HIGHER EDUCATION

In the Faculty of Commerce, Administration and Management (FOCAAM), we received news that our Doctorates in Policing and Management were accredited, and we could enrol our first students in 2021.

In the Faculty of Law, we enrolled our first LLB cohort, after accreditation was received.

In the Faculty of Education, we continue to be astounded by the phenomenal growth and popularity of our Postgraduate Certificate in Education (PGCE).

Prof Patrick Bean, Executive Head

"The flexible hybrid delivery mode of the STADIO School of Education's PGCE creates a unique Learning Environment that allows student teachers to choose how they want to participate in weekly Learning events – resulting in internalising agency and developing the self-efficacy of these STADIO future teachers."

In the Faculty of Arts & Design's School of Fashion, we were proud to receive International Accreditation from the British Accreditation Council (BAC), which has accredited more than 230 institutions in 19 countries globally.

Leonardo Snyman, Executive Head, believes:

"Tertiary education and training in the fields of arts and design have a vital role to play in the development of our economy and in job creation. It is now more important than ever that creative problem-solving skills and collaborative abilities be seen as vital human skills that will enable us to solve complicated social and economic problems. The programmes offered in our fashion school are internationally accredited by BAC and our media and design school has been pioneering in South African Higher Education in the fields of 3D animation and creative design theory."

In the Faculty of Science & Technologies, our key focus area of "Aligning with the World of Work" was brought to life by some of the outstanding achievements by some of our alumni in the IT industry – both locally and internationally.

2020 ALUMNI HIGHLIGHTS

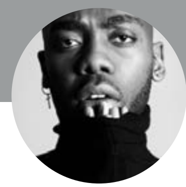
Our graduates continue to inspire us. Their success in their chosen fields and industries are evidence that our objective of ensuring our qualifications are aligned with the world of work is being realised.

There are many successes, but we would like to highlight a few that piqued interest.

Our **Faculty of Arts & Design's School of Fashion** continue to produce exceptionally talented graduates. **Rich Mnisi and Thebe Magugu** are true trailblazers in the fashion industry, and have received recognition locally and globally. In 2020, Rich was invited to collaborate with global brand Volvo; and Thebe featured in the "100 Most Influential Africans for 2020" list.

Gloria Motshudi has become a lifelong learner with STADIO, completing no less than five qualifications in the **Faculty of Commerce, Administration & Management**! First, the Higher Certificate in Management, then the Diploma in Management, the Bachelor of Business Administration, followed by a Bachelor of Business Administration Honours and finally a Master of Management. She has referred more than 40 people to register with FOCAAM!

Anro Minnie, who graduated from the **Faculty of Science & Technologies' School of IT**, started working as a Junior System Administrator at Inuka Fragrances and just three years later he became the IT Manager. Anro has seen the value of STADIO students, so much so that he now has five alumni working with him.



Rich Mnisi

Thebe Magugu

Gloria Motshudi

Anro Minnie

OUR INSTITUTIONS (CONTINUED)
MILPARK

MILPARK EDUCATION

WHO IS MILPARK AND WHAT DOES MILPARK OFFER?

Milpark is a registered Higher Education Institution provider in South Africa currently offering **21 accredited higher education programmes**.

Milpark was established in 1997, being one of the first private providers of higher management education in South Africa. Milpark services the higher education needs of various corporate entities as well as public students, through the qualification offering of five schools: The Business School; The School of Commerce; The School of Financial Planning and Insurance, The School of Banking and Investment, and College. In 2018, Milpark acquired the CA Connect business, which is the only online educational provider offering a Postgraduate Diploma in Accounting.

Milpark's flagship qualifications include:

- Doctorate in Business Administration (DBA)
- AMBA-accredited 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.

The majority of Milpark's programmes are offered through distance learning with most flagship qualifications being offered as distance learning online (DLO). In addition, Milpark has a contact-learning campus, situated in Johannesburg as well as a support centre, in Cape Town.

Julian Van Der Westhuizen, Milpark CEO

"Despite the dramatic effect of the pandemic in 2020, Milpark ensured that all academic programmes and support services continued seamlessly, and students could complete their academic year within 2020. The highlight of the Milpark calendar is the celebration of 3 100 Graduands achievements and in April 2021 they will attend their virtual graduation ceremonies."

HIGHLIGHTS DURING 2020

Contact-learning students were transitioned smoothly onto Milpark's online learning platform and were offered online classes as well as online exams and assessments. This required speed, ingenuity, and flexibility, especially from Milpark's IT services, and a new way of working for most of Milpark's academic and support staff. In the second half of 2020, Milpark piloted the proctoring of exams with great success and therefore this roll-out continues into 2021.

Milpark signed an MoU with Globethics.net which resulted in the Business School launching the Corporate Social Responsibility and Sustainable Development short course, in keeping with the Business School's **vision to deliver an education that empowers and equips current and future leaders to pursue ethical and sustainable business practices** informed by the 17 Sustainable Development Goals. PMR.africa placed Milpark second overall in South Africa for institutions offering the MBA, and first overall for institutions offering Executive Education.

Brandon Else, a student studying with Milpark's School of Financial Planning and Insurance, won **the Top Student Award in 2020**. This award recognises the top candidate who completed the FPI Professional Competency Examination for the CFP® professional. In the February 2020 FPI Professional Competency Examination for CFP® professionals, Milpark students took first, second and fourth place out of the top five candidates. For the August 2020 FPI Professional Competency Examination for CFP® professionals, Milpark students took first, second, third and fifth place out of the top five candidates.

CA Connect retained their status as the only SAICA-accredited online PGDA, while also being the fastest-growing PGDA in South Africa. The CA Connect students came fourth out of 17 universities in terms of pass rates in SAICA's first board exam towards qualifying as a Chartered Accountant.

Milpark launched the Amended Senior Certificate, offering this both to employees of Milpark's Corporate clients and to public students. Coupled with the courses offered in College and the Advanced Certificate in Management (ACM) offered by the School of Commerce, it has enabled students to achieve further access for those wanting to start their learning journey with Milpark.

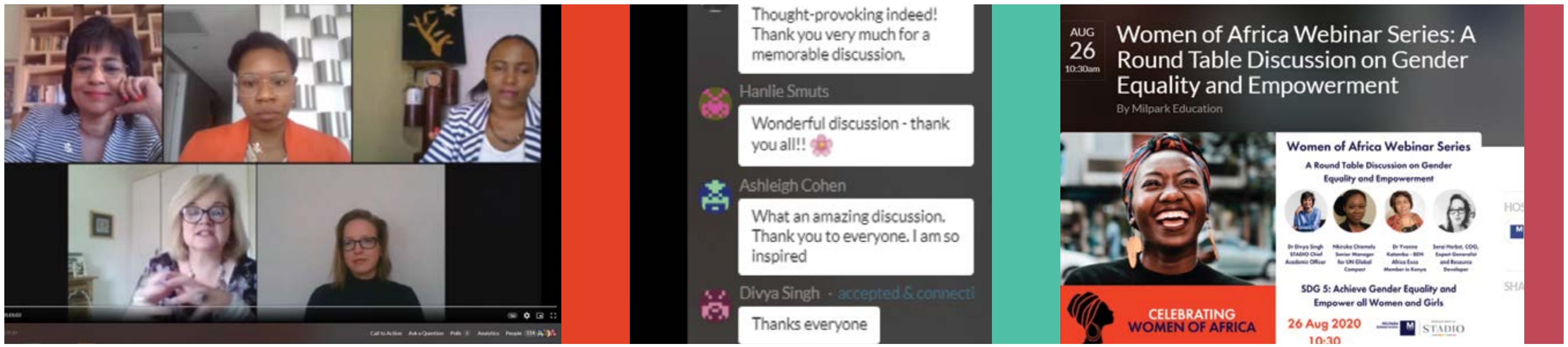
Milpark hosted 36 Webinars in 2020 covering a broad range of topics: Women in Business; Leaders of Africa; Life after Lockdown and the Post Pandemic World; Ethical Leadership and Online Learning. In addition, offering information sessions for various Milpark qualifications.

https://www.crowdcast.io/milpark-education

MILPARK ALUMNI ACHIEVEMENTS

- Debbie Van Aswegen: Chief Operating Officer for Group Life: Discovery Life.
- Samukeliso Mncube, CEO of Azisa Global.
- Eric Moepeng: Appointed Senior Vice President and Head of Human Capital at Sibanye-Stillwater.
- Simo Mkhize: Appointed Chief Commercial Officer at Cell C.
- Jason English: International Entrepreneur and author of The Oros Effect.
- Curt Meyer: Appointed CEO of Mirabilis Engineering Underwriting Managers (Pty) Ltd.

www.milpark.ac.za



"Women of Africa webinar series"

OUR INSTITUTIONS (CONTINUED)

AFDA

film • television • performance • business innovation & technology
the school for the creative economy

WHO WE ARE

4
UNDERGRAD DEGREES

4
POSTGRAD PROGRAMMES

3
HIGHER CERTIFICATES

2 300+
STUDENTS

4
CAMPUSES

4 500+
ALUMNI

30+
AREAS OF STUDY

WHAT WE OFFER – OUR PROGRAMMES

HIGHER CERTIFICATES

- Film, TV & Entertainment Production
- Performing Arts
- Radio & Podcasting

UNDERGRADUATE DEGREES

- Bachelor of Arts in Motion Picture Medium
- Bachelor of Arts in Live Performance
- Bachelor of Creative Writing
- Bachelor of Commerce in Business & Innovation

POSTGRADUATE PROGRAMMES

- Honours – Bachelor of Arts in Motion Picture Medium
- Honours – Bachelor of Arts in Live Performance
- Master of Fine Arts
- Post Graduate Diploma in Innovation

"Over the last decade, disruption has been inevitable and looming for the higher education sector. Technology was believed to be the disruptor, however the true catalyst was one we had not anticipated. The COVID-19 pandemic had a profound impact on all sectors, including higher education.

Disruption itself is created by the inability or ability to adopt and adapt to rapid change.

It was the collective understanding within the AFDA business that rapid change needed to happen – without resistance and minimal bureaucracy – to make our curriculum and business not only survive but thrive in a new reality. We are pleased that the result benefited all stakeholders, from students to shareholders alike."

Teresa Passchier – AFDA CEO

AFDA LEARNING PROGRAMME ADAPTATION – COVID-19 DISRUPTION IN 2020

In March 2020, the President announced our first of many national lockdowns. AFDA was faced with the challenge of delivering an outcome-based learning experience without campuses, gear and specialised facility access. The AFDA management team was committed to continuing the academic year and delivering a learning experience that matched the changing world our students now found themselves in. The changes implemented resulted in the successful completion of the academic year for all AFDA programmes in 2020. 2021 has reflected a similar reality to 2020, a reality in higher education that we believe will continue long after the pandemic has come to an end. Accordingly, AFDA has chosen to continue key elements of the AFDA 2020 ADPT programme to prepare our student for a new frontier in the creative economies, known as AFDA 2.0.

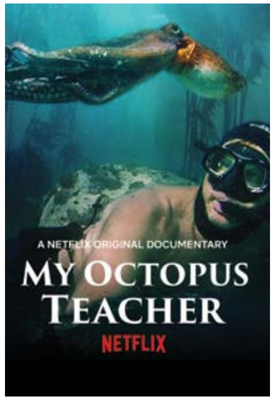
FEATURING:

- Learning Circles, to monitor student progress and provide academic and technical support.
- Hybrid learning where theory classes and assessments are conducted online in virtual classrooms.
- Campuses becoming "hubs" for practical learning.
- Remote access to gear through cloud computing.
- Remote production practices where students collaborate remotely in producing projects. The successful implementation of remote productions has given AFDA students an extra set of valuable industry skills that can be practiced in future as required by circumstance.
- Online assessments of graduation projects where panels of audience members and critics rate the students' work through online surveys.
- The AFDA Annual festival is now both online and on-site, adapted to suit any level of lockdown or future disruption.

AFDA CAPE TOWN DRIVE-IN FESTIVAL 2020

OUR INSTITUTIONS (CONTINUED)
AFDA (CONTINUED)

film • television • performance • business innovation & technology
the school for the creative economy



MY OCTOPUS TEACHER

Kyle Stroebel is an AFDA alumnus and accomplished South African colourist. His recent work on the picturesque documentary *My Octopus Teacher* received national and international praise soon after it was released on Netflix in March of 2020. On 9 March 2021, it was announced that *My Octopus Teacher* had been nominated for a BAFTA award in the Documentary Feature category. Soon after this announcement, on 15 March, Oscar nominations were announced where *My Octopus Teacher* was nominated in the Documentary Feature category, and won the Oscar for best documentary feature on 25 April 2021.



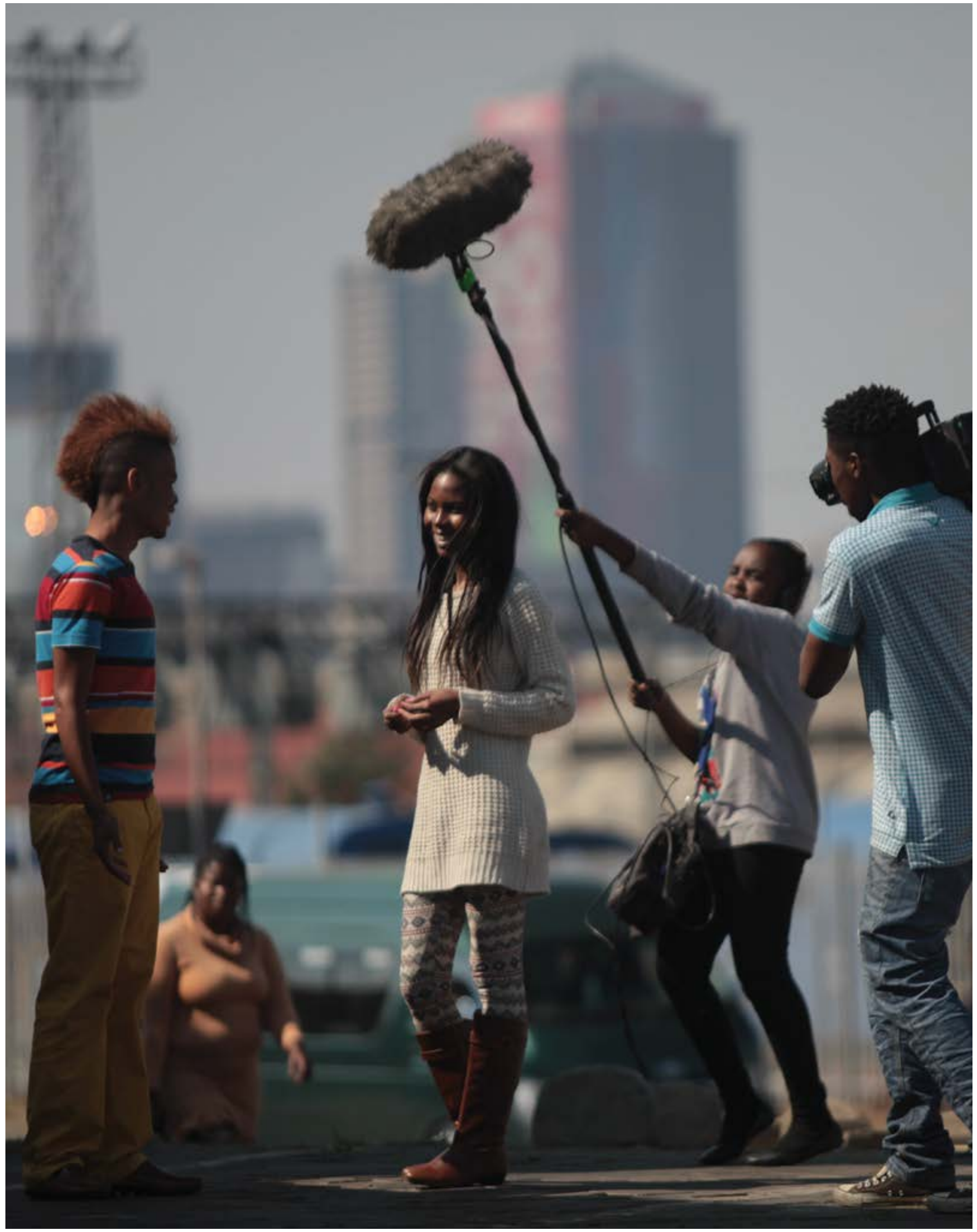

DAM

The new Showmax Original series *DAM* – shot, edited and starring AFDA alumni is a small-town psychological thriller deservedly receiving rave reviews. Fortress of Solitude similarly calls *DAM* "South Africa's answer to *Sharp Objects* and *The Outsider*." Reviewer Sergio Pereira praises *DAM*'s "outstanding production quality ... It rivals any international production, and actually looks better than most of the Netflix shows that dominate the Top 10 list," adding, "More importantly, the cast delivers an equally exceptional performance to rival the production quality and script."

STAM & THIS IS NOT A BURIAL, IT'S A RESURRECTION

STAM, directed by Louw Venter and produced by AFDA alumni Cait Pansegrouw and Elias Ribeiro, proved to be a popular film at Durban International Film Festival, walking away with the highly prestigious, Best South African Feature Film Award. The suspense-driven film will also be on DStv's Box Office on 2 October.

This is not a Burial, it's a Resurrection, directed by Lesotho-born, Berlin-based filmmaker Lemohang Jeremiah Mosese and produced by AFDA alumni Cait Pansegrouw and Elias Ribeiro, was one of the most-talked-about films at the Durban International Film Festival this year.



03 OUR PERFORMANCE

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

Following the directive issued by the Minister of Higher Education, regarding the COVID-19 pandemic, all academic campuses across the Group were closed from 18 March 2020 and continued to be closed according to the Minister's directive on the easing of campus closures under the various levels of lockdown.

LEVEL 5	LEVEL 4	LEVEL 3	LEVEL 2	LEVEL 1
• all campuses were closed	• controlled return of final year students in certain programmes	• maximum of 33% of students to return to campus	• maximum of 66% of students to return to campus	• 100% of students can return to campus

Due to the uncertainty around the impact of COVID-19 on the Group, certain strategic initiatives were deferred or delayed as the Group adjusted its business model and immediate focus areas to manage these uncertainties and ensure students continued to receive a seamless learning experience. The Group adopted a strategy which focused on the following items.

1. The Health and Safety of our staff and students
2. The continuation of the academic project
3. The protection of financial resources as well as stakeholders' interests

To note, 80% of the Group's students study through distance learning already, and therefore the Group was well placed to move all teaching and learning online. Until the South African population has been vaccinated, or reaches "herd immunity" to the Coronavirus, COVID-19 will remain a threat. The Group, however, is well positioned to manage the uncertainties and impacts of COVID-19, building on the lessons learnt in 2020.

THE 2020 ACADEMIC YEAR WAS COMPLETED IN 2020

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (CONTINUED)

THE HEALTH AND SAFETY OF OUR STAFF AND STUDENTS

- Compliance with regulations set out by DHET, Higher Health and Occupational Health and Safety Guidelines
- No job losses or salary cuts
- Remote working for all staff
- Sadly three students passed away
- Partnership with The South African Depression and Anxiety Group (SADAG) running a dedicated 12-hour toll-free Helpline for all students

THE CONTINUATION OF THE ACADEMIC PROJECT

- From the time the national lockdown was announced, our academic teams implemented various plans to ensure that all our students completed their 2020 academic year within 2020
- All teaching and learning was adapted for emergency remote learning
- Material focus on student engagement
- Provided free data to contact learning students
- Provided computers to students who did not have the technology and programmes required for specialised programmes
- Student support hours were extended into the evenings to accommodate asynchronous learning (and times when data was cheaper)
- Established new student support platforms on Google, WhatsApp, sms, etc. to accommodate student engagement and enable easy access
- Only 72 student withdrawals as a result of COVID-19 (~0.4%)
- Academic participation rates and success rates increased

THE PROTECTION OF FINANCIAL RESOURCES AS WELL AS STAKEHOLDERS' INTERESTS

- Some of the sacrifices made included
  - Freezing all uncommitted capital expenditures
  - Freezing all new staff appointments
  - Variable expenditures reduced as far as possible
  - Cash conserved in our business
  - Construction of STADIO Centurion campus was paused and recommenced on a phased approach
- This led to:
  - Limited gearing
  - Adequate cash resources
  - Revision of the current year strategy

Other initiatives included:

- Engaging with students to allow payment extensions where necessary
- A-CARE-DEMICS – participating in Mandela Day with donations of hand-knitted woollens to Alpha Primary
- School and the Tygerberg Children's Foundation
- Contributions to NG Kerk soup kitchen in Krugersdorp

GROUP PERFORMANCE INDICATORS

- Growth in revenue grew by 14% to R933 million
- Growth in EBITDA and EBITDA margin
  - EBITDA decreased by 75% to R46 million as a result of a once-off Fair Value accounting adjustment of R207 million (refer to pages 60 and 62 for more details). Adjusting EBITDA to exclude this accounting adjustment, resulted in Adjusted EBITDA increasing by 29% to R253 million
  - Adjusted EBITDA margin of 27%
- Growth in Core HEPS grew by 31% to 14.2 cents per share
- Performance against strategic objectives and associated key identified projects, including improvement in academic performance from year-to-year, as shown on page 42.

4. PROGRESS AGAINST THE IMMEDIATE MATERIAL 2020 STRATEGIC ACTIVITIES AND ACTIONS

Notwithstanding the impact of COVID-19, the Group made good progress against its strategic activities as noted below:

STRATEGIC ACTIVITY	PROGRESS IN 2020
• Smooth change management process including:	
– Successful Business Transfer of higher education institutions within the Group into a single higher education provider, STADIO	Successful registration of STADIO as a private higher education institution with the migration of the underlying brands into STADIO, was a major milestone
– Implementation of best practice IT infrastructure (ERP and Student Management) to accommodate large scale student numbers and realise business efficiencies	ERP commenced rollout in November 2020 and will continue into 2021
	The Student Management agreement was terminated during 2020 and a new SIMS system is being scoped. The Group continues to use existing systems which are sufficient in the short-to-medium term.
– Establishment of shared services to allow for realisation of cost efficiencies and synergies across the Group	Shared services established and operating with policies and procedures in the process of being developed to roll out across STADIO
• Successful construction of STADIO Centurion, the Group's first multi-faculty campus	The construction of STADIO Centurion was paused as a result of COVID-19 and the Board decided to delay the opening of the campus until January 2022 (originally January 2021). Construction recommenced in September 2020 on a phased approach and the construction of phase one is on track to be completed by 2021
• Investing in focused marketing and brand development initiatives to promote STADIO	Successful national brand launch campaign launched on 26 October 2020
• Establishing a plan for the successful delivery of certain key qualifications across all modes of learning delivery, including short courses	Seven new programmes accredited, including two Doctorates.
• Continued investigation into innovative and feasible student funding initiatives (including the establishment of the STADIO Kusasa Foundation, a Bursary Trust)	STADIO Kusasa Trust was registered with the Master and is in the process of being registered as a section 18A non-profit organisation
	Various student funding initiatives piloted across the Group
	Increased number of payment extensions/payment plans (as a result of COVID-19)
• Delivery of acceptable profit targets	Core Headline Earnings grew by 33% to R117 million.

Refer to pages 102 to 103 in the Remuneration Report for performance against key identified projects.

Activities in progress   Activities completed

VALUE CREATED FOR STAKEHOLDERS

Our business model strives to create value for our stakeholders through the careful consideration of our capital resources as identified on pages 21 to 22. In the following pages, we briefly outline the various outcomes achieved during 2020, despite the challenges presented with COVID-19 and the need to move all teaching, learning and assessments, online as a consequence of the national lockdown.

OUR VALUE MEASURES

STUDENTS	EMPLOYEES	INDUSTRY	REGULATORY BODIES	INVESTOR AND DEBT COMMUNITY	OUR WORLD
• Number of students enrolled • % module success rates • Student retention and dropout rates • Number and range of accredited and pipeline programmes • Achievements of IT milestones	• Performance evaluations • Training outcomes and development spend • Appropriate benchmarking • Research outputs • Development and training	• Graduate employment survey • Graduate desirability survey • Industry partnerships • B-BBEE score	• Number of programmes accredited • Time to accredit new programmes • Auditor's report • Compliance audits	• Performance against Pre-Listing Statement, budget and targets • Performance against strategic objectives • Performance against KPIs and growth objectives • Return on equity	• Community engagement projects and collaborations • CSR spend

OUR STAKEHOLDER OUTCOMES DRIVEN BY OUR STRATEGY

1. WIDEN ACCESS FOR QUALIFYING LEARNERS TO HIGHER EDUCATION

STUDENTS

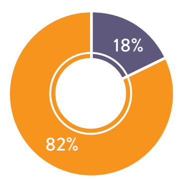
HUMAN CAPITAL

Mode	2020 Student numbers[1]	2020 Capacity
Contact learning (On-campus)	6 367	11 000
Distance learning	28 664	–[2]
Total	35 031	11 000[2]

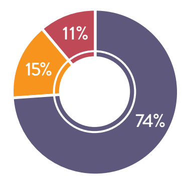
[1] *Students enrolled for semester 2 i.e. July to December 2020*

[2] *Not constrained by physical infrastructure – distance learning opportunities are scalable*

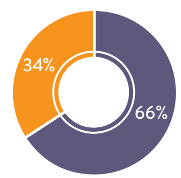
STUDENTS THROUGH MODE OF DELIVERY



RACIAL DIVERSITY



GENDER DIVERSITY



SOCIAL, RELATIONSHIP AND FINANCIAL CAPITAL

- R24 million (3% of revenue) was spent on bursaries and discounts
- R3 million spent on data packages for students to assist with remote learning
- R2 million on tablets and devices to enable access to required technology during lockdown to facilitate quality teaching and learning

INFRASTRUCTURE AND FINANCIAL CAPITAL

- R57 million invested into construction of STADIO Centurion (geographic expansion)
- R7 million in new programme development (across distance and contact learning modes of delivery, from higher certificate to doctorates)
- R3 million invested into systems infrastructure
- Further expansion of distance learning offerings and facilities

VALUE CREATED FOR STAKEHOLDERS
(CONTINUED)

2. ESTABLISH STADIO AS A CREDIBLE AND RESPECTED HIGHER EDUCATION PROVIDER

REGULATORY BODIES

ACADEMIC QUALITY AND INTELLECTUAL CAPITAL

- STADIO registered as private higher education institution
- Underlying brands (Embury, LISOF, Prestige Academy and SBS) amalgamated into STADIO
- Seven new programmes submitted for accreditation, including IT and architecture
- 35 pipeline programmes in development
- Two Doctorates accredited
- Zero adverse findings by DHET
- Delays in accrediting programmes and site extensions

STUDENTS

HUMAN CAPITAL

- Successfully completed 2020 academic year in 2020
- 83.2% average Module Success Rate (2019: 80.6%)
- 4.4% average drop-out rate
- Partnership with South African Depression and Anxiety Group
- COVID-19 demanded increased student support initiatives and communication to students with new student support platforms on Google, WhatsApp, sms, etc. to accommodate student engagement

GRADUATES

8 224 (2019: 7 294)

13%

EMPLOYEES

HUMAN CAPITAL

- Designed an Integrated Quality Management System (IQMS)
- 61 research outputs
- 30 accredited publications

EMPLOYEES

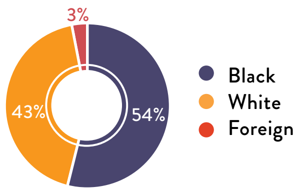
965 (2019: 912)

ACADEMICALLY QUALIFIED

939* (2019: 883)

* includes 435 educators

STAFF DEMOGRAPHIC



INDUSTRY

- Centre for Lifelong Learning established
- Graduate desirability survey – 85% of respondents viewed our graduates as "work ready"
- 45% of respondents actively recruited graduates
- Employment success rate – distance learning > 80%* contact learning 72.2%**

* majority of distance learning students are working adults

** according to 2020 Graduate Employment Status Survey Report

STUDENTS

OUR WORLD

INFRASTRUCTURE CAPITAL

- R19 million into IT infrastructure projects (CANVAS – virtual learning environment, SIMS, CRM, ERP)
- Impairment of R11 million on Student Management (refer to page 63)

NATURAL CAPITAL

- Committed to sustainable work practices
- Move to increased online teaching and learning and virtual learning environment which reduces printing costs and travel costs, reducing our carbon footprint
- Refer to the Sustainability Report on pages 47 to 51

3. DELIVER ACCEPTABLE GROWTH TARGETS AND SHAREHOLDER RETURNS

INVESTOR AND DEBT COMMUNITY

FINANCIAL CAPITAL

- Paused construction of STADIO Centurion as well as reduced all non-essential spend in order to preserve cash due to COVID-19 uncertainty
- Investment in infrastructure to allow the Group to meet its strategic growth plans
- Loss allowance increased to 8.6% of revenue (2019: 4.3%)
- Revenue increased by 14% to R933 million (2019: R815 million)
- Adjusted EBITDA margin of 27% (2019: 24%)
- Core Headline earnings increased by 33% to R117 million from R88 million
- Debt of R45 million (2019: R65 million)
- Refer to pages 59 to 78 for the Financial Report

EMPLOYEES

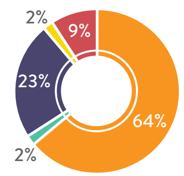
HUMAN CAPITAL

- Appointment of new CEO, Mr Chris Vorster on 1 April 2020
- Appointment of new chairperson of the Board, Dr Vincent Maphai, on 16 July 2020

STUDENTS

- Increased payment plans to enable students to meet financial obligations
- 10% growth in student numbers

VALUE ADDED STATEMENT



- Distributed to employees R319 million (2019: R313 million)
- Distributed to social responsibility R11 million (2019: R11 million)
- Distributed to government R111 million (2019: R151 million)
- Distributed to providers of capital R10 million (2019: R14 million)
- Value reinvested R44 million (2019: R46 million)
- Value retained nil* (2019: R84 million)

* The Group was in a loss position in 2020, refer to pages 59 to 78.

SUSTAINABILITY REPORT

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

In 1948 the world decreed the universal right to free basic education (UN, 1948: Art. 26). In 1990 the world committed itself to universal basic education, with a target of the year 2000 to fully achieve this endeavour (UNESCO, 1990).[1] This target and the revised target of 2015 (World Education Forum, 2000), were missed and the subsequent target was set to 2030. The world reaffirmed its commitment to several of these education goals by including them and expanding on them substantially in the SDGs (UN, 2015).[2]

THE GROUP'S PURPOSE IS TO EMPOWER THE NATION BY WIDENING ACCESS TO HIGHER EDUCATION, AND WE BELIEVE THAT ACCESS TO QUALITY EDUCATION IS INEXTRICABLY LINKED TO THE ACHIEVEMENT OF ALL OTHER SDGS

www.un.org

[1] *See the "World Declaration on Education for All", http://unesdoc.unesco.org/images/0012/ 001275/127583e.pdf*

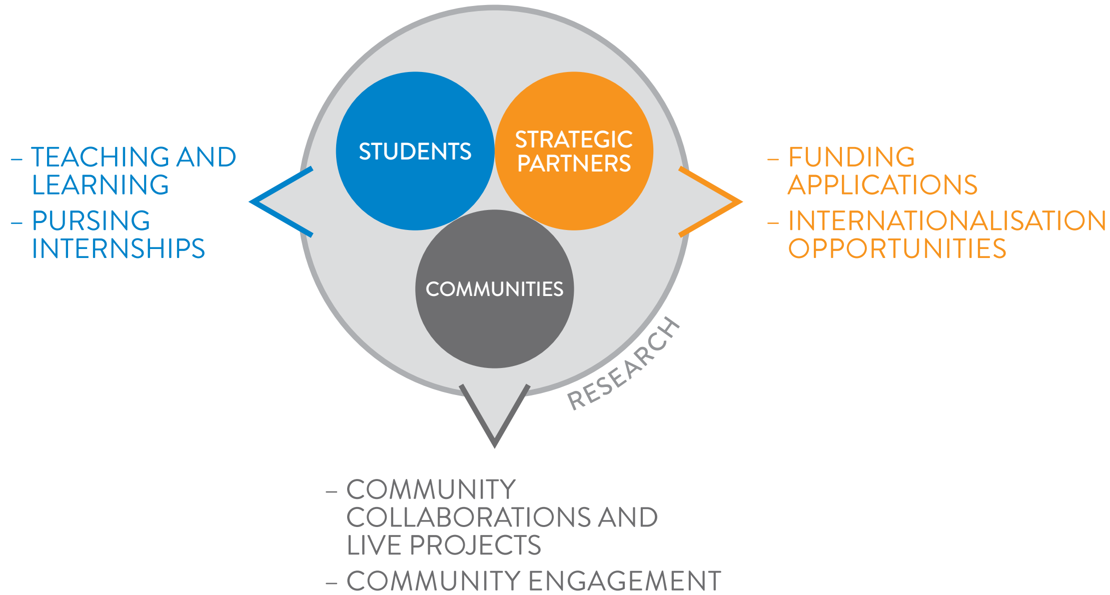
[2] *See the "The 2018 World Development Report on Education: A Critical Analysis" by Steven J. Klees, Nelly P. Stromquist, Joel Samoff and Salim Vally, https://www.researchgate.net/profile/Steven-Klees/publication/330323187.*

Education is unquestionably key 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 and 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 GROUP CONTRIBUTES TO ACHIEVING THE SDGS

Community Engagement, Teaching and Learning , 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



SUSTAINABILITY REPORT (CONTINUED)

COMMUNITY ENGAGEMENT

The community engagement working group was initiated in January 2019 and operates as a community of practice that works collaboratively towards developing best practices for community engagement across the Group.

Community engagement in South Africa is predominantly defined as working with vulnerable and marginalised communities. Most public universities have dedicated community engagement units and funding. The Group's main challenges are funding, time, and awareness of the importance of community engagement. These are also our opportunities. By working towards an integrated approach where Community Engagement, Teaching and Learning, and Research are combined, these three pillars of higher education can simultaneously be addressed.

During 2020, the three main aspects of Community Engagement and Outreach, being:

- **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 includes helping or assisting a community, NGO, or another similar organisation in an area not linked to the curriculum or to a research outcome

were expanded by the Group's Community Engagement's working group to include nine typologies spanning from CSR/outreach initiatives, across projects integrated in the curriculum.

The nine typologies also became the basis for the reporting structure of community engagement initiatives in the Group. These reports indicated that community engagement initiatives already exist across many of the nine identified typologies.

2020 also brought the challenge of COVID-19, which hindered real-life, hands-on engagements. Community Engagement initiatives embedded in the curricula, such as in Milpark, were able to continue. Below is a summary of accomplishments for 2020.

- Engagement with the Home of Hope for Girls through Milpark Education's Social Responsibility and Environmental Management module which is an integrated part of the curriculum and provides students with the opportunity to closely work with a charity organisation
- AFDA's collaboration on plays, running workshops and broadcasting "English in Action" through interactive radio to classrooms in underprivileged rural and peri-urban schools;
- The A-CARE-DEMICS was initiated by Dr Divya Singh as an outreach platform to schools and charities and completed two successful projects including knitting scarves, beanies boot cuffs and gloves, as well as items for new-born babies at Tygerberg and providing sanitary towels and sweets for Tygerberg Hospital Children's Trust and Alpha Primary School in Morning Star;
- Various support initiatives for staff community through Milpark Education's longstanding staff enrichment programme in the School of Financial Planning and Insurance; and
- Donations to various mental handicap associations, old age homes, orphanages, youth programmes and community development programmes.

TEACHING AND LEARNING

COVID-19 has affected everyone, but from a Teaching and Learning perspective, most notably our contact learning students who were no longer able to attend classes on-campus. The Group moved all teaching and learning online and focused on student engagement and support to ensure the 2020 Academic year was completed in 2020 whilst doing whatever possible to ensure no student would be left behind, if at all possible.

The Group therefore invested in:

- data packages (at a cost of R3 million for the Group) to assist contact learning students to access remote teaching and learning for free;
- R2 million in tablets for those students who did not have access to laptops and the required technology to allow the students to receive the quality education they required;
- R24 million (approximately 3% of revenue), on bursaries, scholarships and discounts to students, and further engaged with students to enter into various payment extensions, where necessary;
- agreement with the South African Depression and Anxiety Group (SADAG) boosted student support and wellness; and
- increased student support initiatives and communication to students with new student support platforms on Google, WhatsApp, sms, etc to accommodate student engagement which resulted in overall student drop-out rates decreasing (contact learning reduced to 2.5% from 3.6%; and distance learning reduced to 6.1% from 11.4%) and overall module success rates increasing. The Group is therefore proud to have successfully completed the 2020 Academic year within 2020.

In addition, the Group has integrated various aspects of the SDGs into their curricula through dedicated modules such as:

- **Social Responsibility and Environmental Management** module that examines the social, ethical and environmental issues faced by business and all other kinds of organisations;
- **Design Thinking for Problem Solving** module where students work with a Not-for-Profit or local organisations, identifying a local socio-economic challenge and develop a holistic and long-term solution which specifically needs to address at least one or more SDG;
- **ZAZI Project** module which aims to ensure that a student's journey 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. "Zazi" has a double meaning in isiZulu and isiXhosa and means "to know yourself", but it can also be the plural for *Isazi*, meaning "to be wise".

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 a 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 Value created for Stakeholders section on pages 43 to 46, and the Academic Report on pages 53 to 58, for more details.

SUSTAINABILITY REPORT (CONTINUED)

RESEARCH

The Group produced 61 research outputs during 2020 (2019: 113) including:

- "Reimagining Community Schools as Beacons of Hope and Possibility in the South African Context " by Damons, B. & Cherrington, A.M which was published in Education as Change Special Issue: Reclaiming commitment to social justice in poverty-stricken communities
- "Towards a Live Project Framework for Community Engagement in South Africa: An Architectural Education Perspective" by Delport, HE, Perold, R to be published in Community engagement research in South Africa: methods, theories, histories and practice
- "Accelerating transformation through curriculum innovation: a private higher education institution responds to the demand to decolonise universities in South Africa" by Holmes, G
- "Who Cares About Ethics: University Students Support Higher Education for the Common Good" by Singh, D has been included in an international publication by Globethics.net, Geneva.

LEADERSHIP AND OPERATIONAL GOVERNANCE

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

EXTERNAL LEADERSHIP

Higher Education Institutions have a key role in educating and equipping individuals with skills to enter the working world as advocates for sustainable development.

The Group's Business School, Milpark Business School, has 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.'*

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, the climate and all its stakeholders.

ACADEMIC REPORT

"... 72% of the respondent graduates had found employment within nine months of graduating ..."

INTRODUCTION

The academic project continued the 2019 trajectory, commencing the 2020 year primarily undergirded by the activities in the six independently registered private higher education institutions in the Group. Each institution was autonomous and responsible for its academic programmes and quality. However, STADIO Holdings continued to set the educational strategy for the Group and maintain the overarching quality assurance and oversight functions across the brands to enable consistent academic standards, continuous innovation, and ongoing evolution of the academic project. The monitoring role is performed through a centralised Academic and Student Affairs Committee (ASACOM) chaired by the CAO and attended by the six institutions' academic leadership, as well as the CEO and COO of the Group. The ASACOM is supported by a robust sub-committee structure, including the Quality Committee, the Student Support and Success Committee, and the Assessment Committee. There are also several working groups focusing on critical issues such as curriculum transformation, community engagement, and access and Lifelong Learning by recognising prior learning.

2020 TEACHING AND LEARNING IN A YEAR MARKED BY THE COVID-19 PANDEMIC

The strong committee structure was a critical factor in ensuring the successful continuation of the academic project when the national COVID-19 shutdown demanded that contact learning be replaced by remote learning. The six Group institutions immediately adjusted, successfully taking teaching and learning online with synchronous and asynchronous teaching and learning activities that enabled the academic programme to continue. Staff commitment, heightened engagement, and increased student support throughout the lockdown and to the end of the year, which included the provision of free data and, in some instances, devices on loan, ensured that as far as possible, no student was left behind. The agreement with SADAG augmented student support and wellness, and the quarterly reports reiterate the benefits of the service. The Group will continue its partnership with SADAG into 2021.

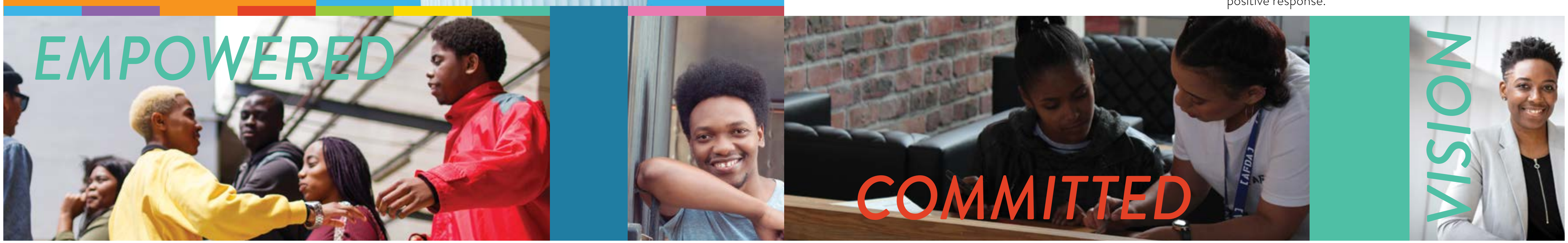
SUCCESS RATES AND GRADUATION NUMBERS

While the Group is still not able to provide cohort analyses, the success of the academic programme is evidenced by the fact that the Group institutions were generally able to complete the 2020 academic programme in 2020, with overall improved pass rates and lower dropout rates as compared with the 2019 academic year.

Description	Pass Rates	Dropout Rates
Contact Learning	83.5% (2019: 84.5%)	2.5% (2019: 3.6%)
Distance Learning	83.0% (2019: 76.8%)	6.1% (2019: 11.4%)
Graduation numbers	8 224 (2019: 7 294)	

At a more granular level, the undergraduate and postgraduate pass rates were a successful 83.3% and 82.6%, respectively, with dropout rates of 4.1% and 6.1% for undergraduate and postgraduate students, respectively. Graduation numbers will increase slightly as the few outstanding students complete their mandatory industry engagement and practice module.

The results of the second Graduate Employability Survey for the Group in 2020 confirmed that 72% of the respondent graduates had found employment within nine months of graduating, notwithstanding the difficulties of the COVID-19 pandemic and accompanying economic downturn. The 2020 Graduate Desirability Survey results – that engaged employers on their opinion of STADIO graduates – shows an equally positive response.



ACADEMIC REPORT (CONTINUED)

84% of the industry respondents surveyed indicated "significant satisfaction" with the Group graduates' competencies, with pertinent reference to graduates' discipline knowledge, emphasising the practical nature of the learning, and graduates' work ethic.

REGISTRATION OF STADIO

Probably the most significant resolution for the Group – and the academic project specifically – was the Board's decision to consolidate four of the existing institutions – STADIO School of Education (formerly Embury), SBS, Prestige Academy, and LISOF – and register a new private higher education institution under the name of STADIO. The CHE approved the business transfer in July 2020, and the DHET registered STADIO on 26 October 2020. DHET cancelled the registration of the erstwhile institutions during 2020: however, the institutions were approved to complete the 2020 academic year in their respective names, and students completing in 2020 would graduate in the name of their registered institutions. A condition of the business transfer was CHE site visits to SBS and Prestige Academy, which were concluded in November 2020. SBS complied with all the conditions imposed in 2020, while the conditions *vis-à-vis* Prestige Academy will be finalised in 2021.

While the business transfer was being finalised by the South African Qualifications Authority (SAQA) and the DHET, Management prioritised setting the organisational framework for STADIO. It concluded the academic strategy, working structure, undergirding policies and procedures, and the quality assurance regime aligned with the Group. An Integrated Quality Management System (IQMS) was designed to provide the necessary assurance that STADIO adheres to all the CHE standards. The draft IQMS was completed at the end of 2020 and will be submitted to the new Institutional Senate in 2021. Once approved, it will become a standard across all institutions in the Group. The integration and standardisation of the four student administration systems, processes and procedures, and developing a single student information management system for STADIO is an identified challenge that is receiving focussed attention.

Given the restrictions imposed by the COVID-19 pandemic, the annual Academic Conference was a more subdued gathering of the STADIO academic leadership team. The Conference again focussed on shared leading practices for quality teaching and learning and included internal, external, and international experts sharing tested best practices during plenary presentations and panel discussions. A secondary, although equally important outcome of the Conference, was to begin to forge the STADIO academic culture, to develop the common understanding of the new Institution's mission and educational purpose and share the objectives and activities of the Student Journey planned for 2021. The Board approved the 2021 Student Journey for contact and distance learning during 2020.

One of the most critical lessons garnered from the 2020 academic year is recognising the need to understand the institutional student profile so that teaching and learning respond to the student's needs, including the students' learning style and environment. The academic project builds on its commitment set out in the Academic Promise to an adaptive learning experience. STADIO's acquisition of the globally benchmarked CANVAS virtual learning platform supports this mission. In 2020 the Group selected CANVAS as its web-based learning management system and commenced implementation at STADIO in October 2020. Roll-out will continue until 2023, with Milpark planned to also come on board during the period.

CANVAS provides exciting opportunities for academics to create and present online learning materials and assess student learning in an engaging and collaborative manner. The system is modern, and navigation is intuitive and fully mobile-enabled. Many digital tools used by the Group, such as Turnitin and SmarterMeasure, are fully integrated into CANVAS.

QUALIFICATION RANGE AND EXPANSION

In 2020, as the Group continues to grow its product range and geographic footprint, seven new programmes (including programmes in Information Technology and Architecture) and six new site extension applications were submitted to the CHE. Five new programmes were offered in 2020 – the Doctor of Business Administration, the Bachelor of Laws, the Bachelor of Education Honours in Inclusive Education, the PGCE in Senior Phase and Further Education and Training Teaching and the Higher Certificate in Performing Arts. The pipeline of new programmes is coming to fruition, with several new programmes being certificated for offering in 2021, including:

- Doctorate in Policing (DL) – STADIO
- Diploma in Policing (DL) – STADIO
- Doctorate in Management (DL) – STADIO
- B.Com in Project Management (CL) – STADIO
- Higher Certificate in Digital Marketing (CL) – STADIO
- BA in Law (DL) – STADIO
- Postgraduate Diploma in Innovation (CL) – AFDA
- Bachelor of Creative Writing (CL) – AFDA

RESEARCH

Scholarship at the Group continues to focus primarily on teaching and learning. However, as the Group increases its postgraduate programme and qualification mix, there is an acknowledgement for the importance of accredited research outputs and alternate publications that promote discipline debate and discussion and open doors to new knowledge. In 2020 there were 30 accredited publications out of a total of 61 outputs. Also, STADIO is working towards accrediting a new Criminal Justice Journal, which will focus on applied best practices to improve policing specifically, and the criminal justice sector generally.

SOCIAL RESPONSIBILITY AND COMMUNITY ENGAGEMENT

It would be remiss were this Report not to reference the third pillar of scholarship, namely, community engagement. Practising community engagement, especially in private higher education, is often constrained by funding and time and a lack of understanding of the importance of community engagement as a driver of social responsibility. However, the Group's commitment to social awareness and consciousness as a quality of graduates has emphasised community engagement that is positive to note. The new integrated approach uniting community engagement, teaching and learning, and research enables the three pillars of higher education scholarship to be simultaneously addressed without the requirement of additional funding and resourcing. Some of the social awareness and responsibility highlights for 2020 include Milpark's involvement with the Home of Hope for Girls through their Social Responsibility and Environmental Management module. This module is an integrated part of the curriculum and provides students with the opportunity to work with a charity organisation closely. AFDA can report several instances of working with their industry community through initiatives such as collaboration on

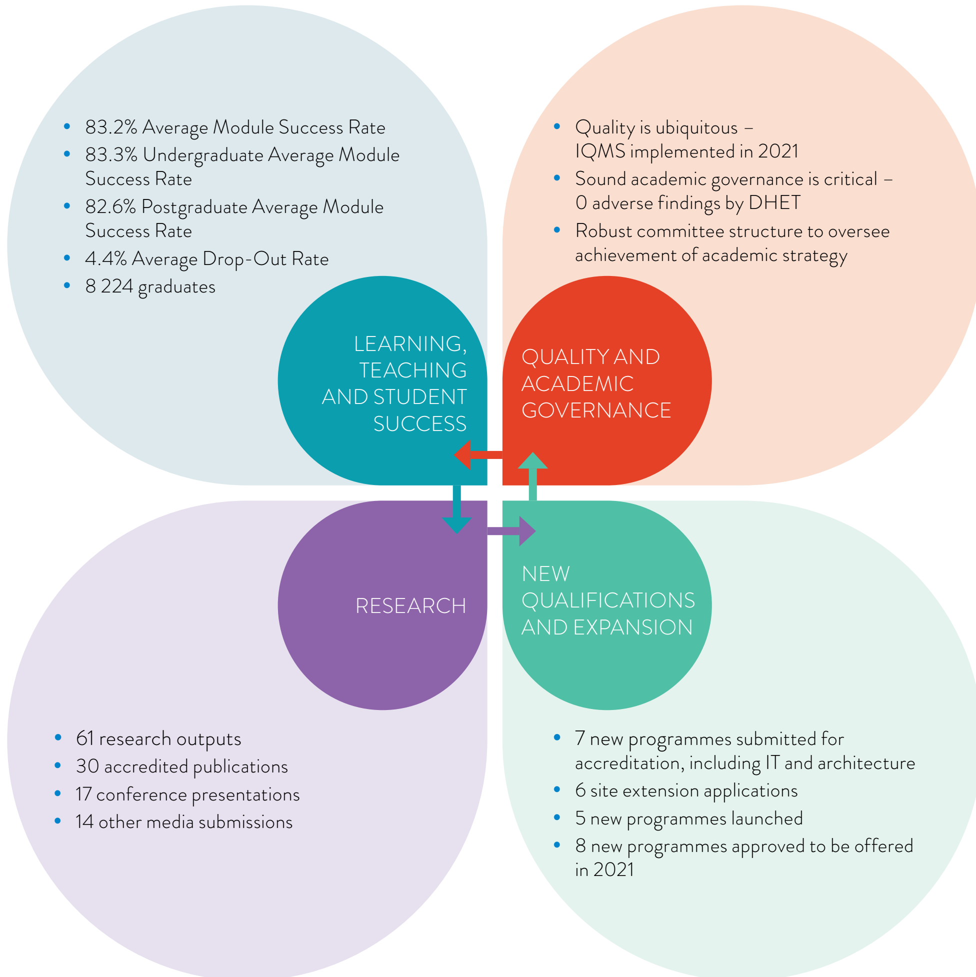
ACADEMIC REPORT (CONTINUED)

plays, running workshops and broadcasting "English in Action" through interactive radio to classrooms in underprivileged rural and peri-urban schools. The A-CARE-DEMICS project showcases the social conscience of the academic staff and their commitment to leading by example. Two research papers on the integrated approach to community engagement and an analysis of university students' view on 'education for the common good' have both been presented for publication in 2021.

ACADEMIC GOVERNANCE

Sound academic governance is ubiquitous across the Group, and the DHET raised no concerns during 2020. Academic risks are monitored through the Group Strategic Risk Register and the appropriate mitigating actions implemented. Quarterly reports from the ASACOM will continue to be submitted to the STADIO Holdings Board. A board member attends all ASACOM meetings, ensuring necessary and appropriate oversight of the academic project.

THE 2020 ACADEMIC PROJECT, SUMMARISED:



FINANCIAL REPORT

"... the Group increased student enrolments by 10% to 35 031 students ... Core HEPS grew by 31% to 14.2 cps ..."

YEAR UNDER REVIEW

Set out below are the key items that had a material impact on the results for the year ended 31 December 2020. These material matters are discussed in more detail on pages 19 to 20.

MIGRATION TO ONE STADIO BRAND

On 26 October 2020, the Group was successful in completing the Business Transfer.

For the 2020 financial year the Business Transfer triggered a once-off, non-cash accounting impairment of R40 million, being the value of the trademarks (excluding Milpark and AFDA) recognised at acquisition.

CA CONNECT ACQUISITION

In April 2018, the Group, through Milpark, acquired the business of CA Connect Professional Training Institution CPT Proprietary Limited (CA Connect), which offers the Postgraduate Diploma in Accounting (PGDA) programme (a feeder qualification for students wanting to become SAICA accredited chartered accountants) as well as a PGDA Bridging programme. The consideration payable for the acquisition is subject to the performance of earnings before interest, taxation, depreciation and amortisation (EBITDA) of the CA Connect business over a three-year period (Earn-Out), which ends in June 2022. The enrolments on the PGDA and PGDA Bridging programme have continued to exceed expectations over the last two years.

The better-than-expected student enrolments in 2020 resulted in an increased EBITDA expectation over the Earn-Out period and thus increased the contingent consideration liability in respect of this acquisition. During 2020, the Group recorded a total fair value adjustment of R207 million (Fair Value Adjustment) to account for the higher-than-expected purchase consideration payable. In accordance with IFRS 9, this Fair Value Adjustment is recorded as an expense in the statement of comprehensive income.

Furthermore, the Group entered into negotiations to early settle the remaining Earn-Out in respect of the CA Connect acquisition for a final settlement amount of R200 million, thereby aligning the focus of the management team of CA Connect and Milpark to pursue growth opportunities beyond the PGDA programmes. The full liability of R200 million will be settled in shares and cash during 2021 and 2022.

IMPACT OF COVID-19

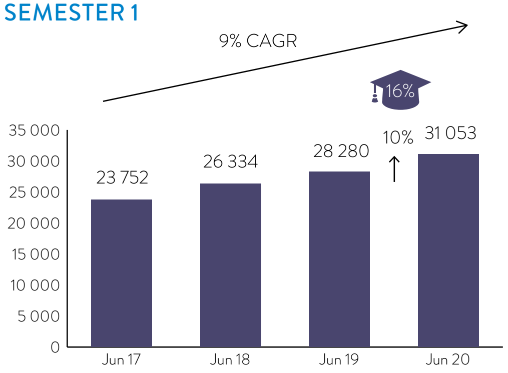
Throughout 2020, the Group has taken all necessary and responsible steps to manage the impact of the COVID-19 pandemic whilst maintaining the financial health of the business. COVID-19 has had an impact on all key performance metrics, as detailed further in the commentary below, and has resulted in the Group adopting the "COVID-way" of operating, resulting in additional costs to the business which were offset by various cost saving initiatives.

FINANCIAL REPORT (CONTINUED)

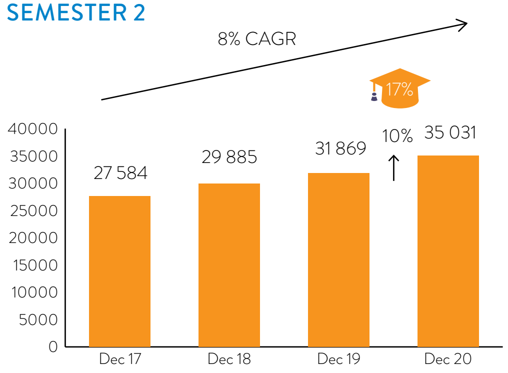
REVIEW OF RESULTS

TOTAL STUDENT NUMBERS (LIKE FOR LIKE)

SEMESTER 1



SEMESTER 2

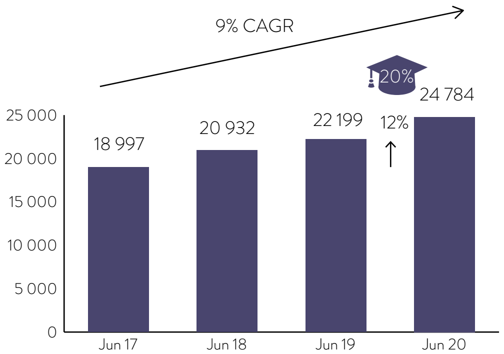


Excluding cyclical B2B students

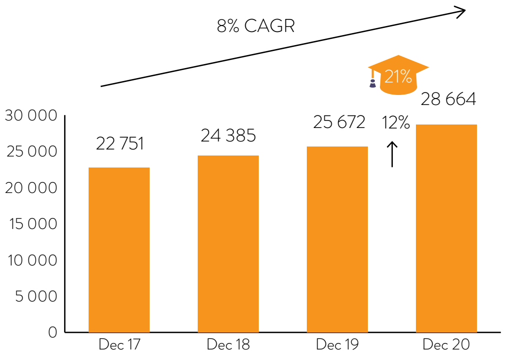
At 31 December 2020, the Group increased student enrolments by 10% to 35 031 students (2019: 31 869). Over the same period, distance learning students grew by 12% to 28 664 students (2019: 25 672), and contact learning students grew by 3% to 6 367 students (2019: 6 197).

STUDENT NUMBERS – DISTANCE LEARNING

SEMESTER 1



SEMESTER 2

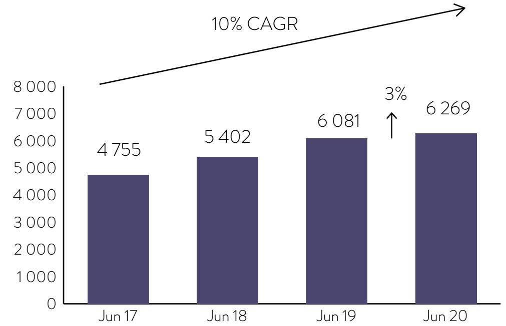


Excluding cyclical B2B

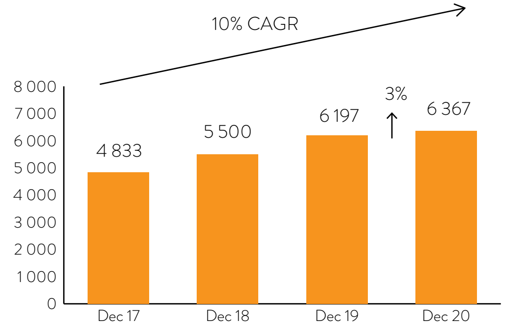
Distance learning student numbers reflected good overall growth, with new in-demand qualifications improving enrolments over the period. Notwithstanding the positive increase in distance learning student numbers, COVID-19 did have a negative impact on the enrolment of students on the various corporate training and learnership programmes, with overall student numbers relating to these programmes declining by 1% for the period. Excluding the cyclical B2B business, distance learning student numbers would have grown by 20% (semester 1 enrolments) and 21% (semester 2 enrolments).

STUDENT NUMBERS – CONTACT LEARNING

SEMESTER 1

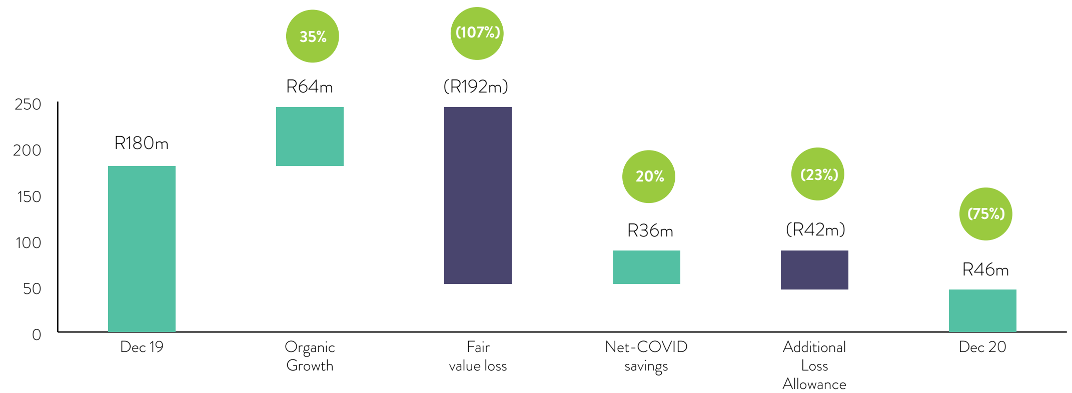


SEMESTER 2



Contact learning students, particularly the Group's higher fee offering, showed a muted 3% growth over the period.

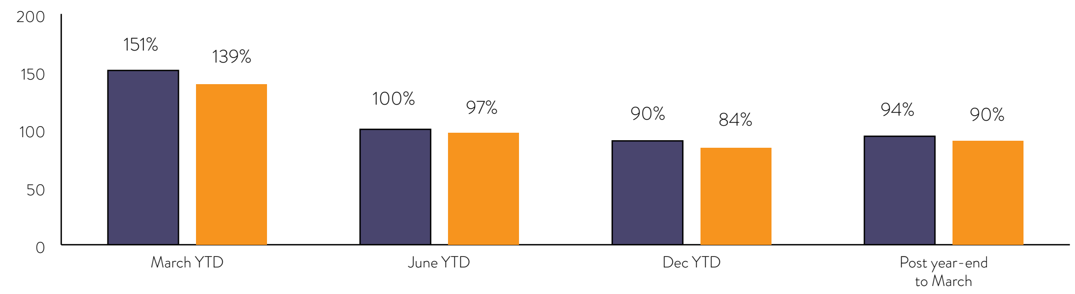
EBITDA MOVEMENT



EBITDA declined by 75% to R46 million (2019: R180 million). The decline in EBITDA was impacted by the Fair Value Adjustment of R207 million (2019: R15 million) in respect of the CA Connect acquisition. Excluding the impact of the Fair Value Adjustment, the Group grew EBITDA by 29% over the reporting period, to R253 million (2019: R196 million). This underlying growth in EBITDA is attributable to the underlying organic growth, academic delivery cost savings arising from the alteration of teaching and learning practices to accommodate students during the various COVID-19 lockdown levels, and general cost saving initiatives implemented across the Group. These savings were offset by additional costs directly related to COVID-19 (including data costs to assist students and staff and costs to ensure compliance with health and safety regulations), as well as an increase in loss allowance for the period (following concerns over collection of student fees which were partially offset by the COVID-19 government relief benefits, including TERS). Certain cost savings arose due to the postponement of various projects on campuses, which were closed during lockdown, and the directive to conserve cash, given the uncertainties around COVID-19. It is expected that these costs will be incurred in 2021 and beyond.

FINANCIAL REPORT (CONTINUED)

CASH COLLECTIONS AS A % OF REVENUE



The loss allowance increased from 4.3% to 8.6% of revenue. The increase considers the expected loss allowance, including the impact of COVID-19 on the broader economy and thus collections of revenue. The Group is actively monitoring and managing collections, engaging with students and providing individual payment relief plans where possible.

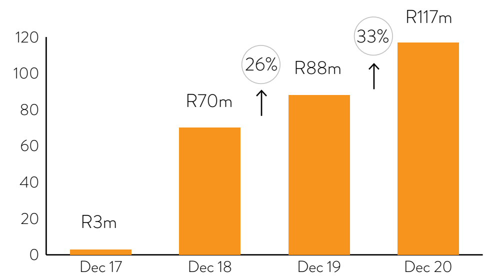
During 2019, the Group engaged in the implementation of both a new ERP system (Unit4 ERP) as well as a new student management system (Unit4 Student Management). During 2020, it became evident that the initial time and costs to complete the implementation of the Unit4 Student Management system was substantially greater than originally agreed to with the various service providers. As such, given the infancy of the system and considering the stage of life and size of the business, management agreed to terminate the implementation of the Unit4 Student Management system. The Group has, however, continued with the implementation of the Unit4 ERP system and has successfully concluded the implementation across two of the Group's entities. The remaining Group entities will roll out the Unit4 ERP system during 2021. The discontinuation of the Unit4 Student Management System resulted in an impairment of R11 million, being the costs incurred to date on the implementation of the Unit4 Student Management system. Management has reviewed the capacity and functionality of the current student management systems within the Group and is able to utilise the existing systems to cater for its medium-term growth plans and continues to investigate appropriate alternatives for its long-term plans.

For the year ended 31 December 2020, taking into account the large abnormal adjustments set out below, the Group reported a loss after taxation of (R138 million) (2019: profit after taxation of R84 million) and a loss per share (LPS) of (14.5) cps (2019: earnings per share (EPS) of 8.5 cps), primarily as a result of:

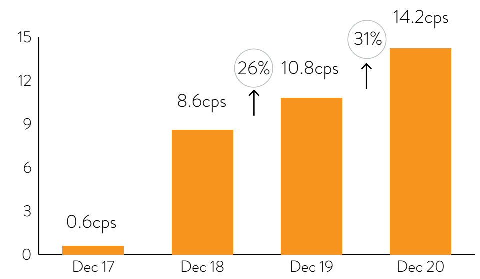
- The Fair Value Adjustment of R207 million relating to the CA Connect acquisition (impacting LPS and headline loss per share (HLPS)); and
- The R51 million once-off, non-cash accounting impairment of intangible assets, predominantly related to the impairment of trademarks (R40 million) following the successful Business Transfer and R11 million in respect of the impairment of other intangible assets, including computer software as set out above.

The Group reported a headline loss of (R70 million) and HLPS of (8.5cps) for the year ended 31 December 2020 (2019: headline earnings of R70 million and headline earnings per share (HEPS) of 8.5 cps), primarily as a result of the Fair Value Adjustment.

CORE HEADLINE EARNINGS



CORE HEPS (cents per share)



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

Accordingly, for the year ended 31 December 2020, Core HEPS grew by 31% to 14.2 cps (2019: 10.8 cps). The overall growth in Core HEPS is due to the underlying growth in EBITDA (excluding the Fair Value Adjustment), as well as the inclusion of the 26% interest in SBS acquired in October 2019.

SUMMARISED STATEMENT OF FINANCIAL POSITION

	2020 Rm	2019 Rm
Total assets	2 122	2 067
Total equity	1 486	1 583
Attributable to equity holders	1 493	1 571
Non-controlling interests	(7)	12
Total liabilities	636	484
Borrowings	45	65
Lease liabilities	168	169
Other liabilities	423	250
Number of shares in issue (m)	841	818
NAV per share (cents)	178	192
Gearing ratio	14%	15%
Gearing ratio (excluding IFRS 16: lease liability)	3%	4%

FINANCIAL REPORT (CONTINUED)

During the year, the Group invested R105 million on capital expenditure. Total Assets were impacted by the R51 million impairment of intangible assets.

Other liabilities included the contingent consideration liability of R198 million (2019: R36 million) in respect of the CA Connect Acquisition as further explained in the Summary Financial Statements.

At 31 December 2020, the Group has drawn down R45 million (2019: R65 million) of the R200 million revolving credit facility with Standard Bank as detailed on page 77. The Group reflected a gearing ratio of 14% (3% excluding the IFRS 16 lease liability).

CAPITAL INVESTMENT

The Group commenced construction on its first large scale multi-faculty campus, STADIO Centurion, in November 2019. During the period ended 31 December 2020, the Group spent R57 million on the construction and development of STADIO Centurion and R48 million on existing facilities and moveable assets, new programme development and the development of the Group's information technology system.

Capital investment (R millions)	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020
Acquisitions	–	594	440	156	–
Infrastructure development and capital assets	73	272	26	168	98
Programme development	12	11	15	10	7
Total	**85**	**877**	**481**	**334**	**105**
Cumulative investment	**85**	**962**	**1 443**	**1 777**	**1 882**

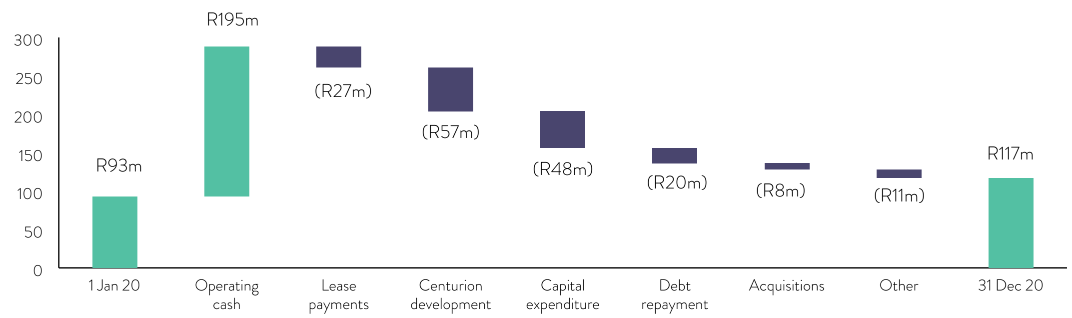
CASH FLOW GENERATION AND CASH UTILISATION

Cash generated from operations (R millions)	Dec 2019	Dec 2020
Net cash generated from operations (before working capital)	202	263
Working capital changes	(12)	11
Net cash generated from operations	190	274
Cash generated from operations (as % of adjusted EBITDA)*	97%	**108%**
Free cash flow less recurring capex	115	**183**

* *EBITDA excluding fair value loss adjustment*

The Group generated R274 million cash from operations for the year ended 31 December 2020, of which R11 million relates to positive working capital timing differences.

CASH UTLISATION (RMILLIONS)



The Group has adequate cash resources on hand and access to a debt facility to meet its cash obligations due within 12 months. It is noted that the current portion of the contingent consideration liability will be settled partly in cash and by the issue of shares. The Group is in a strong cash position with a cash balance of R117 million at 31 December 2020.

GROWTH PROJECTS

2021 Capital Expenditure (R millions)	Dec 2021
STADIO Centurion	40
Distance Learning Logistics Centre (Krugersdorp) – Transfer and development	52
Durbanville transfer (including development contributions)	60
Growth projects	**152**

The Group will complete Phase I of the STADIO Centurion development in 2021. Furthermore, the Group will take transfer of, and further develop, the distance learning logistics center in Krugersdorp. This will allow the business to expand the operational capability of the distance learning operations.

The Group entered into agreements in 2018 to acquire vacant land located in Durbanville (Western Cape), with a view to open a large-scale multi-faculty campus in the Western Cape. The Group took transfer of the land and incurred development contributions of a combined total of R60 million in February 2021. The Group intends to further develop this campus for opening between 2023 and 2024.

DIVIDEND

Given the Group's current expansion plan, no Group dividend was declared for the year ended 31 December 2020 (2019: Rnil).

FINANCIAL REPORT (CONTINUED)

OUTLOOK

Notwithstanding the challenges presented by the COVID-19 pandemic, and the economic realities of the country, the Group is confident and remains committed to achieving its strategic objectives and seeking further growth opportunities.

The successful Business Transfer to STADIO has unlocked an opportunity for STADIO to accommodate a wider variety of programmes at STADIO's many registered sites of delivery. To this end management is actively reviewing the programmes offered at the multiple registered sites with a view to optimise the utilisation of existing facilities whilst promoting the geographic spread of existing programmes.

Furthermore, the COVID-19 pandemic has created a shift in the perception and attractiveness of distance learning and coupled with the attractive price point of the distance learning offerings, has provided an opportunity for the Group to actively pursue further growth opportunities.

The Group is in a strong cash flow position and has adequate cash resources and debt facilities to be able to navigate the negative impacts of the COVID-19 pandemic as well as to fund its current known growth projects.

SUPPLEMENTARY INFORMATION

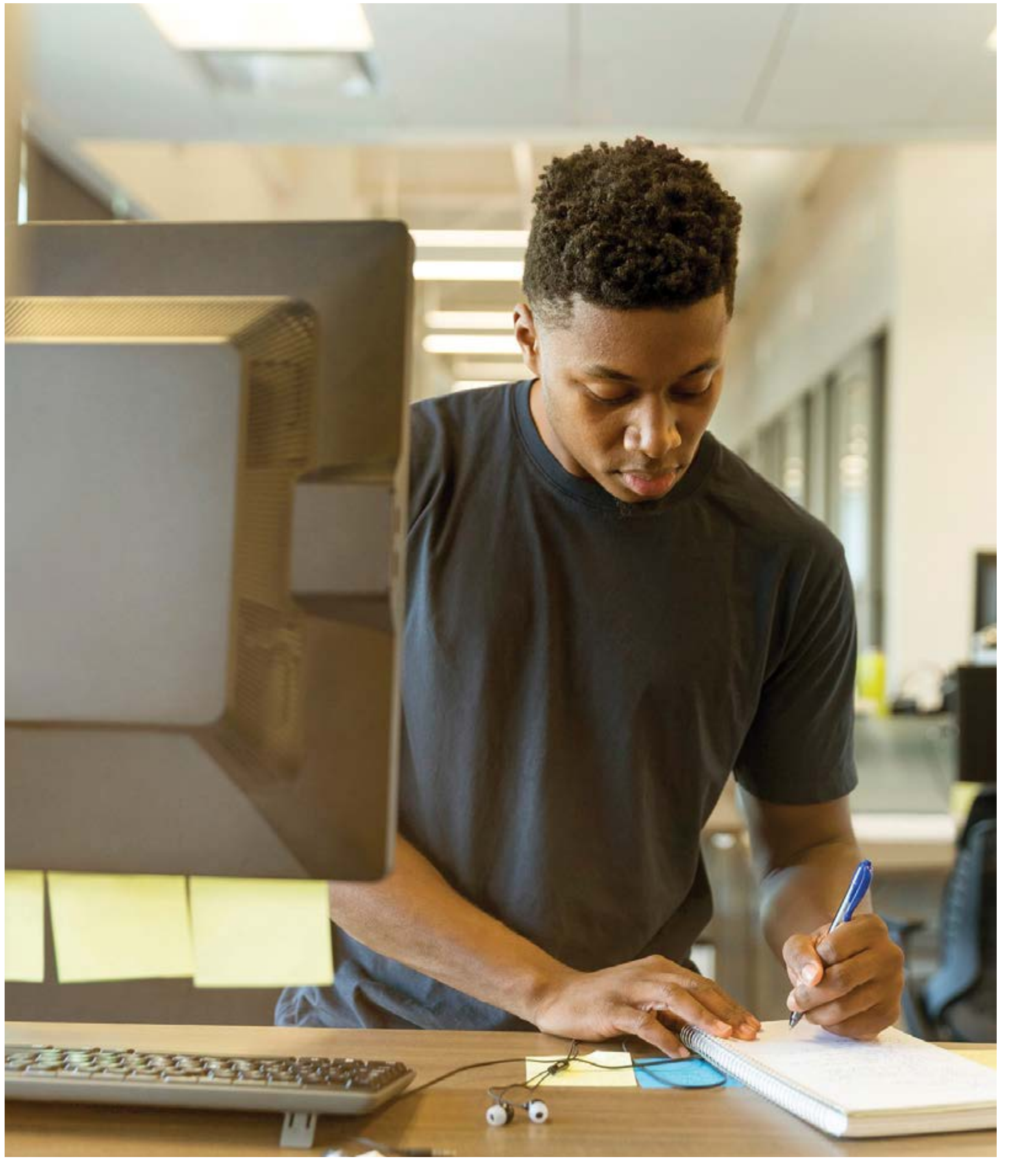
STUDENT NUMBER ANALYSIS

Students numbers have been presented per mode of delivery and per semester to show the students enrolled in programmes for Semester One (January to June) and Semester Two (July to December) to illustrate the impact on new student enrolments, mainly in the distance learning mode of delivery, that occurs during Semester Two.

	Semester One unaudited						Semester Two unaudited					
	2017[1] 30 Jun	2018[1] 30 Jun	2019 30 Jun	2020 30 Jun	Year-on-year growth %	3-year CAGR growth %	2017[1] 31 Dec	2018[1] 31 Dec	2019 31 Dec	**2020 31 Dec**	**Year-on-year growth %**	**3-year CAGR growth %**
Modes of learning delivery												
Contact learning	4 755	5 402	6 081	6 269	3%	10%	4 833	5 500	6 197	**6 367**	**3%**	**10%**
Distance learning	18 997	20 932	22 199	24 784	12%	9%	22 751	24 385	25 672	**28 664**	**12%**	**8%**
	23 752	26 334	28 280	31 053	10%	9%	27 584	29 885	31 869	**35 031**	**10%**	**8%**
Made up as follows:												
% Contact learning	20%	21%	22%	20%			18%	18%	19%	**18%**		
% Distance learning	80%	79%	78%	80%			82%	82%	81%	**82%**		

[1] *Like-for-like comparison including student numbers of all underlying Higher Education Institutions as if they had been a part of the Group in this period.*

SUMMARY FINANCIAL STATEMENTS



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 70 to 78 of the 2020 Integrated Report, which comprise the summary consolidated statement of financial position as at 31 December 2020, 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 2020.

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 12 March 2021. 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 1 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.*

Pricewaterhouse Coopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor
Stellenbosch
30 April 2021

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year-on-year change %	Audited 2020 R'000	Restated[1] Audited 2019 R'000
Revenue	14%	932 944	815 427
Other income	(56%)	3 570	8 054
Loss allowance	>100%	(80 485)	(34 832)
Fair value losses on financial instruments[1]	>100%	(207 209)	(15 277)
Operating expenses	2%	(602 994)	(593 058)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**(75%)**	45 826	180 314
Depreciation and amortisation	6%	(64 579)	(60 890)
Impairment on intangible assets	>100%	(51 216)	–
(Loss)/earnings before interest and taxation (EBIT)	(>100%)	(69 969)	119 424
Investment income	(58%)	11 841	28 047
Finance cost	3%	(20 502)	(19 926)
(Loss)/profit before taxation	**(>100%)**	(78 630)	127 545
Taxation	36%	(59 730)	(43 861)
(Loss)/profit for the period	**(>100%)**	(138 360)	83 684
Attributable to:			
Owners of the parent	(>100%)	(119 751)	69 836
Non-controlling interests	(>100%)	(18 609)	13 848
Total comprehensive (loss)/income for the period	(>100%)	(138 360)	83 684
Headline (loss)/earnings (Note 3)	(>100%)	(69 985)	69 662
Core headline earnings (Note 4)	33%	117 399	88 211
		Cents	Cents
(Loss)/earnings per share			
– Basic	(>100%)	(14.5)	8.5
– Diluted[2]	(>100%)	(14.5)	8.4
Headline (loss)/earnings per share			
– Basic	(>100%)	(8.5)	8.5
– Diluted[2]	(>100%)	(8.5)	8.4
Core headline earnings per share (Core HEPS)			
– Basic	31%	14.2	10.8
– Diluted[2]	18%	12.5	10.6
		Million	Million
Number of shares in issue			
– Basic	3%	841	818
– Diluted[2]	15%	957	829
Weighted average number of shares in issue			
– Basic	1%	824	818
– Diluted[2]	13%	940	829

[1] *The Group has chosen to present the fair value losses on financial instruments separately due to it being a material item for the 2020 financial period. The prior year has accordingly been restated to reflect the necessary disclosure. Refer to Note 8 for further information.*

[2] *Share options and contingent consideration liabilities partly settled in shares, are considered to be potential ordinary shares. These options and shares are not included in the calculation of the diluted basic and headline loss per share because they are anti-dilutive for the year ended 31 December 2020. Diluted basic and headline loss per share is calculated using the 824 million weighted average number of shares in issue.*

The share options and contingent consideration liabilities partly settled in shares are dilutive for the core headline earnings per share for the year ended 31 December 2020. Diluted core headline earnings per share has been calculated using the 940 million weighted average number of shares in issue which adjusts for the dilutive impact of the share options and contingent consideration liabilities partly settled in shares.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Audited 2020 R'000	Audited 2019 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	717 120	663 358
Right-of-use assets	95 996	91 702
Goodwill	749 482	749 482
Intangible assets (Note 6)	168 967	211 522
Trade and other receivables (Note 7)	17 254	16 281
Other financial assets	11 620	5 173
Deferred tax asset	129 534	107 026
Total non-current assets	1 889 973	1 844 544
Current assets		
Inventories	1 588	2 132
Loans to related parties	591	805
Trade and other receivables (Note 7)	106 073	115 834
Current tax receivable	7 107	9 908
Cash and cash equivalents	116 803	93 436
Total current assets	232 162	222 115
Total assets	2 122 135	2 066 659
EQUITY		
Share capital (Note 5)	1 597 512	1 565 675
Other reserves	21 159	11 033
Accumulated loss	(125 299)	(5 548)
Total equity attributable to equity holders of the Company	1 493 372	1 571 160
Non-controlling interest	(7 381)	12 138
Total equity	1 485 991	1 583 298
LIABILITIES		
Non-current liabilities		
Borrowings	45 000	65 000
Lease liabilities	134 580	137 061
Deferred tax liability	72 321	70 809
Trade and other payables	132 694	18 993
Total non-current liabilities	384 595	291 863
Current liabilities		
Borrowings	79	392
Lease liabilities	33 385	32 309
Loans from related parties	96	96
Trade and other payables	116 303	65 757
Contract liabilities	88 542	89 786
Tax payable	13 144	3 158
Total current liabilities	251 549	191 498
Total liabilities	636 144	483 361
Total equity and liabilities	2 122 135	2 066 659
Net asset value per share (cents)	178	192

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Audited 2020 R'000	Audited 2019 R'000
Balance as at 1 January	1 583 298	1 661 162
Total comprehensive (loss)/income for the period	(138 360)	83 684
Issue of ordinary shares	31 919	1 400
Share issue costs	(82)	(8)
Recognition of share-based payments expense	10 126	5 911
Dividends paid to non-controlling shareholders	(6 124)	(13 351)
Non-controlling interest acquired	5 214	(155 500)
Balance at the end of the period	1 485 991	1 583 298

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year-on-year change %	Audited 2020 R'000	Restated Audited[1] 2019 R'000
Net cash flow from operating activities	38%	194 881	141 284
Cash generated from operations (Note 9)	45%	274 386	189 551
Interest income	(68%)	8 881	27 712
Finance cost	5%	(20 637)	(19 701)
Tax paid	20%	(67 749)	(56 278)
Net cash flow used in investing activities	(37%)	(110 093)	(175 773)
Purchase of property, plant and equipment	(50%)	(78 353)	(157 427)
Purchase of intangible assets and curriculum development costs	22%	(26 219)	(21 430)
Proceeds from sale of property, plant and equipment	>100%	265	35
Proceeds received from loans to related parties	(81%)	214	1 149
(Addition)/disposal of other financial assets	(>100%)	(6 000)	1 900
Net cash flow from financing activities	>100%	(61 421)	(131 583)
Share issue costs	>100%	(82)	(8)
Proceeds from borrowings and loans with related parties	(31%)	45 079	65 089
Repayment of borrowings and loans with related parties	>100%	(65 392)	(5 191)
Payment of principal portion of lease liabilities	36%	(27 290)	(20 022)
Dividends paid to non-controlling shareholders	(54%)	(6 124)	(13 351)
Additional investment in subsidiary with no change in control	(95%)	(7 612)	(158 100)
Net movement in cash and cash equivalents for the period		23 367	(166 072)
Cash and cash equivalents at the beginning of the period		93 436	259 508
Cash and cash equivalents at the end of the period		116 803	93 436

[1] *The prior year was restated to separately disclose and reallocate proceeds from loans to related parties to net cash flow used in investing activities from net cash flow from financing activities*

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The Financial Results are prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Accountants Council, the JSE Limited Listings Requirements for provisional reports, the requirements of the Companies Act of South Africa and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

The 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 12 March 2021.

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

The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these Financial Results were derived. Copies of the auditor's report on the Financial Results appears at the end of this report. A copy of the Group's Consolidated Annual Financial Statements is available for inspection at the Company's registered office and on the Company's website, together with the financial statements identified in the respective auditor's reports.

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

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Results are consistent in all material respects with those applied in the annual financial statements for the year ended 31 December 2020, other than the adoption of the amendments to: IFRS 3 Business Combinations – Definition of Business; IFRS 7 Financial Instruments: Disclosures; IFRS 9 Financial Instruments – Interest Rate Benchmark Reform; IAS 1 Presentation of Financial Statements – Definition of Material; and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material, all of which were effective from 1 January 2020. The adoption of these amendments do not have a material impact on the Financial Results.

For a full list of standards and interpretations that have been adopted by the Group, we refer you to the annual financial statements for the year ended 31 December 2020 which can be found on our website.

3. HEADLINE EARNINGS PER SHARE

	Audited 2020 R'000	Audited 2019 R'000
Reconciliation of headline (loss)/earnings:		
Basic (loss)/earnings	(119 751)	69 836
Adjustments attributable to parent:		
Impairment on intangibles assets	49 902	–
Loss on disposal of property, plant and equipment	90	265
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	(279)	(521)
Tax on above	53	82
Headline (loss)/earnings	(69 985)	69 662

4. SEGMENTAL INFORMATION

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

Reconciliation of core headline earnings

		Audited 2020		Audited 2019	
	Year-on-year change %	(Loss)/ earnings R'000	(Loss)/ earnings per share Cents	Earnings R'000	Earnings per share Cents
Headline (loss)/earnings	(>100%)	(69 985)	(8.5)	69 662	8.5
Adjustments for non-core items attributable to parent:					
Fair value loss on contingent consideration	>100%	180 676	21.9	13 385	1.7
Acquisition costs	>100%	–	–	1 398	0.2
Amortisation of client list and trademark	57%	8 250	1.0	5 241	0.6
Tax on above	5%	(1 542)	(0.2)	(1 475)	(0.2)
Core headline earnings	33%	117 399	14.2	88 211	10.8
Core HEPS – basic	31%		14.2		10.8
Core HEPS – diluted	18%		12.5		10.6

5. SHARE CAPITAL

During the period, the Company issued ordinary shares in relation to the payment of the contingent consideration in respect of the Prestige Academy acquisition and CA Connect acquisition (refer to Note 8) as per the share capital reconciliation below:

	Audited Number of ordinary shares (million)	Audited Share capital R'000
Balance at 1 January 2020	818	1 565 675
Issue of shares in respect of acquisitions	23	31 919
Share issue costs	–	(82)
Balance at 31 December 2020	841	1 597 512

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INTANGIBLE ASSETS

	Audited 2020			Audited 2019		
	Trademarks R'000	Other intangible assets R'000	Total R'000	Trademarks R'000	Other intangible assets R'000	Total R'000
Opening balance	100 496	111 026	211 522	101 304	104 924	206 228
Additions and internally generated	2	26 217	26 219	–	21 430	21 430
Disposals	–	–	–	–	(59)	(59)
Amortisation	(2 770)	(14 788)	(17 558)	(808)	(15 269)	(16 077)
Impairment	(40 177)	(11 039)	(51 216)	–	–	–
Closing balance	57 551	111 416	168 967	100 496	111 026	211 522

Following the successful Business Transfer, an impairment of R40 million of trademarks of the underlying brands acquired (excluding Milpark and AFDA) was recognised. Furthermore, following a strategic review of the Group's operational and business systems requirements post the Business Transfer process, an impairment of R11 million was recognised in respect of other intangible assets, including computer software.

7. TRADE AND OTHER RECEIVABLES

	Year-on-year change %	Audited 2020 R'000	Audited 2019 R'000
Trade receivables	39%	145 632	104 544
Less: loss allowance	>100%	(77 647)	(37 901)
Net trade receivables	2%	67 985	66 643
Other receivables	(15%)	55 342	65 472
Total trade and other receivables	(7%)	123 327	132 115

The increased loss allowance at 31 December 2020 considers the economic impact of COVID-19 on the collection of student fees.

8. ACQUISITIONS – CONTINGENT CONSIDERATION LIABILITY

The Group, in April 2018, through Milpark, acquired the business of CA Connect, with the total consideration payable being subject to an Earn-Out to June 2022. The CA Connect business is responsible for the offer of the PGDA programme as well as the PGDA Bridging programme. Both programmes were first offered from 1 July 2019. During 2020, the CA Connect business outperformed with actual student enrolments significantly exceeding expected enrolments for the period. The better-than-expected performance resulted in a Fair Value Adjustment of R207 million to 31 December 2020 (2019: R15 million), increasing the contingent consideration liability to account for the higher-than-expected purchase consideration due. On 5 October 2020, the Group settled the first tranche of the Earn-Out of R41 million. This was partly settled by cash of R10 million and partly through the issue of 22 million Company shares, valued at R31 million.

On 26 March 2020, the Group settled the final Prestige Academy consideration of R4 million. This was partly settled by cash of R2.6 million and partly through the issue of 0.9 million shares, valued at R1.4 million.

The CA Connect contingent consideration liability of R198 million (2019: R36 million) is included in trade and other payables.

	Audited 2020 R'000	Audited 2019 R'000
Balance as at 1 January	35 539	24 251
Fair value adjustment on contingent consideration payable[1]	207 184	15 288
Settlement of contingent consideration liability	(44 745)	(4 000)
Balance at the end of the period	197 978	35 539

[1] *The Fair Value Adjustment is included in the fair value losses on financial instruments disclosure on the statement of comprehensive income*

9. CASH GENERATED FROM OPERATIONS

	Year-on-year change %	Audited 2020 R'000	Audited 2019 R'000
(Loss)/profit before taxation	(>100%)	(78 630)	127 545
Non-cash and other items disclosed separately	>100%	341 622	74 215
	30%	262 992	201 760
Movements in working capital	>100%	11 394	(12 209)
Decrease in inventories	(76%)	544	2 240
Decrease/(increase) in trade and other receivables	>100%	11 201	(26 070)
Increase in trade and other payables	(89%)	892	8 287
(Decrease)/increase in contract liabilities	(>100%)	(1 243)	3 334
Cash generated from operations	45%	274 386	189 551

Non-cash items were affected by the impairment of intangible assets (refer to Note 6) and the Fair Value Adjustment to the contingent consideration liability (refer to Note 8).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. BORROWINGS

The Group has secured a revolving credit facility with Standard Bank of South Africa Limited for R200 million with an opportunity to raise a further R100 million subject to meeting certain requirements.

At 31 December 2020, the Group had drawn down R45 million (2019: R65 million) of the facility. Finance costs incurred for the period of R2.9 million (2019: R0.3 million) were fully paid. During the year, borrowing costs of R1 million (2019: R0.01 million) were capitalised to qualifying assets. The total amount of undrawn facilities available for future operating activities and commitments is R155 million (2019: R135 million).

The Group complied with the facilities financial covenant requirements for the 2020 and 2019 financial year-ends.

11. FINANCIAL INSTRUMENTS – FAIR VALUE ESTIMATION

The information below analyses financial assets and liabilities which are carried at fair value by level of hierarchy. The different levels of hierarchy are defined as follows:

Level 1: the fair value is calculated based on quoted prices traded in active markets for identical assets or liabilities.

Level 2: the fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: the fair value is based on unobservable inputs.

The carrying value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value can be summarised as follows:

	Audited 2020			Audited 2019		
Fair value hierarchy	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	Level 1 R'000	Level 2 R'000	Level 3 R'000
Other financial assets	**11 620**	–	–	5 173	–	–
Contingent consideration	–	–	**197 978**	–	–	35 539

There were no transfers between these categories during the period.

The valuation technique used in Level 3 fair value measurement of the contingent consideration (refer to Note 8) is the income approach method with the significant unobservable inputs being the discount rate and EBITDA growth rate as stated below:

- Discount rate – 20% (2019: 19%)
  A change in the discount rate by 1% would increase/decrease the fair value by approximately R3 million (2019: R1 million).
- EBITDA growth rate – 53% (2019: 25%)
  A change in the EBITDA growth rate by 5% would increase/decrease the fair value by approximately R11 million (2019: R5 million).

12. EVENTS AFTER THE REPORTING PERIOD

The Group entered into negotiations to acquire the remaining 26% interest in Southern Business School of Namibia Proprietary Limited for a cash purchase consideration of R8 million subject to meeting certain conditions.

The Group also entered into negotiations to early settle the remaining Earn-Out in respect of the CA Connect acquisition for a final settlement amount of R200 million, thereby aligning the focus of the management team of CA Connect and Milpark to pursue growth opportunities beyond the PGDA programmes.

The Group entered into agreements in 2018 to acquire vacant land located in Durbanville (Western Cape), with a view to open a large-scale multi-faculty campus in the Western Cape. The Group took transfer of the land and paid a consideration of R52 million in February 2021 and intends to develop this campus for opening between 2023 and 2024.

The impact of COVID-19 has been considered up to 31 December 2020. The pandemic is considered to be ongoing and there is no immediate concern around going concern. Management are continually assessing and monitoring developments with regard to the pandemic and its impact on the business.

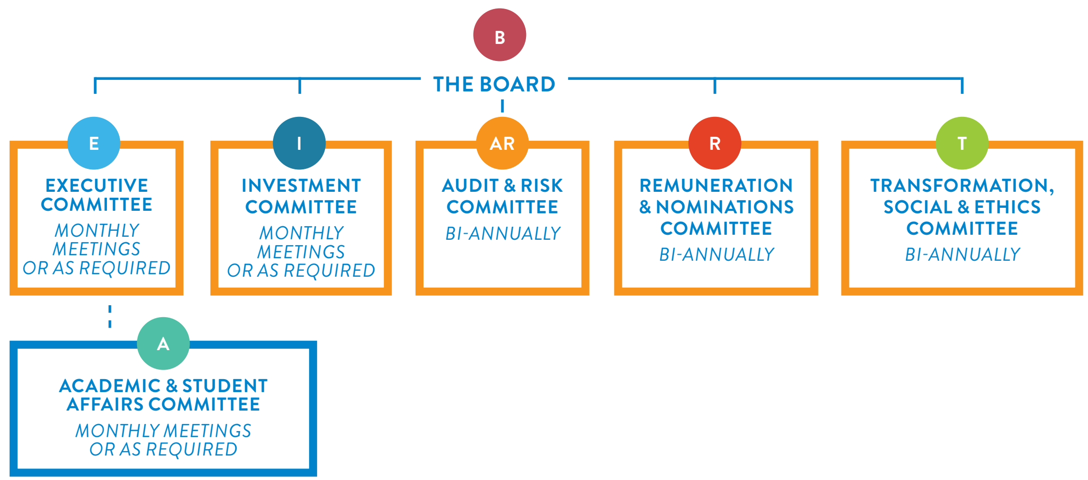
Subsequent to year end, there have been no significant changes in the COVID-19 restrictions impacting the Group and thus no subsequent events related to COVID-19 have occurred.

Save as set out above, the directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

06 OUR GOVERNANCE

GOVERNANCE OVERVIEW

GOVERNANCE STRUCTURE



Meetings held

	B[2]	AR	R	T
Dr Maphai[1]	3			
Mr Vorster	7(1*)	2*	3*	1*
Ms Mokoka	8	2	5	
Dr Vilakazi	8	2		1
Dr Brown	8	2		
Mr de Waal	8	2*	5	
Dr van der Merwe	8	1*	1*	1
Ms Totaram	8	2*		1*
Dr Singh	8	2*		
Prof Stumpf[3]	2	1*	2	1*
Mr Ramaphosa[4]	4	1	5	1

* *Attended as an invitee*
[1] *Appointed to the Board on 16 July 2020*
[2] *Includes one Strategy Day*
[3] *Resigned from the Board on 27 May 2020*
[4] *Resigned from the Board on 15 July 2020*

BOARD OF DIRECTORS

THABANE VINCENT MAPHAI (DR MAPHAI) (69)

CHAIRPERSON

Independent non-executive director

BA, BA (Hons), MPhil, DPhil, Advanced Management Programme (Harvard) and several certificates and diplomas

B R

Dr Maphai has a wealth of experience, with a passion for education. He has accumulated more than 20 years' experience in the academic profession and served on the boards of various companies. Dr Maphai is currently the chairperson of Sibanye-Stillwater Limited and a non-executive director of Discovery Limited. Previously, Dr Maphai was the Director of Corporate Affairs and Transformation at SAB and served as the southern African Chairperson of BHP Billiton. He held the position of a senior executive in the private sector for 15 years and has served on the Presidential Review Commission into the restructuring of the public sector.

CHRISTIAN PHILLIPUS DAVID VORSTER (MR VORSTER) (53)

CHIEF EXECUTIVE OFFICER

Executive Director

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

B E I

Mr Vorster was appointed as CEO of STADIO Holdings on 1 April 2020. Previously he was founder and CEO of SBS, which he founded in 1996 and today accommodates in excess of 14 000 distance learning students. SBS became part of the Group in November 2017 and in August 2019, Mr Vorster was appointed as co-COO of STADIO Holdings.

SAMARA TOTARAM (MS TOTARAM) (42)

CHIEF FINANCIAL OFFICER

Executive Director

CA(SA), CFA

B E I

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. She was the managing director of Thembeka Capital Limited, a PSG Group-supported B-BBEE investment company and managing director of Curro's Meridian venture.

- B Board
- E Executive Committee
- R Remuneration and Nominations Committee
- T Transformation, Social and Ethics Committee
- AR Audit and Risk Committee
- A Academic and Student Affairs Committee (Senate)
- I Investment Committee

DIVYA SINGH (DR SINGH) (56)

CHIEF ACADEMIC OFFICER

Executive Director

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

B T E I A

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.

MATHUKANA MOKOKA (MS MOKOKA) (47)

Independent Non-Executive Director

CA(SA)

B AR R

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) (54)

Independent Non-Executive Director

BSc, HED, BEd, MEd, PhD

B AR A

Dr Brown has a wealth of knowledge in education, having been involved in both contact and distance learning for many years. He received his PhD in the field of distance learning in 1993 and was a Research Professor in the Institute for Open & Distance Learning, UNISA. Dr Brown previously held various executive positions in both public and private higher education, including CEO of CTI Education Group, MD of Midrand Graduate Institute, and Deputy Director of Telematic Learning & Education Innovation at the University of Pretoria. He has been involved in consultancy work for several institutions in the fields of private higher education, distance learning, mobile learning, educational technology and technology-enhanced learning. Dr Brown serves on the boards of numerous companies and is Chairman of the DC Education Group. He is also one of the founding directors of the International Association for Mobile Learning (IAmLearn).

BOARD OF DIRECTORS (CONTINUED)

CHRISTINA BUSISIWE VILAKAZI (DR VILAKAZI) (37)

Independent Non-Executive Director

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

B T AR

Dr Vilakazi has an MSc in engineering and a PhD in biomedical engineering as a Nelson Mandela Scholar from the University of Oxford in the United Kingdom. She is an innovative result-oriented research & 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. Dr Vilakazi is currently part of the Eskom presidential task team advising the president and was a senior researcher at the CSIR.

CHRISTIAAN RUDOLPH VAN DER MERWE (DR VAN DER MERWE) (58)

Non-Executive Director

BPrim (Ed), BEd, M.Ed (Cum Laude), DEd

B T

Dr van der Merwe has extensive knowledge and experience in the independent school and tertiary sectors. He founded Curro in 1998 and, under his leadership, Curro was listed on the JSE in 2011. He was CEO of STADIO Holdings from July 2017 until March 2020, over which time, STADIO Holdings delivered on the promises of its Pre-listing Statement. Dr van der Merwe currently serves the PSG Group and STADIO Holdings as a consultant, Education and continues to serve on the Curro board as a non-executive director.

PIETER NICOLAAS DE WAAL (MR DE WAAL) (45)

Non-Executive Director

BEng (Mech), MBA

B R I

Mr de Waal joined the PSG Group in 2011 and currently serves as the CEO 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) (37)

Alternate Non-Executive Director to Mr De Waal

CA(SA), B Compt Hons

B R I

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

JACOBUS JOHANNES HUMAN (MR HUMAN) (55)

CHIEF OPERATING OFFICER

Prescribed Officer

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

E

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.

GOVERNANCE STRUCTURE AND ACTIVITIES

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. 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.

The Board have confirmed that, to the best of their knowledge, the Group has:

i) complied with the provisions of the Companies Act of South Africa; and

ii) operated in accordance with its memorandum of incorporation, during the year under review.

THE BOARD

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 (Board 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.

During 2020, the Board saw the following membership changes of respect of its independent non-executive Directors:

Appointments:
16 July 2020: Dr Maphai as chairperson

Resignation/retirement:
27 May 2020: Prof Rolf Stump
15 July 2020: Mr Douglas Ramaphosa

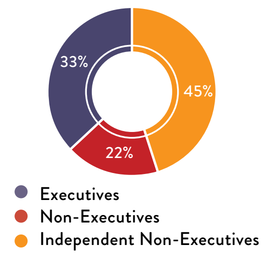
In addition to the above-mentioned changes, the former CEO, Dr van der Merwe, retired as the CEO of STADIO Holdings on 31 March 2020 and was appointed as a non-executive Director. Mr Vorster was appointed as CEO and an Executive Director on 1 April 2020. Mr Douglas Ramaphosa was acting chairperson in the interim period from Prof Rolf Stumpf's resignation until his resignation on 15 July 2020.

In 2020, the Board adopted a broader diversity policy at Board level, specifically focusing on the promotion of diversity attributes of gender, race, age, skills, knowledge, expertise and culture in the composition of its membership.

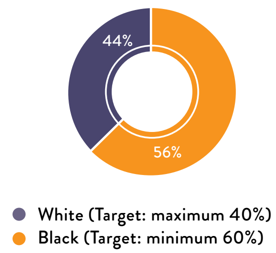
In 2020, due to the consequential board membership changes in respect of the CEO change, the racial diversity target of, minimum 60% Black representation on the Board, was not met with the Board achieving 56% Black representation on the Board. The Board will look to address this shortfall in considering future changes to the Board.

FOR THE YEAR ENDED 31 DECEMBER 2020 THE BOARD DEMOGRAPHICS WERE AS FOLLOWS:

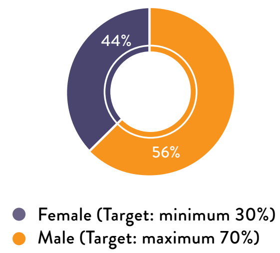
BOARD BALANCE



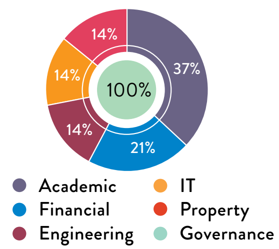
RACIAL DIVERSITY



GENDER DIVERSITY

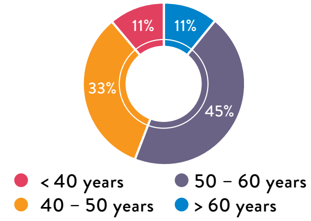


SKILLS DIVERSITY



Target: the key skills and knowledge identified by the Board to enable the Group to achieve its strategic objectives are represented. **In all instances, Board members have a sound knowledge and understanding of matters relating to corporate governance including but not limited to King IV™ principles, strategic leadership and innovation in the twenty-first century as well as a solid understanding and appreciation of the socio-economic, environmental, ethical and transformation challenges facing our country.**

AGE DIVERSITY



Target: a minimum of one Board member per age category herewith attached.

CULTURAL DIVERSITY

The Board believes that the attainment of the above targets will ensure the achievement of a reasonable level of cultural diversity.

GOVERNANCE STRUCTURE AND ACTIVITIES (CONTINUED)

BOARD ACTIVITIES

Areas of focus	What the Board did
Group strategy	• provided robust and constructive input to management regarding the Group's strategy • approved the Group's strategy and monitored its implementation • adopted a COVID-19 strategy to manage the crisis of the COVID-19 pandemic and associated uncertainties and risks • paused the construction of STADIO Centurion campus and delayed its opening to January 2022 • monitored Group's progress regarding agreed strategic initiatives • provided oversight regarding the Group's progress towards migrating the identified underlying higher education institutions into STADIO, a single registered higher education provider
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 implemented remedial 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 • approved various risk mitigation strategies based on various COVID-19 scenarios
Leadership	• following robust meetings, in conjunction with the Remuneration and Nominations Committee (REMNO), approved the appointment of the new chairperson and recommends his appointment to shareholders at the AGM • ensured the Board set the tone for effective and ethical leadership • acted as the focal point, and custodian, of good corporate governance • approved the Board's broader Diversity policy
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 – executive Directors' pay – amendments to the long-term share incentive scheme • improved performance evaluation tool 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 – COVID-19 relief measures for students to ensure they could complete the academic year in 2020 and staff to ensure they continued to receive full pay
Board and Board committees	• considered the current Board composition in relation to the growing Group and approved appointments to the Board and Board committees taking into account the Broader Diversity Policy • discussed succession planning including an update on the key management
Financial results and going concern	• scrutinised the Group's financial results throughout the year • considered, scrutinised and supported management's COVID-19 scenario planning • considered, challenged and approved the Group's 2021 budget • considered, reviewed and approved the Group's Integrated Report for the year ended 31 December 2019 • considered, reviewed and approved the consolidated interim financial results for the period ended 30 June 2020 and the consolidated and separate annual financial statements for the year ended 31 December 2020 • 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 • agreed with management's decision to terminate the Student Management contract • increased focus on Information Technology governance with the IT GRC, especially in light of increased cybersecurity risks due to remote working
Policies	• reviewed and approved various Group-wide policies within the Group as required

BOARD COMMITTEES

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

AR AUDIT AND RISK COMMITTEE

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

Ms Mokoka – chairperson
Dr Brown
Dr Vilakazi
Mr Ramaphosa (resigned on 3 March 2020)

The Audit and Risk Committee 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 2020, management identified Procurement, Payments and Treasury process 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. In addition, the Group established a Risk Committee, reporting into the Executive Committee, which focused on daily operational risks. These risks were considered in agreeing the overall Group Strategic risks.

Management also considered the internal control environment of the Group and was satisfied that the internal control environment was satisfactory.

Refer to the Risks and Opportunities section on pages 23 to 28.

THE AUDIT AND RISK COMMITTEE REPORT

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

R REMUNERATION AND NOMINATIONS COMMITTEE (REMNO)

The Group's REMNO has the following members:

Ms Mokoka (chairperson of the Remuneration section);
Dr Maphai (chairperson of the Nominations section – appointed 16 July 2020);
Mr de Waal;
Mr Mellet (alternate to Mr de Waal);
Prof Stumpf (chairperson of the Nominations section – resigned 27 May 2020); and
Mr Ramaphosa (resigned 15 July 2020).

All of the members of the REMNO are non-executive Directors, with a majority of such non-executive Directors being independent. The CEO is a permanent invitee to the REMNO meetings. On Prof Stumpf's resignation, the REMNO held numerous meetings to ensure the best candidate for chairperson was identified and appointed, and is satisfied that Dr Maphai has the expertise and passion to lead the Board in executing its fiduciary duties.

GOVERNANCE STRUCTURE AND ACTIVITIES (CONTINUED)

R REMUNERATION AND NOMINATIONS COMMITTEE (REMNO) (CONTINUED)

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 97 to 101 and the Implementation Report on pages 102 to 106.

T TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE (TSEC)

The Group's TSEC comprises the following members:

Dr Vilakazi (appointed as chairperson on 12 December 2020)
Dr Singh (appointed 12 December 2020);
Dr van der Merwe (resigned 31 March 2020, appointed 12 December 2020).
Mr Ramaphosa (chairperson – resigned 15 July 2020);
Mr Vorster (appointed on 1 April 2020; resigned on 12 December and continues as an invitee);

2020 saw many changes to the composition of the Group's TSEC and the Group thanks Mr Ramaphosa for his assistance in the establishment of the TSEC. During the year, the STADIO Kusasa Foundation, a Bursary Trust was registered with the Master and management continue with the process to register this trust as a s18a non-profit organisation. The Group's overall B-BBEE strategy was deferred as part of COVID-19 cost freezes and commenced again in February 2021. During 2020, the Group achieved a Level 8 B-BBEE rating, whereas Milpark, in its own capacity, achieved a Level 2 B-BBEE rating.

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.

The Committee has fulfilled its mandate as prescribed by the Regulations to the Companies Act and there were no areas of material non-compliance to disclose.

OPERATING COMMITTEES

The Group has numerous operating committees, however it is only those listed below which have been mandated by the Board and which report, either directly or indirectly, to the Board:

E EXECUTIVE COMMITTEE

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

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

During 2020, the EXCO established the Senior Leadership Committee comprising all members of EXCO, the STADIO Executive Heads (namely Mrs Chariska Knoetze, Prof Patrick Bean, and Mr Leonardo Snyman), the CEO of AFDA, Ms Teresa Passchier, and the CEO of Milpark, Mr Julian van der Westhuizen. This Committee allows sharing of best practice around the Group and alignment of overall Group strategy, with a "bottom-up, top-down" approach to strategy finalisation.

A ACADEMIC AND STUDENT AFFAIRS COMMITTEE (ASACOM)

The ASACOM is chaired by the Group's Chief Academic Officer (CAO), Dr Singh, and includes the Academic Heads of all the higher education institutions in the Group, Dr Brown, representing the Board, Executive Heads and all Group CEOs. Prof Stump was part of the ASACOM until his resignation.

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.

Following the Business Transfer, the ASACOM will become the Institutional Senate for STADIO and the CAO will continue to hold one-on-one information sessions with Milpark and AFDA.

I INVESTMENT COMMITTEE

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); and
Dr van der Merwe (former CEO – retired 31 March 2020).

The Investco meets regularly, as required, 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 and played a key role in the decision to re-commence construction of STADIO Centurion campus in August 2020, on a phased approach going forward.

GOVERNANCE STRUCTURE AND ACTIVITIES (CONTINUED)

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.

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/recent.

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.

p.

STADIO Corporate Services Proprietary Limited
Company Secretary
30 April 2021

SHAREHOLDING OF DIRECTORS

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

	2020			2019		
Director	Direct '000	Indirect '000	Total '000	Direct '000	Indirect '000	Total '000
Mr Vorster	–	14 783	14 783	–	14 783	14 783
Dr Maphai	220	-	220	50	-	50
Dr van der Merwe	–	4 735	4 735	–	4 735	4 735
Ms Totaram	699	–	699	699	–	699
Dr Singh	157	–	157	157	–	157
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	100	–	100
	1 504	19 606	21 110	1 334	19 606	20 940

There were no changes to the Directors' shareholding between the year ended 31 December 2020 and the date of this Report. The register of interests of Directors in shares of the Company is available to the shareholders on request.

AUDIT AND RISK COMMITTEE REPORT

This report is provided by the Audit and Risk committee (the Committee) in respect of the 2020 financial year of STADIO Holdings Limited and its subsidiaries (the Group).

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the Committee are all independent non-executive directors of the Group and include:

Name	Changes
Ms Mokoka (Chairperson)	
Dr Brown	
Dr Vilakazi	
Mr Ramaphosa	Resigned 3 March 2020

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 Regulation, 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:

- the accounting policies of the Group and any proposed revisions thereto;
- the effectiveness of the Group's information technology systems, governance, and internal controls;
- the appointment and monitoring of the independence and effectiveness of the external auditors, setting the principles for recommending the use of external auditors for non-audit services and monitor that these be kept to a minimum;
- the appropriateness, expertise and experience of the Chief Financial Officer;
- the Annual Integrated Report;
- recommend the Annual Financial Statements for Board approval;
- the effectiveness of the internal audit function;
- the reports of the external auditors;
- the Group's going concern status;
- compliance with legislation and requirements of the regulatory authorities;
- the effectiveness of the Group's assurance processes with particular focus on combined assurance arrangements including the external assurance service providers, internal audit and the finance function;
- in terms of risk management - and through consultation with the external auditors - to review the effectiveness of the management of organisational risk, ensuring that processes and procedures are adequate to identify, assess, manage and monitor group-wide risks; and
- annually review the committee Charter and recommending to the Board for approval, with amendments if needed.

3. MEETINGS HELD BY THE COMMITTEE

The Committee performs the duties laid upon it by Section 94(7) of the Companies Act of South Africa by holding meetings with the key role players on a regular basis (minimum of two meetings per a year) and by the unrestricted access granted to the external auditors.

The Committee held two scheduled meetings during 2020 and all the members of the Committee attended all the meetings.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

4. EXTERNAL AUDITOR

The Group appointed PricewaterhouseCoopers Inc. as the independent auditor and Mr D de Jager, who is a registered independent auditor, as the designated partner for the 2020 audit.

The Committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act of South Africa that internal governance processes within the firm support and demonstrate the claim to independence. The external auditor is thus suitable for reappointment by considering, inter alia, paragraph 3.84(g)(iii) of the Listings Requirements of the JSE Limited (JSE) and the information stated in paragraph 22.15(h) of the Listings Requirements of the JSE.

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 timing of the audit, the extent of the work required and the scope.

The Committee has considered and pre-approved all non-audit services, where applicable, provided by the external auditors and the related fees so as to ensure the independence of the external auditors are maintained.

5. CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Committee reviewed and assessed the fairness of the financial information and disclosures and recommended the approval of the Annual Financial Statements of the Group, taking into account:

- whether the actual information varied significantly from budgeted or projected information;
- whether generally accepted accounting principles were applied;
- any actual or proposed changes in accounting or financial reporting practices;
- any significant or unusual events or transactions; and
- whether the group's financial and operating controls are functioning effectively; and whether financial information contains adequate and appropriate disclosures.

6. FINANCIAL REPORTING PROCEDURES, ACCOUNTING PRACTICES AND INTERNAL CONTROL

As required by paragraph 3.84(g)(ii) of the Listings Requirements of the JSE, the Committee has ensured that appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated group financial statements.

Financial reporting procedures, 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 financial reporting procedures and practices of all entities within the Group and deem these, as well as the accounting policies, and consolidated annual financial statements, to be appropriate.

7. EVALUATION OF 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

MG Mokoka (CA)SA
Audit and Risk Committee Chairperson
Durbanville
30 April 2021

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 2020.

The REMNO Committee considered a remuneration policy to incentivise the Group's Executive Committee and senior leadership, to strategically position the business to achieve its strategic objectives, taking into account the challenges that COVID-19 presented.

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 2020 AGM AND FEEDBACK FROM SHAREHOLDERS

At the STADIO Holdings AGM held virtually on 1 July 2020, shareholders endorsed the Remuneration Policy and the Implementation Report of the Company by way of separate non-binding advisory votes of 91.8% (2019: 96.5%) and 96.1% (2019: 97.1%) 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 some shareholders, we have enhanced disclosure on our short-term incentive (STI) targets, provided further clarification on normalised earnings, and reduced the general authority to issue ordinary shares for cash from 10% to 5%, which will be voted on at the upcoming AGM.

THE REMNO COMMITTEE'S KEY DECISIONS DURING 2020

During 2020, 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;
- STIs for executive Directors for the 2019 financial year;
- reassessed the short-term incentive tool used for awarding STIs to executive Directors in 2020, ensuring alignment with the Group's strategic objectives; taking into account COVID-19;
- reassessed the long-term incentive scheme and amended the participants and factors of participants going forward;
- appointment of a new Chairperson of the Board;
- reviewed the non-executive Directors fees for submission to shareholders at the AGM that took place in July 2020.

FORWARD LOOKING APPROACH

The REMNO Committee will continue to implement best practice in determining the Remuneration Policy of the Group, taking into account economic uncertainties presented by COVID-19 and will benchmark this policy against local and international best practice. For 2021, the REMNO Committee will consider:

- succession planning for key management and executive Directors;
- Group wide employee value proposition and remuneration strategy; and
- job grading for new STADIO institution following the migration to a single registered higher education provider.

The REMNO Committee believes that the overall remuneration of executive Directors during 2020 (as set out in Part 3 of this report) is aligned with the Group's strong performance in 2020 and takes into account the exceptional leadership of the Group's management team during the challenges presented by COVID-19.

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
30 April 2021

Dr TV Maphai
Chairperson of the Nominations section
30 April 2021

REMUNERATION REPORT (CONTINUED)

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 key employees to deliver on their performance goals and strategy;
- ensure the remuneration remains market-related and competitive;
- ensure remuneration packages take into account Group performance and the interests of all our stakeholders, reflecting their views;
- align the short-term incentive tool 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 motivate and retain staff whilst driving shareholder value aligned with the long-term objectives of the Group.

The Group has three components of remuneration for its Executive Committee and Senior Leadership Committee members:

- 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 (fixed pay – paid monthly after deducting PAYE and provident fund contributions where applicable)	**STI** (variable pay – paid annually)	**LTI** (variable pay – awarded annually and vests over five years)
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: Executive Heads and Subsidiary CEOs	Strategy execution	Medium- to-long-term	Base salary plus benefits	Up to a maximum of 50% of TGP on achieving certain targets	Share options, where applicable
OTHER TIERS: General employees	Primarily operational	Short-term	Base salary plus benefits	Discretionary bonus (up to a maximum of 25% of TGP dependent on performance and employment tier)	Not currently 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 remuneration structure, current market-related remuneration and economic conditions (e.g. inflation), are considered.

In determining individual TGP increases, this remuneration structure; the performance and level of skill and experience of the individual; and the financial performance of the Group, are considered.

REMUNERATION REPORT (CONTINUED)

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 the 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 2020 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 2021:

Relative weight of Key Performance Measures	Targets		
1. Business Results	Low road	Middle road	High road
Organic revenue growth	16% – 17%	18% – 19%	20%
EBITDA margin	19% – 21%	21% – 23%	24%
Core HEPS growth	10%	15%	20%

The achievement of the Business Results form part of each individual's KPA targets. All business activities should aim to grow the underlying business, make it operate efficiently and ensure stakeholders interests are taken into account in all decision making. The 2021 targets take into account investment into core projects to promote long-term growth for the Group.

	CEO	CFO	CAO	COO
1. Business performance	62.5%	50%	50%	50%
2. Individual performance	62.5%	50%	50%	50%

Individual KPAs are derived from the key strategic focus areas based on the individuals' portfolio of interest and include academic 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 LTI awards are also subject to malus and clawback provisions.

During the 2020 AGM, shareholders voted to increase the maximum number of shares that may be utilised for purposes of the share incentive scheme to 57 332 884 shares (2019: 40 246 572 shares), being equal to approximately 7% (2019: 5%) of the total issued share capital of STADIO Holdings. The maximum number of shares that may be acquired by any one individual for purposes of the share incentive scheme was increased to 12 285 618 shares. (2019: 8 049 314).

At 31 December 2020, the number of share options that had already been awarded but remain unvested amounted to 43 592 864 shares (2019: 20 398 758). At 31 December 2020, the share incentive scheme had 17 participants (2019: ten), being qualifying individuals across the Group. In 2020, the REMNO Committee performed a review of the LTI, including its participants and their factors. 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.

No share options have been exercised to date because the Company's share price has been below the exercise strike price and the share options have therefore lapsed.

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. In 2020, the REMNO Committee reassessed the factors awarded to participants to ensure the longevity of the scheme and have reduced all factors.

The following factors are applied to the Executive Committee members and Senior Leadership members awards:

	2021	2020
CEO	5	5
Executive Committee	4	4
Tier 2^	2	not applicable

^ *Executive Heads and Subsidiary CEOs where the underlying entity is wholly owned by STADIO Holdings. These are new participants to the scheme.*

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 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 are exercised within a period of 12 months. It is noted that the share options will not be exercised unless there is growth in the Company's share price.

NON-EXECUTIVE DIRECTOR REMUNERATION

The remuneration of non-executive Directors is reviewed annually by the REMNO Committee ensuring it is market-related whilst taking into account the size and stage of the Group, as well as the general staff increase applied across the Group. For 2021, it is recommended that non-executive Director fees be increased by 3%, aligned to the average salary increase 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 (following approval at the AGM) and December.

REMUNERATION REPORT (CONTINUED)

The proposed fee structure for the Group's non-executive Directors for the financial year ending 31 December 2021, excluding value-added tax, is set out in the table below:

	Board		Audit and Risk		Remuneration and Nomination		Transformation, Social and Ethics	
	Proposed annual fee 2021 Rands	Annual fee 2020 Rands	Proposed annual fee 2021 Rands	Annual fee 2020 Rands	Proposed annual fee 2021 Rands	Annual fee 2020 Rands	Proposed annual fee 2021 Rands	Annual fee 2020 Rands
Annual fixed fee								
Chairperson	382 130	371 000	103 000	100 000	81 885	79 500	81 885	79 500
Members	218 360	212 000	54 590	53 000	54 590	53 000	54 590	53 000
Additional hourly fee in rare circumstances (on pre-approval by chairperson of the REMNO Committee)	R2 730 per hour	R2 650 per hour	R2 730 per hour	R2 650 per hour	R2 730 per hour	R2 650 per hour	R2 730 per hour	R2 650 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 albeit having regard to the current size of the Group and taking into consideration stakeholders interests.

In 2021, the average TGP of all employees across the Group was increased by 3%, being in line with inflation. The REMNO noted that the CEO's TGP was below market value and therefore increased his salary by 6.3% to better align his TGP with other CEOs of JSE small cap listed entities, therefore staying true to the Group's Remuneration philosophy of ensuring remuneration is market-related and competitive. It was also noted that the CEO was not awarded any new share options through the LTI scheme in 2021 due to holding the maximum number of share options in accordance with the Scheme rules.

STI

For the year ended 31 December 2020, the Group's primary business performance targets were:

- Organic growth in revenue of 20%
- Normalised Earnings before interest, tax, depreciation and amortisation (EBITDA) margin of 20%*
- Growth in Core HEPS of 20% and
- Individual performance against agreed KPIs aligned to the Group's primary strategic focus areas for 2020.

** Normalised EBITDA is calculated by adjusting EBITDA to exclude the impact of any acquisitions, as well as excluding the fair value adjustment in respect of the CA Connect acquisition which does not form part of the underlying performance of the business.*

For the year ended 31 December 2020, the Group was forced to revise its strategic focus to ensure it managed the uncertainty and effects of the COVID-19 pandemic. The Group did not however, revise its business performance targets, but did revise individual targets to ensure the business was stable and its overall business objectives were still achieved despite the COVID-19 pandemic.

The individual performance targets of the Executive Committee were aligned to achievement of the 2020 strategic focus areas, within an individual's area of influence. These areas, in many instances, overlap across portfolios. The REMNO believes bonuses are paid for exceptional performance and therefore assessed the performance against stringent targets accordingly.

Focus activities	Performance against activities
• Consolidation of the underlying businesses of SBS, LISOF and Prestige Academy into a single registered higher education institution, STADIO (formerly Embury) including associated change management tasks	• STADIO registered as higher education institution and establishment of shared services
• National STADIO brand launch	• National campaign launched on 26 October 2020
• Construction of STADIO Centurion mega-campus	• Construction of STADIO Centurion on track for revised opening date of January 2022
• Achievement of set module success rate targets: – Distance learning – 68% – Contact learning – 83%	• Module success rates • achieved: – Distance learning – 83% – Contact learning – 84%
• Student funding initiatives	• Piloted various student funding initiatives and COVID-19 payment relief plans
• Establishment of a profitable short course division	• Centre of Lifelong Learning established
• Cost saving plan	• Achievement of various cost saving initiatives
• Increase relevant and in-demand product across all modes of learning delivery and across different sites of delivery	• Increased number of accredited programmes. Certain regulatory delays hindered achievement of all growth targets
• Implementation of various infrastructure systems	• CANVAS, ERP, CRM rolled out. Student Management system delayed

● 100% achieved ● 80% – 99% achieved ● 70% – 79% achieved

REMUNERATION REPORT (CONTINUED)

For the year ended 31 December 2020, the following results were achieved, on which the above targets were adjudicated against and on which the STIs were awarded:

TARGETS

		Bonus allocation			
	Achieved	CEO[4]	CFO	CAO	COO
Growth in organic revenue	+14%	0%	0%	0%	0%
Normalised EBITDA margin of 20% (Note 1)	26%	19%	15%	15%	15%
Growth in Core HEPS of 20% (Note 1)	+33%	–	–	–	–
Adjusted growth in Core HEPS (Note 1)	+8%	0%	0%	0%	0%
COVID-19 ex-gratia performance management (Note 2)	12.5%	12.5%	10%	10%	10%
Individual performance ratings based on 73% to 95% of strategic initiatives being met (Note 3)	73% – 95%	45%	44%	48%	44%
		76.5%	69.0%	73.0%	69.0%
Rand Value (millions)		R2.5m	R1.8m	R1.7m	R1.6m

Note 1: During the year, the Group received certain COVID-19 relief initiatives from the government. For the purposes of STI awards, the Normalised EBITDA margin and Core HEPS were adjusted to exclude the benefit of these relief initiatives for calculation of the 2020 bonus. It is noted however, that the relief initiatives were used to set-off the increased loss allowance against debtors for the year.

Note 2: The overall Business Targets were not adjusted for COVID-19, despite the economic uncertainty and negative impact on the market. Management were required to go the 'extra-mile' in order to manage the implications of COVID-19, and as such, an ex-gratia COVID-19 bonus was awarded.

Note 3: The assessed performance against strategic targets was as follows: CEO – 73%; CFO – 88%; CAO – 95%; COO – 88%.

Note 4: The CEO is entitled to a maximum STI of 125% of TGP and therefore the amounts are grossed-up.

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 2020, the former CEO, Dr van der Merwe resigned and therefore forfeited his deferred bonus. The remaining executive Directors remained in the employ of STADIO Holdings and met all set targets, namely the Group achieved an EBITDA margin of 27% and core HEPS growth of 33%, and as such, the executive Directors will receive a full payout of the 2018 deferred bonus to be paid in relation to the 2020 year.

The Executive Committee's Bonus for 2020, including the deferred bonus for 2018, payable in 2021 is as follows:

	2020		2019	
	2020 Bonus[1] R'000	2018 Deferred portion[1] R'000	2019 Bonus R'000	2018 Deferred portion R'000
Executive Directors				
Mr Vorster	2 450	–	1 800	–
Ms Totaram	1 828	151	1 720	151
Dr Singh	1 740	124	1 851	124
Dr van der Merwe[2]	–	–	3 327	328
Prescribed officers				
Mr Human	1 621	–	200	–
Total	7 639	275	8 898	603

[1] *Bonuses paid in March 2021*

[2] *Dr van der Merwe retired as CEO on 31 March 2020 and therefore forfeited his deferred bonus.*

The following table sets out the remuneration paid to the Executive Committee for the years ended 31 December 2019 and 2020:

	2020				
Name	Basic salary/ Director's fees R'000	Bonuses[4] R'000	Share-based incentive payments R'000	Pension contributions paid R'000	Total R'000
Executive Directors					
Mr Vorster[1]	2 867	1 800	–	123	4 790
Ms Totaram	2 203	1 890	–	329	4 422
Dr Singh	2 113	1 994	–	210	4 317
Dr van der Merwe[1,2]	2 387	3 663	–	70	6 120
Prescribed officers					
Mr Human	2 220	200	–	101	2 521
Total	10 114	9 547	–	833	20 494
	2019				
Executive Directors					
Mr Vorster[3]	2 263	1 339	–	104	3 602
Ms Totaram	1 877	1 377	–	96	3 350
Dr Singh	1 740	1 128	–	172	3 040
Dr van der Merwe	2 739	2 516	–	271	5 526
Prescribed officers					
Mr Human[3]	2 112	231	–	–	2 447
Total	10 731	6 591	–	643	17 965

[1] *Dr Chris van der Merwe retired as CEO on 31 March 2020 and was appointed as a non-executive Director. Mr Chris Vorster was appointed as CEO on 1 April 2020.*

[2] *Dr Chris van der Merwe's fees include his salary for three months, his non-executive Director's fees, as well as a restraint of trade.*

[3] *These individuals were appointed as co-COO in August 2019 and continued to receive remuneration from their underlying institution (i.e. Embury or SBS) during 2019.*

[4] *Includes deferred bonus in relation to 2018 year where applicable.*

During the year 19.4 million (2019: 5.6 million) share options were issued to members of the Executive Committee.

2.7 million (2019: 2.7 million) share options previously issued to the abovementioned individuals, vested during the year and lapsed. The individuals received no gain in respect of the share options that vested, because the Company's share price was lower than the exercise strike price at vesting.

REMUNERATION REPORT (CONTINUED)

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 1 Jan 2020 '000	Number of share options awarded during the year '000	Number of share options vested during the year '000	Strike price per award	Grant date	Closing balance as at 31 Dec 2020 '000
Mr Vorster	–	7 986	–	1.23	03-Apr-20	7 986
	–	4 300	–	1.21	01-Jul-20	4 300
	–	**12 286**	**–**			**12 286**
Ms Totaram	1 294	–	(431)	2.96	03-Oct-17	863
	1 159	–	–	3.63	03-Apr-19	1 159
	–	2 204	–	1.23	03-Apr-20	2 204
	–	1 187	–	1.21	01-Jul-20	1 187
	2 453	**3 391**	**(431)**			**5 413**
Dr Singh	1 318	–	(439)	2.96	03-Oct-17	879
	1 865	–	–	3.63	03-Apr-19	1 865
	–	1 268	–	1.23	03-Apr-20	1 268
	–	683	–	1.21	01-Jul-20	683
	3 183	**1 951**	**(439)**			**4 695**
Mr Human	3 103	–	(776)	2.96	03-Oct-17	2 327
	–	1 136	–	1.23	03-Apr-20	1 136
	–	612	–	1.21	01-Jul-20	612
	3 103	**1 748**	**(776)**			**4 075**
Dr van der Merwe[1]	3 040	–	(1 014)	2.96	03-Oct-17	2 026
	2 580	–	–	3.63	03-Apr-19	2 580
	5 620	**–**	**(1 014)**			**4 606**
Total	**14 359**	**19 376**	**(2 660)**			**31 075**

[1] *Dr van der Merwe retired on 31 March 2020. The REMNO approved the retention of Dr van der Merwe's unvested share options, noting no new share options will be awarded going forward.*

NON-EXECUTIVE DIRECTORS

The annual fees paid to the non-executive Directors during 2020 and 2019 are as follows:

	2020 Non-executive Directors fees R'000	2019 Non-executive Directors fees R'000
Dr Maphai[1]	**197**	–
Prof Stumpf[1]	**188**	426
Ms Mokoka	**392**	233
Dr Vilakazi	**327**	68
Dr Brown	**283**	56
Mr de Waal/Mr Mellet[2]	**265**	267
Dr van der Merwe[1]	**177**	–
Mr Ramaphosa[1]	**220**	375
Ms Kisten[1]	**–**	188
Mr Sithole[1]	**–**	163
	2 049	1 776

[1] *These Directors were 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] *Mr de Waal's non-executive Director's remuneration is paid to PSG Corporate Services Proprietary Limited of which he is a salaried employee. Mr Mellet is an alternate Director for Mr 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.

05 GENERAL INFORMATION

SHAREHOLDER ANALYSIS

AS AT 31 DECEMBER 2020

Range of shareholding 2020	Number of shareholders	% of shareholders	Number of shares held '000	% of total shares
1 – 10 000	10 502	81.7	20 986	2.5
10 001 – 100 000	2 047	15.9	59 997	7.1
100 001 – 1 000 000	262	2.0	71 231	8.5
More than 1 000 000	46	0.4	688 783	81.9
	12 857	100.0	840 997	100.0

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

Shareholder spread

To the best knowledge of the Directors and after reasonable enquiry, the spread of shareholders as at 31 December 2020 were as follows:

Public and non-public shareholding 2020	Number of shareholders	% of shareholders	Number of shares held '000	% of total shares
PSG Alpha Investments Proprietary Limited	1	–	363 637	43.2
Directors (including prescribed officers and subsidiary Directors)	13	0.1	23 133	2.8
Directors from other related parties	7	0.1	6 326	0.7
Non-public shareholding	21	0.2	393 096	46.7
Public shareholding	12 836	99.8	447 901	53.3
Total of all shareholders	12 857	100.0	840 997	100.0

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

SHAREHOLDER ANALYSIS (CONTINUED)

AS AT 31 DECEMBER 2020

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 2020		Shares held 2019	
	Number '000	%	Number '000	%
PSG Alpha Investments Proprietary Limited	**363 637**	**43.2**	359 597	44.0
Coronation Fund Managers Limited	**28 594**	**3.4**	59 355	7.3
Brimstone Investment Corporation Limited	**43 565**	**5.2**	43 565	5.3

Share information

	2020	2019
Closing price at period end (cents)	**195**	200
JSE market price high (cents)	**210**	425
JSE market price low (cents)	**75**	188
Total number of transactions on JSE	**24 461**	23 321
Total number of shares traded	**181 725 084**	78 798 551
Total value of shares traded (R)	**250 510 617**	222 874 747
Average price per share (cents)	**138**	283
Shares in issue	**840 996 984**	818 095 250
Percentage volume traded to shares in issue	**22%**	10%

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment holding company in private higher education industry
Directors	**Executive** Mr Vorster Ms Totaram Dr Singh **Non-Executive** Dr van der Merwe Mr de Waal * *Mr Mellet (alternate Director to Mr de Waal) **Independent Non-Executive** Dr Maphai Ms Mokoka Dr Vilakazi Dr 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 First National Bank Limited Nedbank Limited ABSA Bank Limited
Auditor	PricewaterhouseCoopers Incorporated
Corporate advisor and 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)
Independent joint sponsor	UBS South Africa Proprietary Limited
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
AFDA	The South African School of Motion Picture Medium and Live Performance Proprietary Limited
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
Asynchronous learning	Learning that allows students to access materials, ask questions, and practice their skills at any time that works for them
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
Business Transfer	The amalgamation of the underlying assets and liabilities of Embury, LISOF, Prestige Academy and SBS into a single registered higher education institution, STADIO
CAGR	Compound Annual Growth Rate
CAO	Chief Academic Officer
CA Connect	CA Connect Professional Training Institution CPT Proprietary Limited, the underlying business of which was purchased by Milpark in 2018
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
CRM	Customer relationship management software that administers the enrolment process for new students
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
ERP	Enterprise resource planning is an integrated management of main business processes mediated by software and technology, namely Unit4 Business World
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
SADAG	The South African Depression and Anxiety Group
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
SIMS	Student information system is a student management system to manage student data
STADIO	STADIO Proprietary Limited, a single registered higher education institutions.
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
Synchronous learning	Learning that requires students to attend scheduled lectures, whether on-campus or through live online classes
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

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