

## STADIO HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2016/371398/06)

Share code: SDO

ISIN: ZAE000248662

LEI: 3789007C8FB26515D966

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



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## RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1. SALIENT FEATURES

- Revenue increased from R815m to R933m (14%)
- Student numbers increased from 31 869 to 35 031 (10%)
- Core headline earnings increased from R88m to R117m (33%)
- Core headline earnings per share ("CHEPS") increased from 10.8 cps to 14.2 cps (31%)
- Earnings before interest, taxation, depreciation and amortisation ("EBITDA") decreased from R180m to R46m (-75%)\*
- Adjusted EBITDA increased from R196m to R253m (29%)\*\*
- Earnings per share decreased from 8.5 cps to a loss per share of (14.5) cps (>-100%)\*
- Headline earnings per share ("HEPS") decreased from 8.5 cps to a headline loss per share of (8.6) cps (>-100%)\*
- Net asset value per share decreased from 192 cps to 178 cps (-7%)
- The Group's graduates increased from 7 294 to 8 224 (13%)
- The Group achieved a major strategic milestone in successfully finalising the transfer of the underlying businesses of Lisof (Pty) Ltd, Prestige Academy (Pty) Ltd and Southern Business School (Pty) Ltd (SBS) into a single registered private higher education institution, STADIO (formerly Embury Institute for Higher Education (Pty) Ltd) ("Business Transfer").

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

\*\* Adjusted EBITDA excludes the fair value adjustment in respect of the CA Connect acquisition as further explained below.

### 2. COMMENTARY

2020 has been both a challenging and a rewarding year for the Group.

Throughout 2020, the Group has taken 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.

Notwithstanding a challenging year, the Board is pleased to report the Group's year-end results for the period ended 31 December 2020 (the Financial Results). 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). Furthermore, the Group concluded the Business Transfer, that will unlock opportunities for STADIO higher education to actively deliver on the marketing, operational and regulatory efficiencies that arise from operating as a single registered higher education institution.

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));
- The R51 million once-off, non-cash accounting impairment of trademarks of intangible assets, predominantly related to the impairment of trademarks (R40 million) following the successful Business Transfer and R11 million in respect of other intangible assets.

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.

The Group utilises core headline earnings to measure and benchmark the underlying performance of the business. CHEPS 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.

For the year ended 31 December 2020, CHEPS grew by 31% to 14.2 cps (2019: 10.8 cps). The overall growth in CHEPS 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.

### **3. SHORT-FORM ANNOUNCEMENT**

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

The Full Announcement can be found at:

[https://senspdf.jse.co.za/documents/2021/JSE/ISSE/SDOE/Final\\_20.pdf](https://senspdf.jse.co.za/documents/2021/JSE/ISSE/SDOE/Final_20.pdf)

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

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

The annual results for the year ended 31 December 2020 have been audited by the Company's auditors, PricewaterhouseCoopers Inc. who expressed an unmodified audit opinion thereon. The audit opinion also includes communication of key audit matters. The audit opinion is available, along with the annual financial statements, on the Company's website at <https://stadio.co.za/financial-reports/>.

#### 4. PRESENTATION

STADIO Holdings will be hosting a virtual presentation on Monday, 15 March 2021, at 10:00 to present the results to investors.

*Presentation details:*

Please register to attend the presentation ahead of time by clicking on the following link:  
<https://attendee.gotowebinar.com/register/1687612222929928206>

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

Participants can send through questions using the portal, during and after the presentation, or may also email questions to [investorrelations@stadio.co.za](mailto:investorrelations@stadio.co.za).

Durbanville  
15 March 2021

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