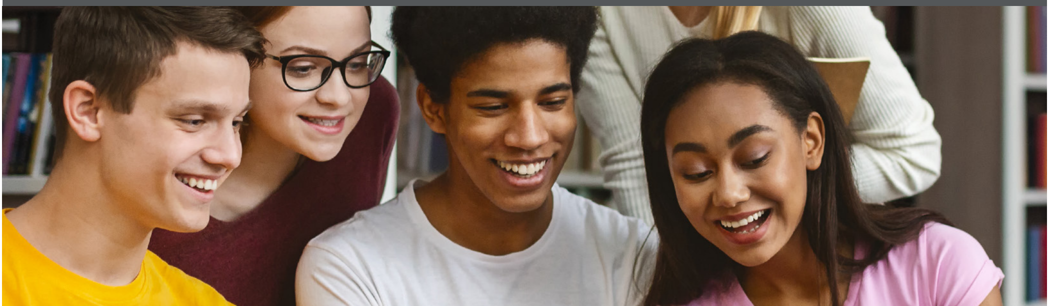
STADIO HOLDINGS



SUMMARY RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

PRESENTING

STADIO

HOLDINGS

MILPARK EDUCATION

STADIO HIGHER EDUCATION

[AFDA]

THREE DISTINCT PRIVATE HIGHER EDUCATION INSTITUTIONS

HIGHLIGHTS

REVENUE

R1 098 million

↑ 18%

R933 million

EBITDA[1]

R309 million

↑ >100%

R46 million

Core HE[3]

R149 million

↑ 27%

R117 million

STADIO

MAIDEN DIVIDEND

4.7 cps

FINAL DIVIDEND PER SHARE

STUDENT NUMBERS

38 262

↑ 9%

35 031

Adjusted EBITDA[2]

R310 million

↑ 23%

R253 million

CHEPS[3]

17.6 cps

↑ 24%

14.2 cps

MILPARK STUDENT

FIRST PLACE IN SAICA ITC BOARD EXAMINATION[4]

1 *Earnings before interest, taxation, depreciation and amortisation (EBITDA)*
2 *Adjusted EBITDA excludes the fair value adjustment in respect of the CA Connect acquisition*
3 *Core headline earnings (HE) and core headline earnings per share (CHEPS) as per Note 4*
4 *The examination is the Initial Test of Competence (ITC) - Part I Qualifying Examination of the South African Institute of Chartered Accountants (SAICA).*

STUDENT NUMBERS

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

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

	Semester Two unaudited						
	2017[1] 31 Dec	2018[1] 31 Dec	2019[1] 31 Dec	2020 31 Dec	**2021 31 Dec**	**Year-on-year growth %**	**4-year CAGR growth[2] %**
Modes of learning delivery							
Contact learning	4 833	5 500	6 197	6 367	**5 942**	**(7%)**	**5%**
Distance learning	22 751	24 385	25 672	28 664	**32 320**	**13%**	**9%**
	27 584	29 885	31 869	35 031	**38 262**	**9%**	**9%**
Made up as follows:							
% Contact learning	18%	18%	19%	18%	**16%**		
% Distance learning	82%	82%	81%	82%	**84%**		

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

COMMENTARY

OVERVIEW

STADIO Holdings Limited (STADIO Holdings or the Group) facilitates the widening of access to quality and relevant higher education programmes in southern Africa through it's three owned higher education institutions, namely:

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

These institutions offer both undergraduate and postgraduate programmes on the contact learning, distance learning and hybrid modes of delivery.

CORPORATE ACTIVITIES DURING 2021

In pursuit of its strategy, the Group engaged in the following notable corporate activities during the year ended 31 December 2021:

- Effective 1 January 2021, STADIO Higher Education, acquired the remaining 26% equity interest in STADIO Namibia Proprietary Limited (previously Southern Business School of Namibia Proprietary Limited) (STADIO Namibia) for R8 million;
- In February 2021, the Group took transfer of land earmarked for development of a STADIO Higher Education comprehensive campus in Durbanville (STADIO Durbanville), in the Western Cape;
- During June 2021, the Group completed the construction of Phase I of STADIO Centurion, the STADIO Higher Education campus in Gauteng, at a cost of R235 million. The campus opens for new students in 2022. Phase II of the STADIO Centurion development commenced during the year and will be completed by April 2022;
- Effective 8 June 2021, Milpark concluded the early settlement agreement in respect of the acquisition of the CA Connect business (Early Settlement Agreement). This aligned the focus of the CA Connect management team to pursue growth opportunities within Milpark and has resulted in the retention of the knowledge and skill of the CA Connect management team within the wider Milpark business. The Early Settlement Agreement resulted in the Group settling R48 million in cash and R20 million through the issue of STADIO Holdings shares to CA Connect shareholders in June 2021. R100 million will be settled through the issue of Milpark shares, resulting in the CA Connect shareholders owning 18.7% of Milpark. The final R33 million will be settled in cash in April 2022. The total purchase consideration (including amounts settled to date) will equal an amount of R258 million;
- Effective 8 October 2021, STADIO Higher Education acquired the business of Intelligent Africa. Intelligent Africa focuses on the provision of short courses to corporates within South Africa and the rest of Africa. The business will form part of the STADIO Higher Education's strategy to grow the short course business (through the STADIO Centre for Lifelong Learning);
- In October 2021, the Group launched the STADIO Khulisa Student Share Scheme, an innovative scheme which rewards postgraduate students with shares in STADIO Holdings upon graduation;
- During November 2021, the Board agreed to transition the Milpark business to move away from contact learning offerings and cater only to students on the distance learning mode of delivery. This resulted in the decision to close the Milpark Campus in Gauteng in 2022. As a result, the Group incurred an impairment of R17 million of the right-of-use asset in respect of the leased Milpark premises;
- During December 2021, the Group entered into an agreement to dispose of the STADIO Montana campus for R52 million (net of fees) (STADIO Montana Disposal), subject to transfer. The disposal forms part of STADIO Higher Education's strategy to consolidate and optimise operations on the contact learning campuses. The existing students on the STADIO Montana campus have been transferred to the new STADIO Centurion campus; and
- The Group successfully accredited programmes in core areas of specialisation, including Law, Commerce and IT.

COMMENTARY (CONTINUED)

COMMENTARY ON INSTITUTIONS

During 2021, the Group made significant strides in positioning its underlying institutions to be able to pursue its strategic objectives and ultimately achieve sustainable growth.

STADIO Higher Education solidified the consolidation of the four former HEIs (viz Southern Business School Proprietary Limited, Embury Institute for Higher Education Proprietary Limited, Prestige Academy Proprietary Limited and LISOF Proprietary Limited) into one STADIO Higher Education brand. Significant progress has been made in implementing new systems to support various operational processes within the institution. During 2021, STADIO Higher Education approved of the STADIO Montana Disposal. STADIO Higher Education also successfully managed to obtain accreditations and re-accreditations of various qualifications available for offer in 2022.

Milpark showed good growth in earnings for the period driven by the strong performance of the Post-Graduate Diploma in Accounting (PGDA) and PGDA Bridging programmes. Furthermore, Runé Maritz, a Milpark student, was placed first in the SAICA ITC board examinations. This is a remarkable achievement for the Group. Milpark will continue to focus on rationalising non-performing elements of the business, with a view to become a fully digitally enhanced distance learning provider in the commerce, management and financial services disciplines. To this end, Milpark is transitioning out of offering qualifications on the contact learning mode of delivery to focus only on digitally enhanced distance learning offerings (Milpark Transition). Consequently, the Board decided to vacate the current Milpark leased premises in Gauteng and to discontinue offerings on this site, further details of which are set out below. During 2021, Andrew Horsfall (CA Connect co-founder) was appointed as CEO to succeed Julian van der Westhuizen, who retired, effective 1 January 2022.

AFDA continued to strengthen its position as the number one film school in the country, despite a challenging economic climate, showing good growth and maintaining excellent margins for the period. AFDA continues to seek out operational efficiencies and growth opportunities through revising its academic offerings to cater for hybrid modes of learning delivery, and to optimise the use of its current campuses.

REVIEW OF RESULTS

The board of directors for STADIO Holdings (Board) is pleased to report the Group year-end results for the period ended 31 December 2021 (the Financial Results).

For the 2021 year, the Group grew enrolments by 11% at 30 June 2021 (semester one) to 34 494 (2020: 31 053) and by 9% at 31 December 21 (semester two) to 38 262 (2020: 35 031).

Distance learning student numbers grew by 15% in semester one to 28 573 (2020: 24 784) and by 13% in semester two to 32 320 (2020: 28 664). Online professional qualifications contributed to the significant growth for the year.

Contact learning student numbers contracted by 6% in semester one to 5 921 (2020: 6 269) and by 7% in semester two to 5 942 (2020: 6 367). The decline in contact learning students is mainly due to students delaying or deferring studies given the uncertainties of COVID-19. Furthermore, regulatory delays in accrediting programmes and site extensions impacted the Group's growth plans for many of its contact learning sites. The Group believes that the contact learning student numbers will recover once normality and stability return to campuses.

The Group grew revenue by 18% to R1 098 million (2020: R933 million). EBITDA grew by more than 100% to R309 million (2020: R46 million). The large increase in EBITDA is primarily due to organic growth in the underlying businesses and the material impact in the prior year, of the R207 million fair value adjustment in respect of the CA Connect acquisition. Excluding the impact of the fair value adjustment, the Group grew EBITDA by 23% over the reporting period to R310 million (2020: R253 million).

The loss allowance margin improved to 7.5% (2020: 8.4%) for the period ended 31 December 2021. Whilst we noted an improvement in the overall loss allowance margin, the Group has experienced slower collections as a result of a strained economic environment. The later release of academic results (as a result of COVID-19 disruptions during 2021) has also impacted the timing of collections, with collections relating to the 2021 financial year increasing post 31 December 2021.

During the year the Group reported impairment losses of R30 million. These impairments largely result from the execution of the STADIO Group's strategic plan to consolidate contact learning campuses to create operational efficiencies within the Group. These impairments include, *inter alia*:

- An impairment of the right of use asset of R17 million in respect of the leased Milpark campus based in Gauteng; and
- An impairment of the value of the STADIO Montana property of R10 million, following the STADIO Montana Disposal, which is below its book value of R62 million.

For the year ended 31 December 2021, the Group reported a profit after taxation of R137 million (2020: loss after taxation of (R138 million)), earnings per share (EPS) of 14.9 cps (2020: loss per share (LPS) of 14.5 cps), and headline earnings per share (HEPS) of 17.0 cps (2020: headline loss per share (HLPS) of 8.5 cps). EPS in the current year was impacted by the dilution of the STADIO Group's effective interest in Milpark, from 87.2% to 68.5%, following the conclusion of the Early Settlement Agreement. The large increase in profit after taxation, EPS and HEPS for the year was due to organic growth and the significant once-off adjustments in the prior year. These prior-year adjustments included:

- The fair value adjustment of R207 million relating to the CA Connect acquisition (impacting LPS and HLPS); and
- a R51 million impairment of intangible assets, R40 million of which related to the once-off, non-cash accounting impairment of trademarks following the business transfer of various brands to STADIO Higher Education and R11 million in respect of other intangible assets, including computer software (impacting prior period LPS).

The Group utilises core headline earnings 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.

For the year ended 31 December 2021, Core HEPS grew by 24% to 17.6 cps (2020: 14.2 cps). The overall growth in Core HEPS is due to the underlying organic growth in EBITDA, as well as realising certain cost savings from altering teaching and learning practices to service students within the constraints of the COVID-19 imposed restrictions.

The Group generated R266 million cash from operations for the year (refer to Note 10). Included in the working capital trade and payables movement is R48 million of the cash-settled portion of the CA Connect early settlement agreement settled by STADIO Holdings.

For the year ended 31 December 2021, the Group invested R52 million into the completion of Phase I of the STADIO Centurion campus (refer to Note 5). A further R22 million was invested to complete Phase II of the STADIO Centurion campus. Phase II of the STADIO Centurion development will be completed in 2022. The Group invested R71 million for the transfer of, and for development contributions related to the STADIO Durbanville land. The transfer and further development of the Krugersdorp distance learning logistics center was subsequently postponed to 2022. A further R31 million was invested across the Group on existing facilities, systems and moveable assets.

At 31 December 2021, the Group had drawn down on R15 million of debt funding and has access to a revolving credit facility of R185 million (refer to Note 8). The Group has adequate cash resources on hand and access to a debt facility to be able to meet its cash obligations due within the next 12 months.

COMMENTARY (CONTINUED)

At 31 December 2021, the current liabilities of the Group exceeded the current assets by R33 million. This is attributable to contract liabilities of R77 million which will be settled through the rendering of educational services. On adjusting for the impact of the contract liabilities, current assets will exceed current liabilities.

The Group is in a strong cash position with a cash balance of R66 million as at 31 December 2021.

QUALIFICATIONS

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

The Group currently has 86 programmes that are accredited, with an additional 34 programmes across both contact and distance learning modes of delivery (including programmes in Law, Engineering and Information Technology) in the process of development and/or accreditation.

DIVIDEND

The Board is pleased to declare the Group's maiden dividend, a final gross dividend of 4.70 cents (2020: nil) per ordinary share from income reserves for the period ended 31 December 2021. This represents excess cash available following a period of significant capital investment since listing in 2017. The Group will consider the payments of dividends to shareholders out of excess free cash flow, after taking into consideration capital required for organic and acquisitive growth opportunities in the future.

The dividend amount, net of South African dividends tax of 20%, is 3.76 cents per share.

The number of ordinary shares in issue at the declaration date is 848 192 709, and the income tax number of the Company is 965/093/41/60. The total dividend amount payable is R40 million.

The salient dates for this dividend distribution are:

Declaration date	Monday, 14 March 2022
Last day to trade *cum* dividend	Tuesday, 10 May 2022
Trading *ex*-dividend commences	Wednesday, 11 May 2022
Record date	Friday, 13 May 2022
Payment date	Monday, 16 May 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 May 2022 and Friday, 13 May 2022, both days inclusive.

PROSPECTS

The Group has come a long way since its listing in 2017. We continue to refine our strategy, consolidate our offerings, optimise processes, implement systems and pursue numerous growth opportunities all driven by our purpose to widen access to higher education.

Having considered the challenging economic prospects for the country, the Board is of the belief that higher education is a fundamental pillar of social and economic empowerment that will promote economic growth in the country.

The Group through its many offerings, caters to both contact learning and distance learning students at attractive price points, across a range of specialisations that adequately engage with the workplace needs. As such, we believe that the Group is well positioned to meet the growing demands of the country's higher education needs.

On behalf of the Board,

Dr. TV Maphai
Chairperson

Mr. CPD Vorster
Chief Executive Officer

14 March 2022

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year-on-year change %	Audited 2021 R'000	Restated[1] Audited 2020 R'000
Revenue	18%	**1 097 768**	932 944
Other income	>100%	**9 543**	3 570
Loss allowance	4%	**(82 047)**	(78 705)
Fair value losses on financial instruments	(>100%)	**(697)**	(207 209)
Employee costs[1]	22%	**(478 080)**	(392 810)
Operating expenses[1]	12%	**(236 990)**	(211 964)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	>100%	**309 497**	45 826
Depreciation and amortisation	3%	**(66 707)**	(64 579)
Impairment (Note 5)	(41%)	**(29 969)**	(51 216)
Earnings/(loss) before interest and taxation (EBIT)	>100%	**212 821**	(69 969)
Investment income	(28%)	**8 573**	11 841
Finance cost	1%	**(20 730)**	(20 502)
Profit/(loss) before taxation	>100%	**200 664**	(78 630)
Taxation	6%	**(63 224)**	(59 730)
Profit/(loss) for the period	>100%	**137 440**	(138 360)
Attributable to:			
Owners of the parent		**126 005**	(119 751)
Non-controlling interests		**11 435**	(18 609)
Total comprehensive income/(loss) for the period		**137 440**	(138 360)
Headline earnings/(loss) (Note 3)	>100%	**143 815**	(69 985)
Core headline earnings (Note 4)	27%	**148 570**	117 399
		Cents	**Cents**
Earnings/(loss) per share			
– Basic	>100%	**14.9**	(14.5)
– Diluted[2]	>100%	**14.5**	(14.5)
Headline earnings/(loss) per share			
– Basic	>100%	**17.0**	(8.5)
– Diluted[2]	>100%	**16.6**	(8.5)
Core headline earnings per share (Core HEPS)			
– Basic	24%	**17.6**	14.2
– Diluted	37%	**17.1**	12.5
		Million	**Million**
Number of shares in issue			
– Basic	1%	**848**	841
– Diluted[2]	(9%)	**871**	957
Weighted average number of shares in issue			
– Basic	3%	**845**	824
– Diluted[2]	(8%)	**868**	940

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

[2] *Share options and consideration payable partly settled in shares, are considered to be potential ordinary shares in the calculation of diluted shares. For the comparative year-end period 31 December 2020, the impact of potential ordinary shares to be issued was not included in the calculation of diluted basic and headline loss per share as they were anti-dilutive for the period.*

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Audited 2021 R'000	Restated Audited 2020[1] R'000
ASSETS		
Non-current assets		
Property, plant and equipment (Note 5)	**810 319**	717 120
Right-of-use assets (Note 5)	**97 185**	95 996
Goodwill	**751 082**	749 482
Intangible assets	**151 931**	168 967
Trade and other receivables (Note 6)	**18 285**	17 254
Other financial assets	**9 190**	11 620
Deferred tax asset[1]	**82 639**	92 254
Total non-current assets	**1 920 631**	1 852 693
Current assets		
Inventories	**–**	1 588
Loans to related parties	**–**	591
Trade and other receivables (Note 6)	**114 943**	106 073
Current tax receivable	**15 479**	7 107
Cash and cash equivalents	**65 592**	116 803
Total current assets	**196 014**	232 162
Non-current assets held-for-sale (Note 5)	**52 000**	–
Total assets	**2 168 645**	2 084 855
EQUITY		
Share capital (Note 7)	**1 618 817**	1 597 512
Other reserves	**31 942**	21 159
Accumulated profit/(loss)	**1 190**	(125 299)
Total equity attributable to equity holders of the Company	**1 651 949**	1 493 372
Non-controlling interest	**99 228**	(7 381)
Total equity	**1 751 177**	1 485 991
LIABILITIES		
Non-current liabilities		
Borrowings (Note 8)	**–**	45 000
Lease liabilities	**148 782**	134 580
Deferred tax liability[1]	**39 186**	35 041
Trade and other payables	**–**	132 694
Total non-current liabilities	**187 968**	347 315
Current liabilities		
Borrowings (Note 8)	**15 065**	79
Lease liabilities	**35 575**	33 385
Loans from related parties	**96**	96
Trade and other payables	**91 073**	116 303
Contract liabilities	**76 780**	88 542
Tax payable	**10 911**	13 144
Total current liabilities	**229 500**	251 549
Total liabilities	**417 468**	598 864
Total equity and liabilities	**2 168 645**	2 084 855
Net asset value per share (cents)	**195**	178

[1] *The prior year deferred tax asset and liability have been restated as per IAS 12 to offset deferred tax assets and deferred tax liabilities that relate to the same taxable entity. Refer to Note 11 for further information.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Audited 2021 R'000	Audited 2020 R'000
Balance as at 1 January	**1 485 991**	1 583 298
Total comprehensive income /(loss) for the period	**137 440**	(138 360)
Issue of ordinary shares	**21 371**	31 919
Share issue costs	**(66)**	(82)
Recognition of share-based payments expense	**10 783**	10 126
Dividends paid to non-controlling shareholders	**(11 693)**	(6 124)
Transaction with non-controlling interest	**100 000**	–
Capital contributions by non-controlling shareholders	**15 361**	5 214
Non-controlling interest acquired	**(8 010)**	–
Balance at the end of the period	**1 751 177**	1 485 991

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year-on-year change %	Audited 2021 R'000	Audited 2020 R'000
Net cash flow from operating activities		**189 537**	194 881
Cash generated from operations (Note 10)	(3%)	**265 920**	274 386
Interest income	(46%)	**4 780**	8 881
Finance cost	3%	**(21 185)**	(20 637)
Tax paid	(11%)	**(59 978)**	(67 749)
Net cash flow used in investing activities		**(178 462)**	(110 093)
Purchase of property, plant and equipment (Note 5)	>100%	**(178 139)**	(78 353)
Purchase of intangible assets and curriculum development costs	(86%)	**(3 720)**	(26 219)
Proceeds from sale of property, plant and equipment	(37%)	**166**	265
Proceeds received from loans to related parties	>100%	**591**	214
Acquisition of other financial assets	(>100%)	**(16 360)**	(6 000)
Disposal of other financial assets	>100%	**19 000**	–
Net cash flow from financing activities		**(62 286)**	(61 421)
Issue of share	>100%	**1 275**	–
Share issue costs	(20%)	**(66)**	(82)
Proceeds from non-controlling interest with no change in control (Note 9.1)	>100%	**15 361**	–
Proceeds from borrowings	>100%	**122 065**	45 079
Repayment of borrowings	(>100%)	**(152 079)**	(65 392)
Payment of principal portion of lease liabilities	7%	**(29 139)**	(27 290)
Dividends paid to non-controlling interests in subsidiaries	91%	**(11 693)**	(6 124)
Additional investment in subsidiary with no change in control (Note 9.2)	(>100%)	**(8 010)**	–
Contingent consideration paid for acquisition of subsidiary	(>100%)	**–**	(7 612)
Net movement in cash and cash equivalents for the period		**(51 211)**	23 367
Cash and cash equivalents at the beginning of the period		**116 803**	93 436
Cash and cash equivalents at the end of the period		**65 592**	**116 803**

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The JSE Limited Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the summary consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous year's consolidated annual financial statements.

The summary consolidated 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 11 March 2022.

These summary consolidated financial statements for the year ended 31 December 2021 have been audited by Pricewaterhouse Coopers Inc., who expressed an unmodified opinion thereon. The auditor's also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. Any reference to future financial performance included in this announcement, has not been audited or reported on by the Group's auditor.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement or financial results. 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 in terms of IFRS and are consistent in all material respects with those applied in the annual financial statements for the year ended 31 December 2020.

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

3. HEADLINE EARNINGS PER SHARE

	Audited 2021 R'000	Audited 2020 R'000
Reconciliation of headline earnings/(loss):		
Basic earnings/(loss)	**126 005**	(119 751)
Adjustments attributable to parent:		
Impairment on right-of-use assets, property, plant and equipment, and intangibles assets	**26 044**	49 902
Loss on disposal of property, plant and equipment	**1 416**	90
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**(2 359)**	(279)
Tax on above	**(7 291)**	53
Headline earnings/(loss)	**143 815**	(69 985)

4. OPERATING SEGMENTS

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

Reconciliation of core headline earnings

		Audited 2021		Audited 2020	
	Year-on-year change %	Earnings/(Loss) R'000	Earnings/(Loss) per share Cents	(Loss)/Earnings R'000	(Loss)/Earnings per share Cents
Headline earnings/(loss)	>100%	**143 815**	**17.0**	(69 985)	(8.5)
Adjustments for non-core items attributable to parent:					
Fair value loss on consideration payable	>100%	**498**	**0.1**	180 676	21.9
Deferred interest on consideration payable	>100%	**384**	**0.1**	–	–
Amortisation of client list and trademark	(35%)	**5 393**	**0.6**	8 250	1.0
Tax on above	(1%)	**(1 520)**	**(0.2)**	(1 542)	(0.2)
Core headline earnings	27%	**148 570**	**17.6**	117 399	14.2
Core HEPS – basic	24%		**17.6**		14.2
Core HEPS – diluted	37%		**17.1**		12.5

5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET

During the year, the Group recognised an impairment of R27 million in respect of buildings in property, plant and equipment and right-of-use assets. These impairments largely result from the execution of the Group's strategic plan to consolidate contact learning campuses to create operational efficiencies within the Group.

Property, plant and equipment

The impairment of the property, plant and equipment of R10 million is in respect of the STADIO Montana Disposal. The Group entered into a sale agreement to dispose of the campus and its recoverable amount was R52 million, which was below its carrying of R62 million, resulting in the impairment loss. The property has been reclassified to held-for-sale as the recoverable amount will be recovered through the sale.

Right-of-use assets

The impairment of the right-of-use asset of R17 million is in respect of the leased Milpark campus following the Milpark Transition. Consequently, the right-of-use asset related to the Milpark campus will no longer generate future economic benefits, resulting in it being impaired.

	Audited 2021		Audited 2020	
	Property, Plant and Equipment R'000	Right-of-use assets R'000	Property, Plant and Equipment R'000	Right-of-use assets R'000
Opening balance	**717 120**	**95 996**	663 358	91 702
Additions (including borrowing costs capitalised)	**180 151**	**38 076**	79 405	25 113
Disposals	**(1 775)**	**–**	(332)	
Depreciation	**(23 278)**	**(27 035)**	(25 311)	(21 710)
Impairment	**(9 899)**	**(17 308)**	–	–
Remeasurement	**–**	**7 456**	–	891
Transferred to non-current assets held-for-sale	**(52 000)**	**–**		
Closing balance	**810 319**	**97 185**	717 120	95 996

6. TRADE AND OTHER RECEIVABLES

	Year-on-year change %	Audited 2021 R'000	Audited 2020 R'000
Trade receivables	44%	**209 725**	145 632
Less: loss allowance	57%	**(121 928)**	(77 647)
Net trade receivables	29%	**87 797**	67 985
Other receivables	(18%)	**45 431**	55 342
Total trade and other receivables	8%	**133 228**	123 327

7. SHARE CAPITAL

During the period, the Company issued ordinary shares in relation to the settlement of the consideration payable in respect of the CA Connect acquisition (refer to Note 9.1) and employee share options as per the share capital reconciliation below:

	Number of ordinary shares (million)	Share capital R'000
Balance as at 1 January	**841.0**	1 597 512
Issue of shares in respect of acquisitions and employee share options	**7.2**	21 371
Share issue costs	–	(66)
Balance at the end of the period	**848.2**	1 618 817

8. BORROWINGS

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

At 31 December 2021, the Group had drawn down an amount of R15 million (December 2020: R45 million). For the year ended 31 December 2021, the Group incurred finance costs of R3.4 million at a three-month JIBAR plus 2.09%. During the period, borrowing costs of R1 million (December 2020: R1 million) were capitalised to qualifying assets at a capitalisation rate of 5.72% (December 2020: 7.89%). At 31 December 2021, the Group has access to R185 million of the remaining undrawn facility.

9. ACQUISITIONS

9.1. CA CONNECT CONSIDERATION PAYABLE

The consideration payable of R31 million (December 2020: R198 million) at 31 December 2021 relates to the final outstanding amount due of R33 million, less the non-controlling interest amount of R2 million, to the CA Connect shareholders in respect the Early Settlement Agreement. On conclusion of the Early Settlement Agreement, R68 million of the R200 million final consideration was settled partly through the issue of R20 million of STADIO Holdings shares and R48 million in cash, of which the non-controlling shareholder of Milpark paid R15 million. R100m will be settled through the issue of Milpark shares. The final R33 million will be settled in cash.

	2021 31-Dec Audited R'000	2020 31-Dec Audited R'000
Balance as at 1 January	**197 978**	35 539
Fair value adjustment on consideration payable	**573**	207 184
Settlement of consideration payable (not through profit and loss)	**(168 000)**	(44 745)
Interest on consideration payable	**560**	
Balance at the end of the period	**31 111**	197 978

9.2. NON-CONTROLLING INTEREST ACQUIRED

Effective 1 January 2021, the Group, through STADIO Higher Education, acquired the remaining 26% equity interest in STADIO Namibia for a cash purchase consideration of R8 million. There was no change in control following this acquisition.

10. CASH GENERATED FROM OPERATIONS

	Year-on-year change %	Audited 2021 R'000	Audited 2020 R'000
Profit/(loss) before taxation	(>100%)	**200 664**	(78 630)
Non-cash and other items disclosed separately	(64%)	**121 949**	341 622
	23%	**322 613**	262 992
Movements in working capital	(>100%)	**(56 693)**	11 394
Decrease in inventories	>100%	**1 588**	544
(Increase)/decrease in trade and other receivables	(>100%)	**(7 462)**	11 201
Increase in trade and other payables	>100%	**8 943**	892
Decrease in trade and other payables – consideration payable[1]	(>100%)	**(48 000)**	–
Decrease in contract liabilities	>100%	**(11 762)**	(1 243)
Cash generated from operations	(3%)	**265 920**	274 386

[1] *Included in trade and other payables working capital movement is the cash-settled portion of the CA Connect early settlement agreement of R48 million, R15 million of which was paid by the non-controlling shareholder of Milpark. Refer to Note 9.1 further information.*

11. PRIOR PERIOD RESTATEMENT

IAS 12 – Income Taxes

The Group has restated the prior year comparative period to correctly offset the deferred tax assets and deferred tax liabilities that relate to income taxes levied by the same taxation authority on the same taxable entity as per IAS 12 presentation requirements. This was historically presented on a gross basis and has resulted in the deferred tax asset and deferred tax liability being overstated.

The representation has been corrected by restating the affected financial statement line items for the prior periods as follows:

Statement of Financial Position	Audited 2020	Adjustment	Restated Audited 2020	Audited 2019	Adjustment	Restated Audited[1] Jan 2020
Deferred tax asset	129 534	(37 280)	**92 254**	107 026	(35 902)	**71 124**
Deferred tax liability	(72 321)	37 280	**(35 041)**	(70 809)	35 902	**(34 907)**
Net assets	1 485 991	–	**1 485 991**	1 583 298	–	**1 583 298**
Retained loss	(125 299)	–	**(125 299)**	(5 548)	–	**(5 548)**

IAS 1 – Presentation of Financial Statements

The Group has restated the prior year comparative operating expenses. The operating expenses were disaggregated to provide further information on the nature of the items included in the total operating expenses. Accordingly, employee costs are separately disclosed on the face of the statement of comprehensive income (SOCI).

The representation has been corrected by restating the affected financial statement line items for the prior periods as follows:

Statement of Comprehensive Income	Audited 2020	Adjustment	Restated Audited 2020
Decrease in operating expenses	(602 994)	391 030	**(211 964)**
Decrease in loss allowance	(80 485)	1 780	**(78 705)**
Increase in employee costs		(392 810)	**(392 810)**
Net impact on statement of comprehensive income	**(683 479)**	–	**(683 479)**

12. FINANCIAL INSTRUMENTS – FAIR VALUE ESTIMATION

The information below analyses financial assets and liabilities which are carried at fair value by level of hierarchy.

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 2021			Audited 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Fair value hierarchy	R'000	R'000	R'000	R'000	R'000	R'000
Other financial assets	9 190	–	–	11 620	–	–
Consideration payable[1]	–	–	–	–	–	197 978

[1] *Due to the conclusion of the CA Connect early settlement agreement, the consideration payable is no longer measured at fair value through profit or loss. The consideration payable is now measured at amortised cost. Refer to Note 9.1 for further information.*

13. EVENTS AFTER THE REPORTING PERIOD

The Group entered into a sale agreement, in December 2021, to dispose of the STADIO Montana Campus. The sale is subject to the transfer of the property, which is anticipated to be concluded during the first quarter of 2022.

The corporate income tax rate will reduce from 28% to 27% and it will come into effect for years of assessment ending on or after 31 March 2023 and will affect the Group from the 2023 financial year. This is considered a non-adjusting post-balance sheet event. The Group has taken note of South Africa's finance minister's announcement in the budget speech on 23 February 2022 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income. It has been indicated in the 2022 budget speech that the amendment will come into effect for years of assessment ending on or after 31 March 2023.

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

INDEPENDENT AUDITOR'S REPORT

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, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 31 December 2021, 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 2021.

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 requirements of the JSE Limited Listings Requirements for provisional reports, 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 AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 11 March 2022. 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 requirements of the JSE Limited Listings Requirements for provisional reports, 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*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: V Harri
Registered Auditor
Cape Town, South Africa
11 March 2022

STATUTORY AND ADMINISTRATION

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

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

** Executive director ** Non-executive director ^ Independent non-executive director*

Company secretary: Stadio Corporate Services Proprietary Limited

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

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

Corporate adviser and sponsor: PSG Capital

Independent joint sponsor: Tamela Holdings

Website: www.stadio.co.za

Announcement date
14 March 2022

STADIO

HOLDINGS

www.stadio.co.za