

STADIO

— HOLDINGS —

**INTERIM RESULTS PRESENTATION FOR
SIX MONTHS ENDED 30 JUNE 2024**

26 August 2024

PRESENTATION

OVERVIEW

2024
REFLECTIONS
TO DATE

UNPACKING
OUR INTERIM
FINANCIAL RESULTS

OUR GROWTH
STORY

QUESTIONS
& ANSWERS



STADIO

— HOLDINGS —

OUR PURPOSE IS TO EMPOWER THE NATION BY
WIDENING ACCESS TO QUALITY HIGHER EDUCATION

THROUGH OUR 3 DISTINCT PRIVATE HIGHER EDUCATION INSTITUTIONS





2024 REFLECTONS

TO DATE

- Solid results despite continuing tough economic times
- Growth in students across distance learning and contact learning continues
- Good progress made in debtors' processes and collections
- Exciting new programmes accredited – investing now for future growth
- Continuous innovation towards a technology-enhanced institution

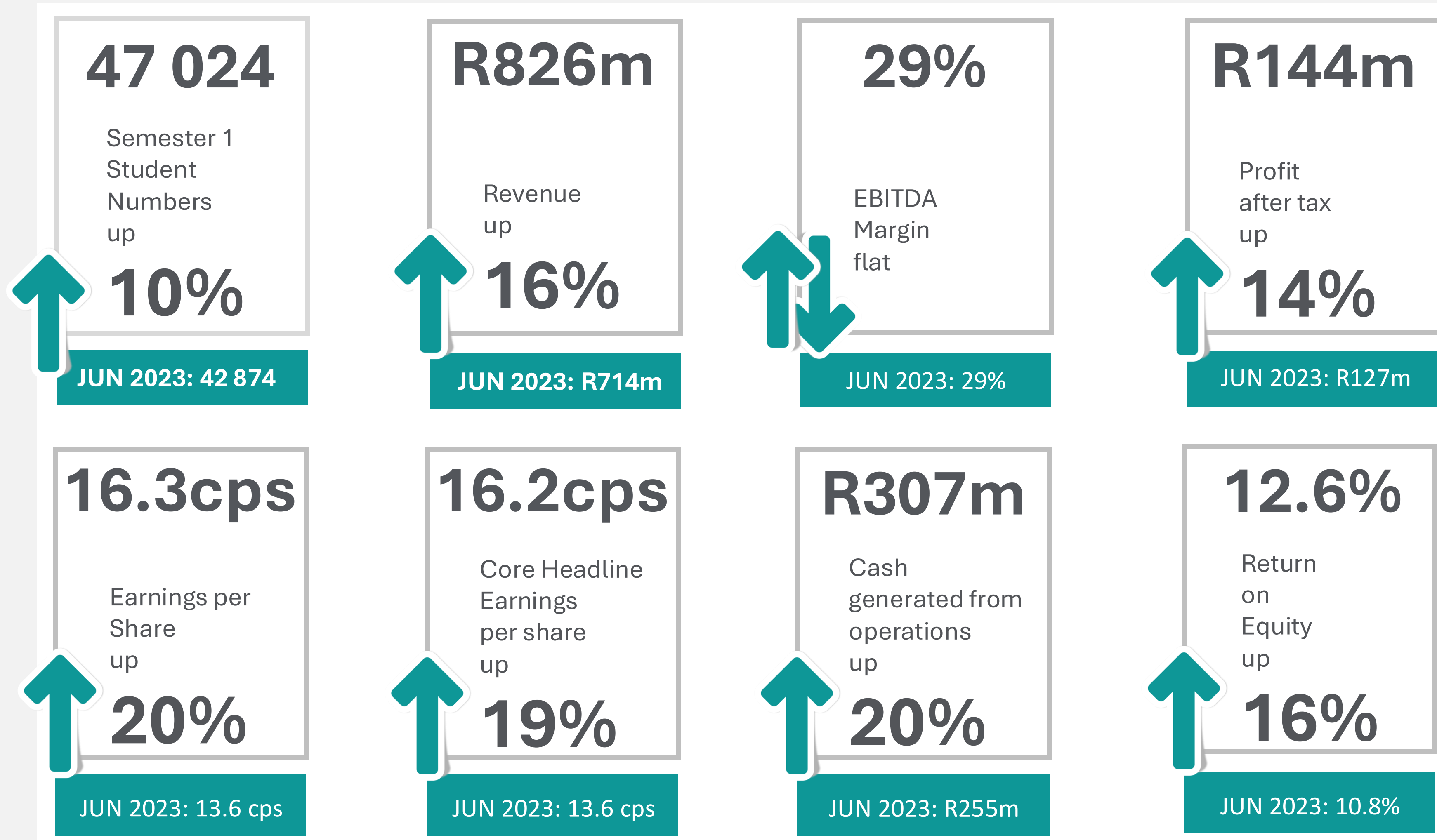


2024 REFLECTONS

TO DATE CONTINUED

- The need for higher education in South Africa continues to rise
- Since 2008:
 - Matric degree passes (NSC & IEB) have increased annually by 11%
 - 1st Year degree intakes at public universities increased by 0.8% pa
 - Theoretical under supply has therefore grown by 45% pa
- In 2024, 180 000+ Grade 12s from 2023 will not be able to study a degree at public university (awaiting final statistics from DHET)
- This need is further emphasised through the recent South African unemployment rate figures, that rose to 33.5% in Q2: 2024, with graduate unemployment rate of 9.7%
- We have a big role to play in the future of our country!

SOLID 2024 INTERIM FINANCIAL RESULTS



Higher Education takes patience

GROWTH

Investing for future growth

UNPACKING OUR INTERIM FINANCIAL RESULTS

ISHAK KULA
CHIEF FINANCIAL OFFICER





SUMMARY

2024 SO FAR

- We produced solid results despite a touch economic environment, with revenue growth of 16% to R826 million, underpinned by good overall student growth of 10%
- The financial performance translated into good cash generation for the period, with a 20% increase in cash generated by operations to R307 million
- Students take long to pay, resulting in an increase in the loss allowance for the period. We saw good collections on current year debtors. Operational changes introduced which disallows students to register if account balance is not brought up to date
- Continued investment to allow for future growth
- Key capital and other investments during the period
 - R34 million into capital expenditure, of which R10 million related to solar projects, with additional solar projects planned for the remainder of the year;
 - We also spent R3 million for the development of the new comprehensive Durbanville Campus with further R30 million planned for the remainder of the year (subject to regulatory approvals);
 - R15 million invested into the development of new curriculum and software development, with further investment planned for the remainder of the year.



SUMMARY

2024 SO FAR *(CONTINUED)*

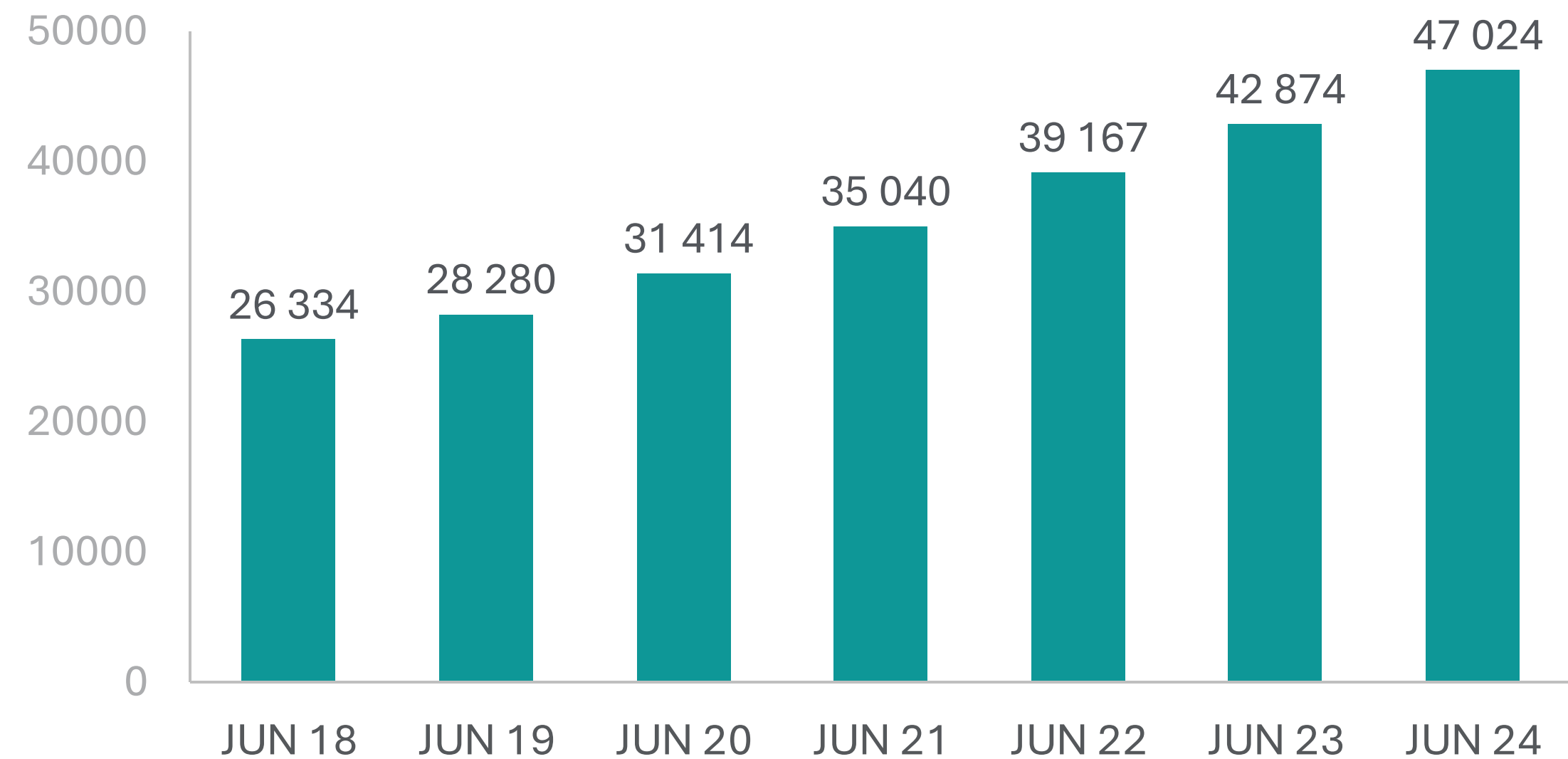
- Transactions with Milpark Education non-controlling interest
 - Acquired an additional 0.7% effective interest for R5.8 million in January 2024
 - During the period, paid for the R117.5 million equity interest acquired from Brimstone Corporation in December 2023

Milpark Education minority interest reduced from 31.5% in 2023 to 16.14% in 2024
- Share issues and purchases
 - Purchased and cancelled 3.0 million (R15 million) SDO shares by STADIO Holdings during the period
 - Issued 3.0 million STADIO Holdings (SDO) shares in April 2024 – settled obligation of the Share Incentive Trust (SIT)
- A dividend of R84.7 million was declared on 18 March 2024 and paid on 22 April 2024
- A dividend of R11.3 million was also paid to minority shareholders in Milpark Education
- We have a strong balance sheet, with no external debt (other than IFRS 16 leases)

Please note - due to the nature of the operations and new enrolments in both the first semester (January to June) and the second semester (July to December), revenue and EBITDA in the second half of the financial year will not necessarily be in line with the first six months reported on.

TOTAL STUDENT NUMBERS

SEMESTER 1: 30 JUNE



17
%

EXCLUDING
CYCLICAL B2B

14
%

NEW
CONTACT LEARNING
STUDENT NUMBER
GROWTH

10%
CAGR

JUN 24

JUN 18

10%

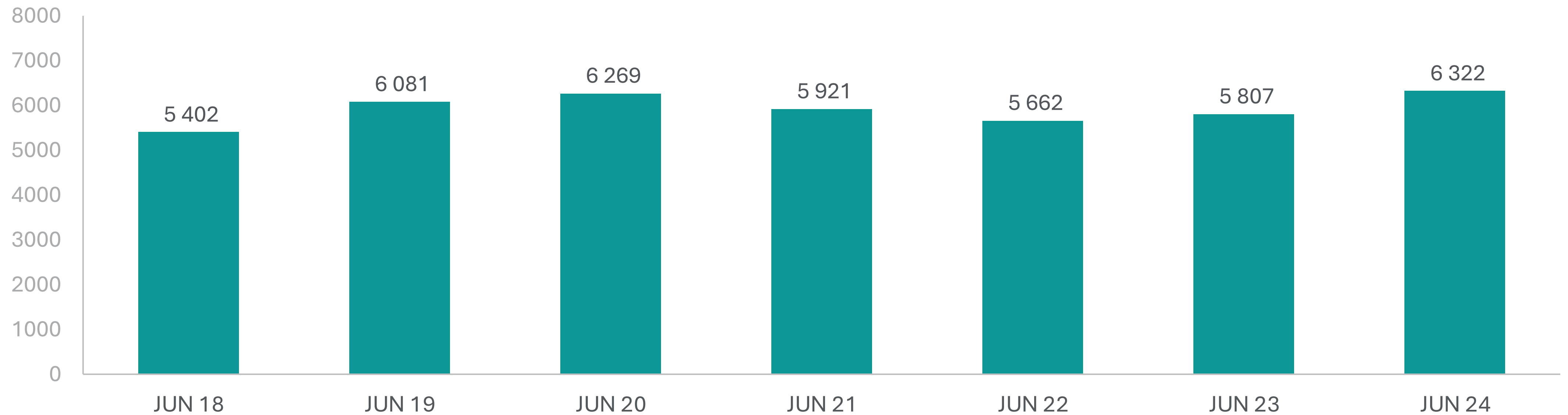
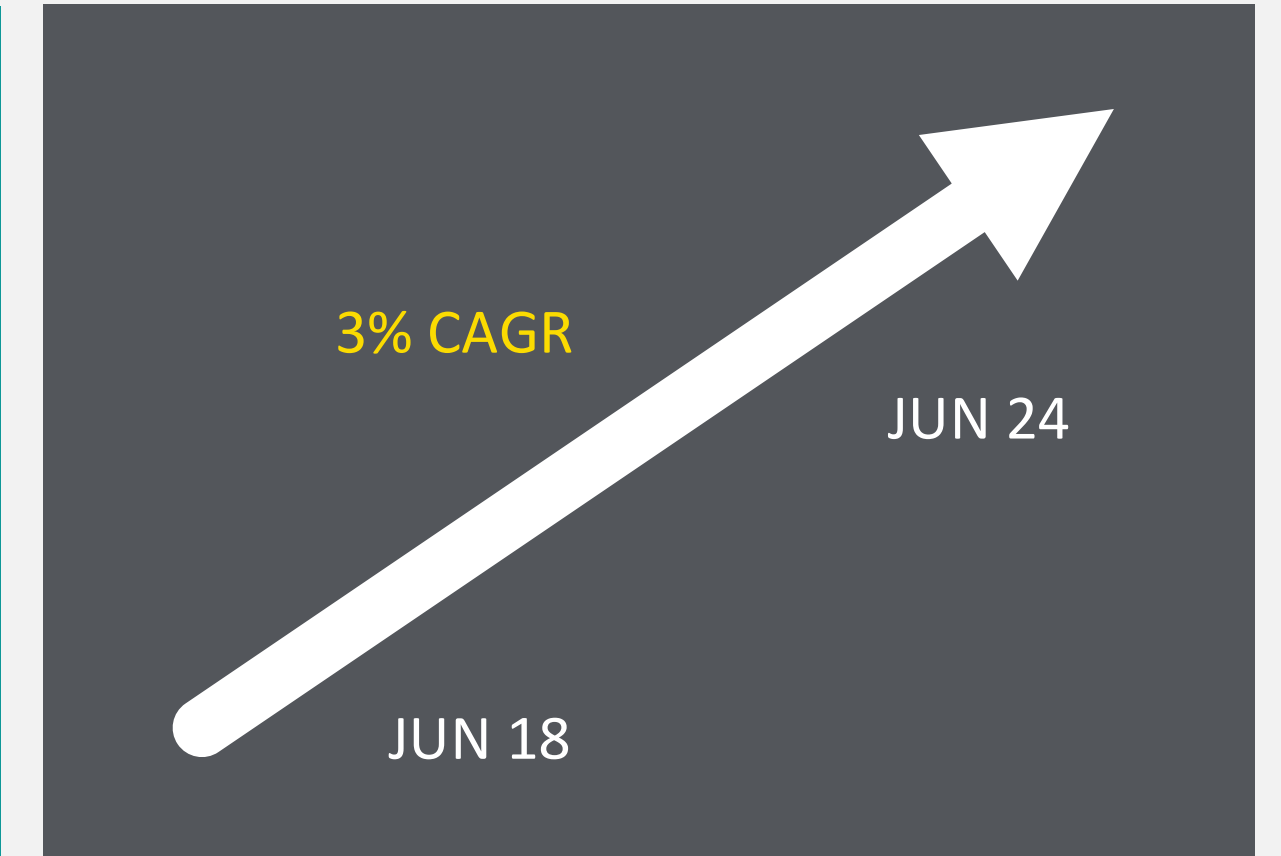
GROWTH

JUN 23
to
JUN 24

STUDENT NUMBERS

CONTACT LEARNING

- Contact learning growth impacted by:
 - Site extensions and growth in new qualifications coming through and contributing to growth,
 - Poor enrolments in prior years starting to work its way out of the system, but impacting 6- year CAGR
 - Milpark Education continues to transition away from contact learning

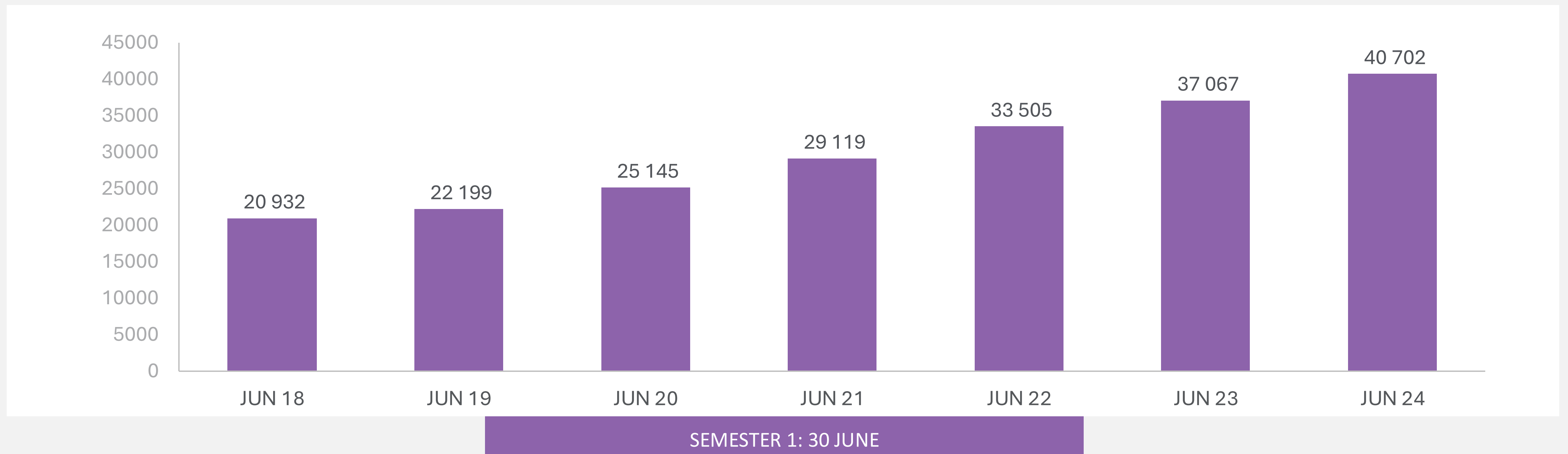
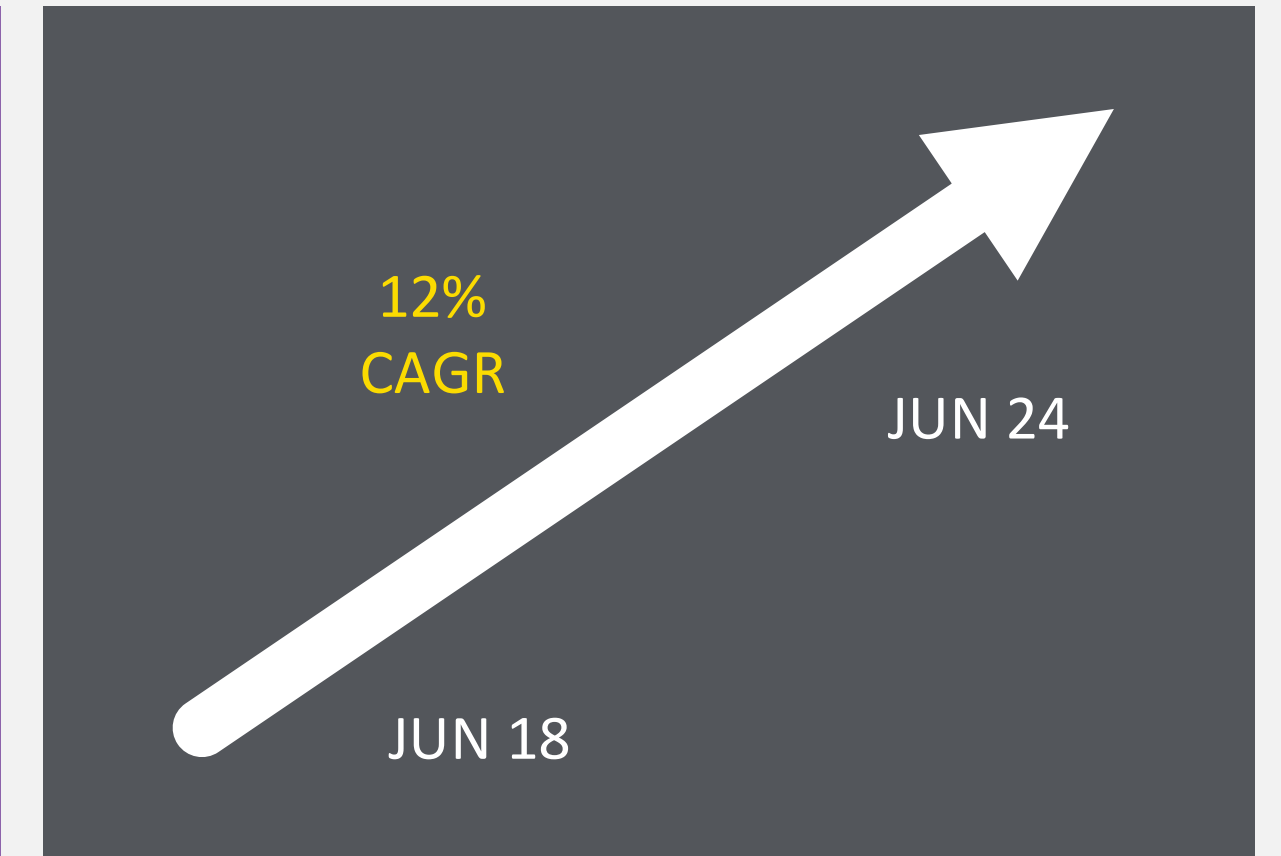
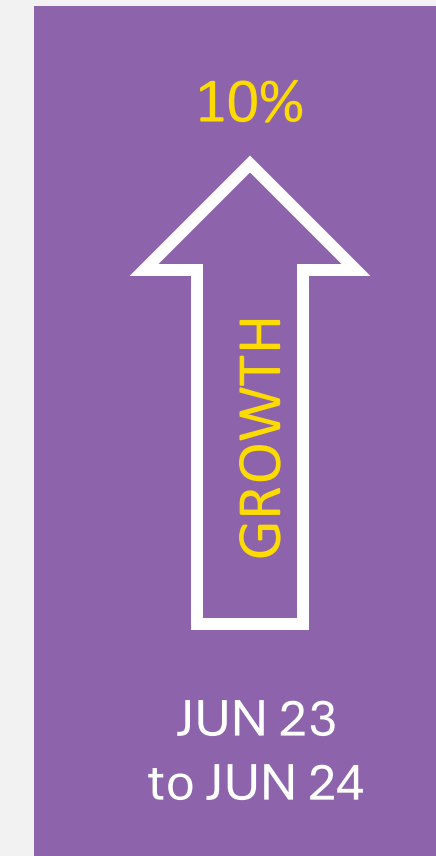


SEMESTER 1: 30 JUNE

STUDENT NUMBERS

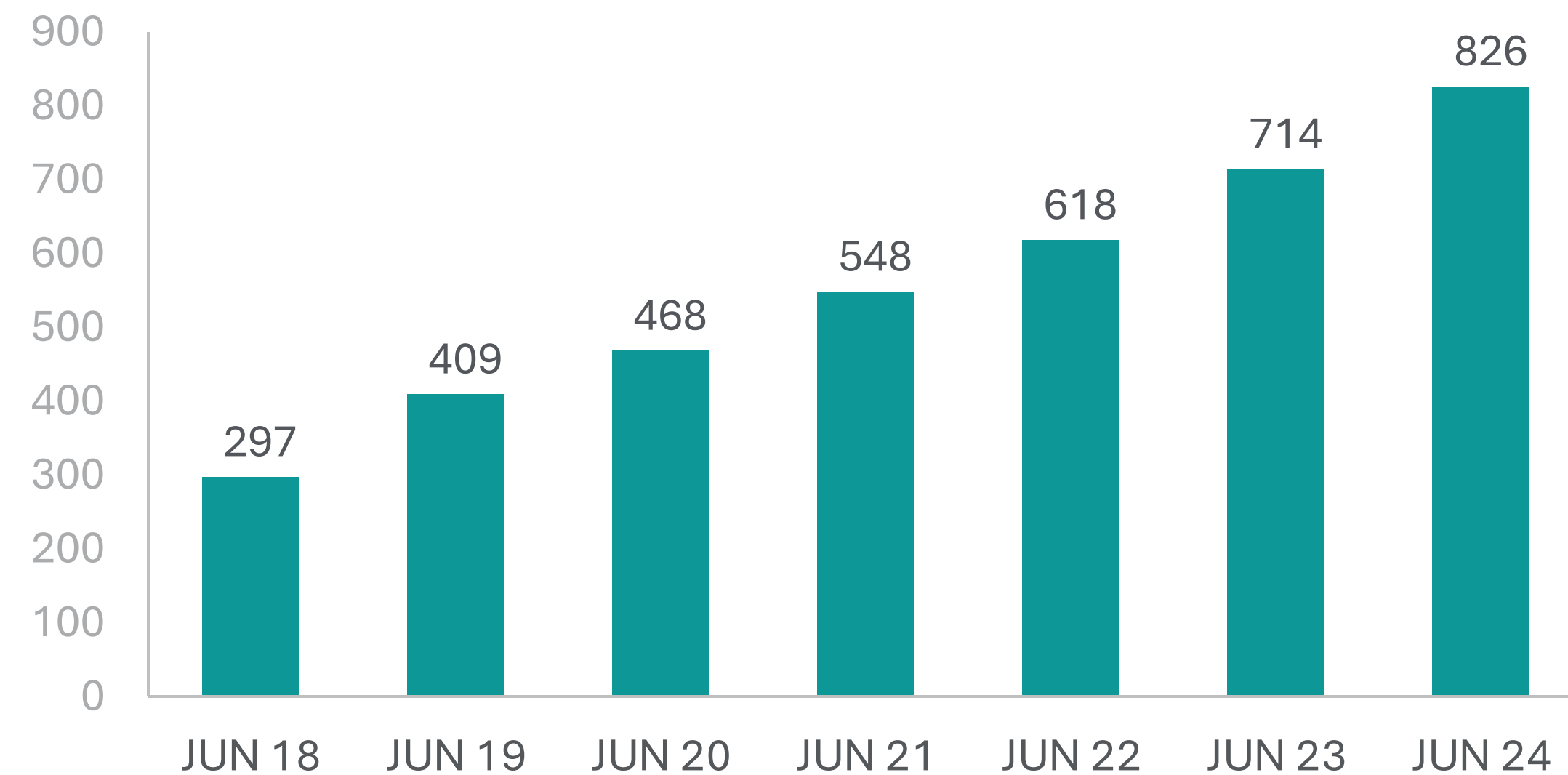
DISTANCE LEARNING

- Distance learning growth impacted by:
 - 17% growth excluding legacy business-to-business (B2B) Milpark Education business offerings
 - Legacy business-to-business (B2B) Milpark Education business offerings
 - Site extensions and growth in new qualifications coming through and contributing to growth



REVENUE

(R millions)



- 16% growth in tuition fee income, made up as follows -
 - 18% revenue growth on contact learning to R262 million
 - 16% revenue growth on distance learning to R558 million

19% CAGR

JUN 24

JUN 18

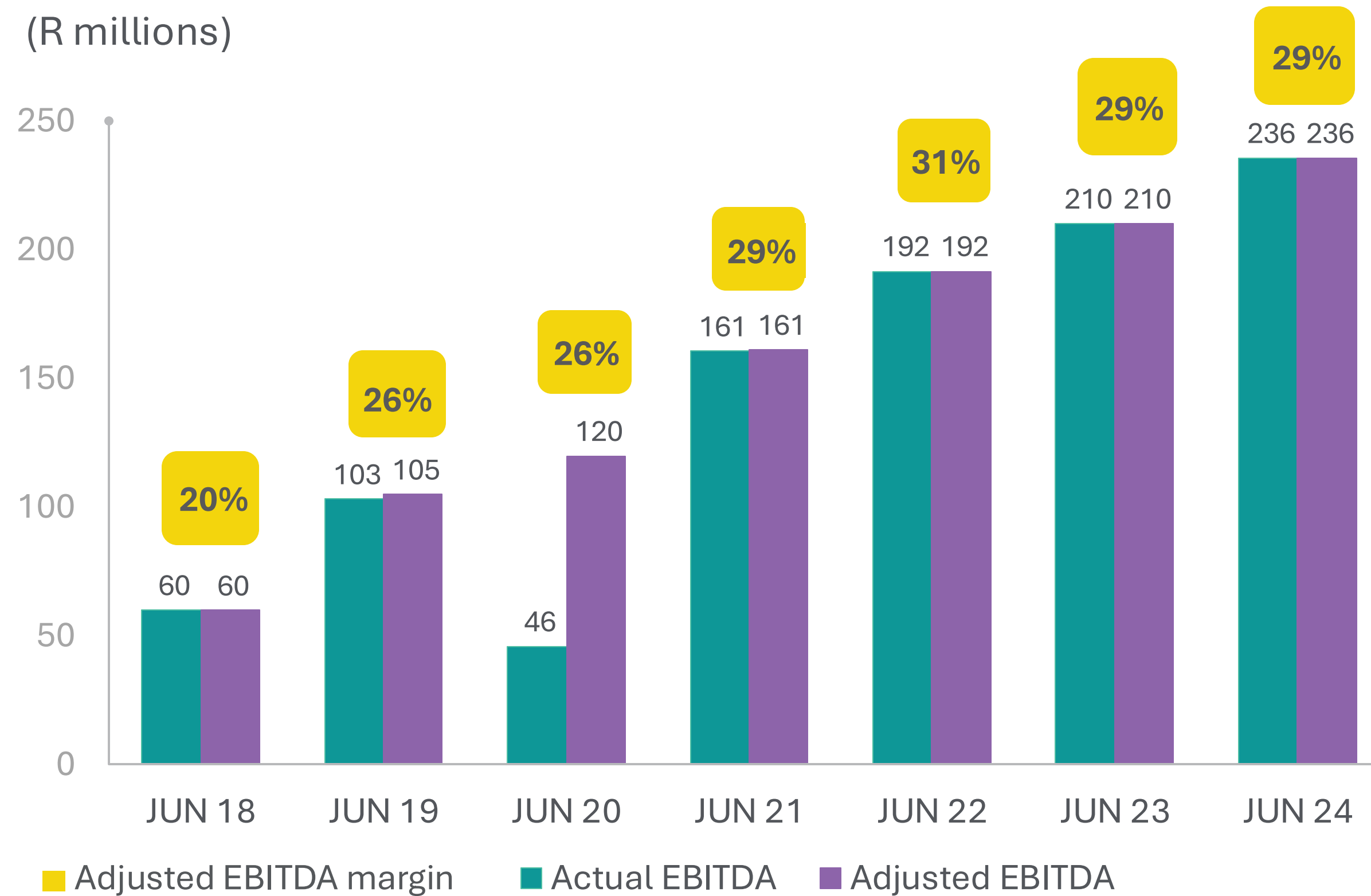
16%

GROWTH

JUN 23
to
JUN 24

EBITDA AND ADJUSTED EBITDA

(R millions)



29% Adjusted EBITDA margin

- No significant difference between EBITDA and adjusted EBITDA for the period
- EBITDA margins remained robust at 29% and impacted by strategic initiatives and the loss allowance growth for the period

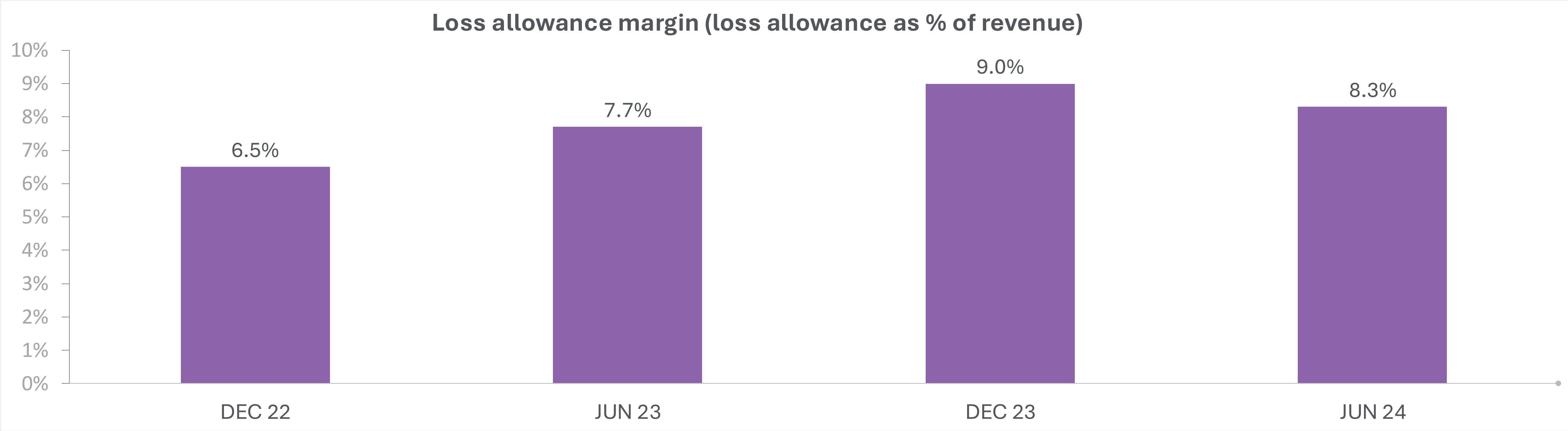
MARGIN ANALYSIS

- Employee costs margin in line with prior year despite continued investment for future growth
- Operating expense margin maintained at 23% but influenced by strategic investments in:
 - Marketing and advertising
 - Software licensing and computer costs
 - Staff development through increased staff training
- Loss allowance margin slight increase from prior period but down on the prior full year 9%.

EXPENSE ANALYSIS (R millions)	DEC 23	JUN 23	JUN 24	% CHANGE
Revenue	1 414	714	826	16%
Employee costs	586	293	336	15%
Employee costs as % of revenue	41%	41%	41%	
Other operating expenses	325	162	193	19%
Other operating expenses as % of revenue	23%	23%	23%	
Loss allowance expense – net of recoveries	127	57	68	25%
Loss allowance expense – net of recoveries as % of revenue	9%	8%	8%	

TRADE RECEIVABLE & LOSS ALLOWANCE

- New collection processes introduced starting to yield benefits. Operational changes introduced in Semester 2 will also prevent students from registering if account balances are not brought up to date
- The loss allowance margin of 8.3% (June 2023: 7.7%) is slightly higher than the prior comparative period by 0.6%. The increase is mainly attributable to the weaker historic collection rate which required us to revise the current loss allowance margin



TRADE RECEIVABLE & LOSS ALLOWANCE

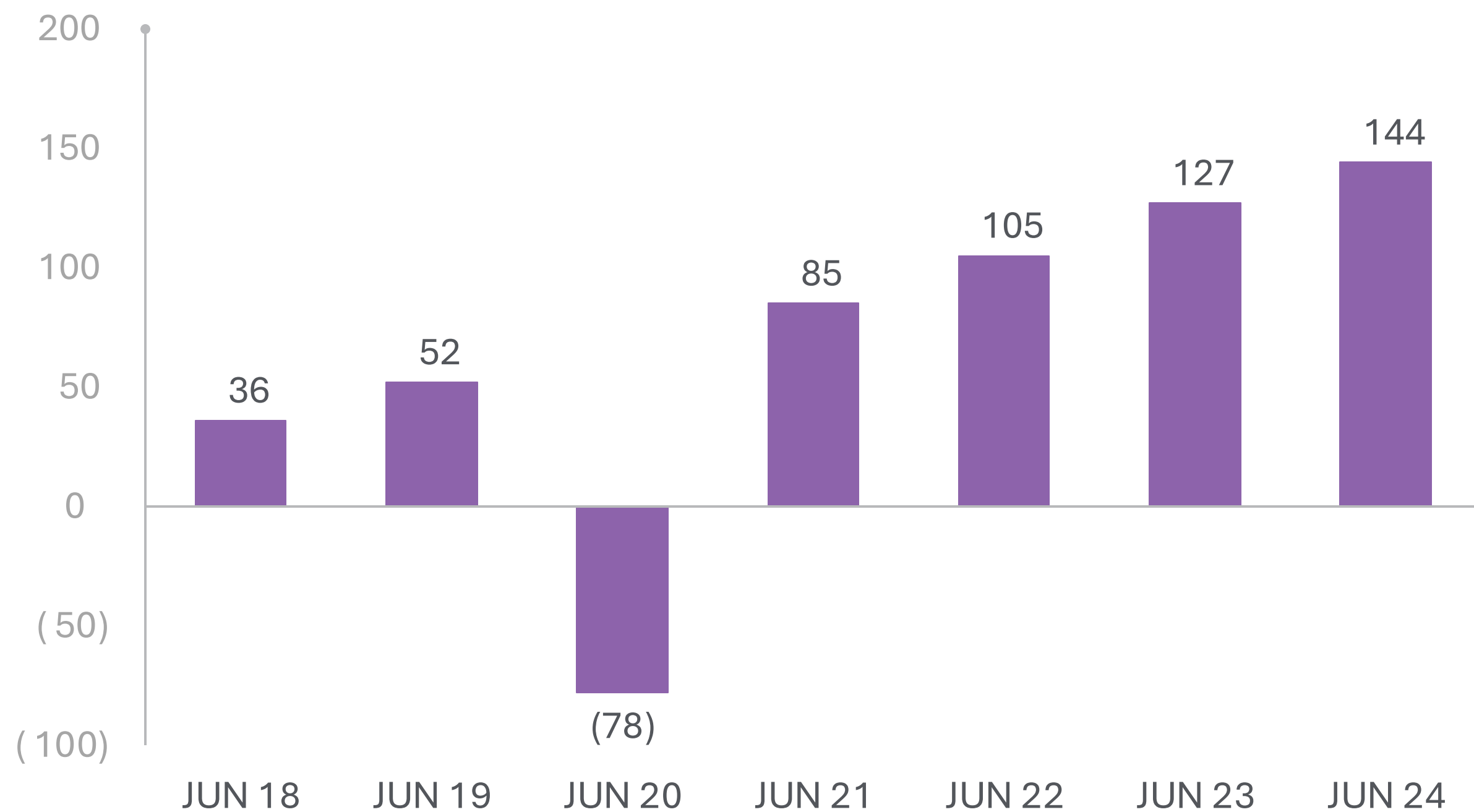
- Good collections on current period debtors resulted in debtors for the current period only growing by 5% when compared to the comparative period growth of 23%
- Coverage on debtors relating to the prior year at 84%, supported by timing differences on settlement of balances and more students entering into payment plans

TRADE DEBTORS (R millions)	JUN 22	JUN 23	JUN 24	% GROWTH JUN 22 TO JUN 23	% GROWTH JUN 23 TO JUN 24
Gross debtors	312	384	444	23%	16%
Debtors related to prior academic years	(86)	(122)	(169)	42%	39%
Debtors related to current year	226	262	275	16%	5%
Revenue growth				16%	16%

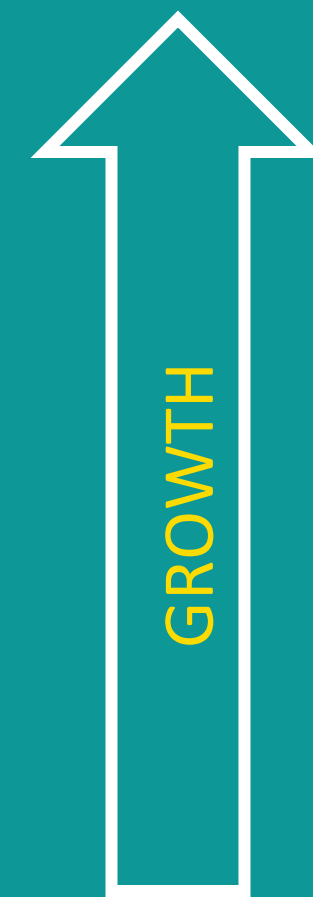
DEBTORS RELATING TO PRIOR YEAR (R millions)	JUN 22	JUN 23	JUN 24	% GROWTH JUN 22 TO JUN 23	% GROWTH JUN 23 TO JUN 24
Gross debtors	86	122	169	42%	39%
Loss allowance	(77)	(110)	(142)	43%	30%
Net debtors	9	12	27	33%	225%
Loss allowance coverage (%)	(90%)	(90%)	(84%)		

PROFIT/(LOSS) FOR THE PERIOD

(R millions)



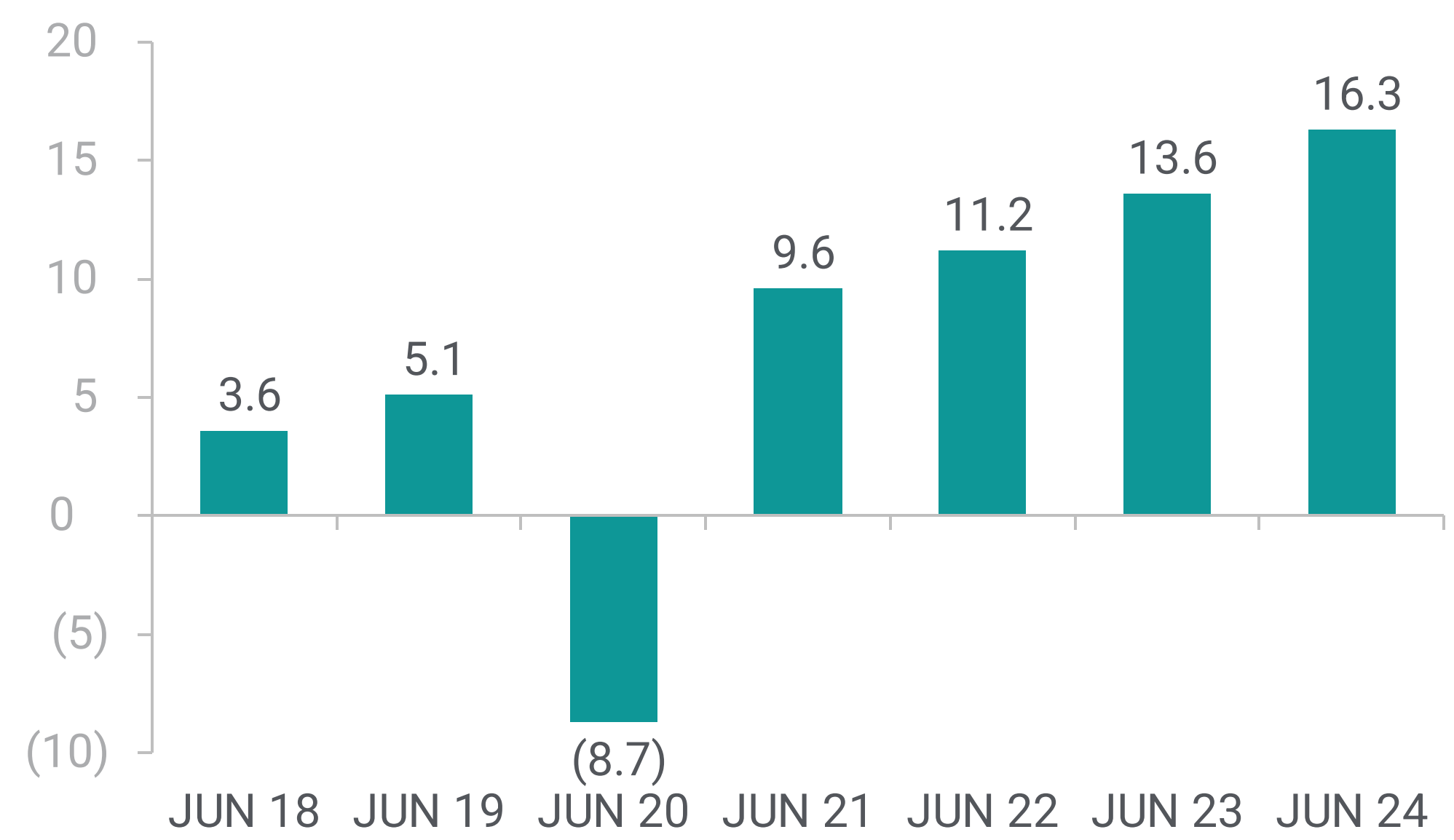
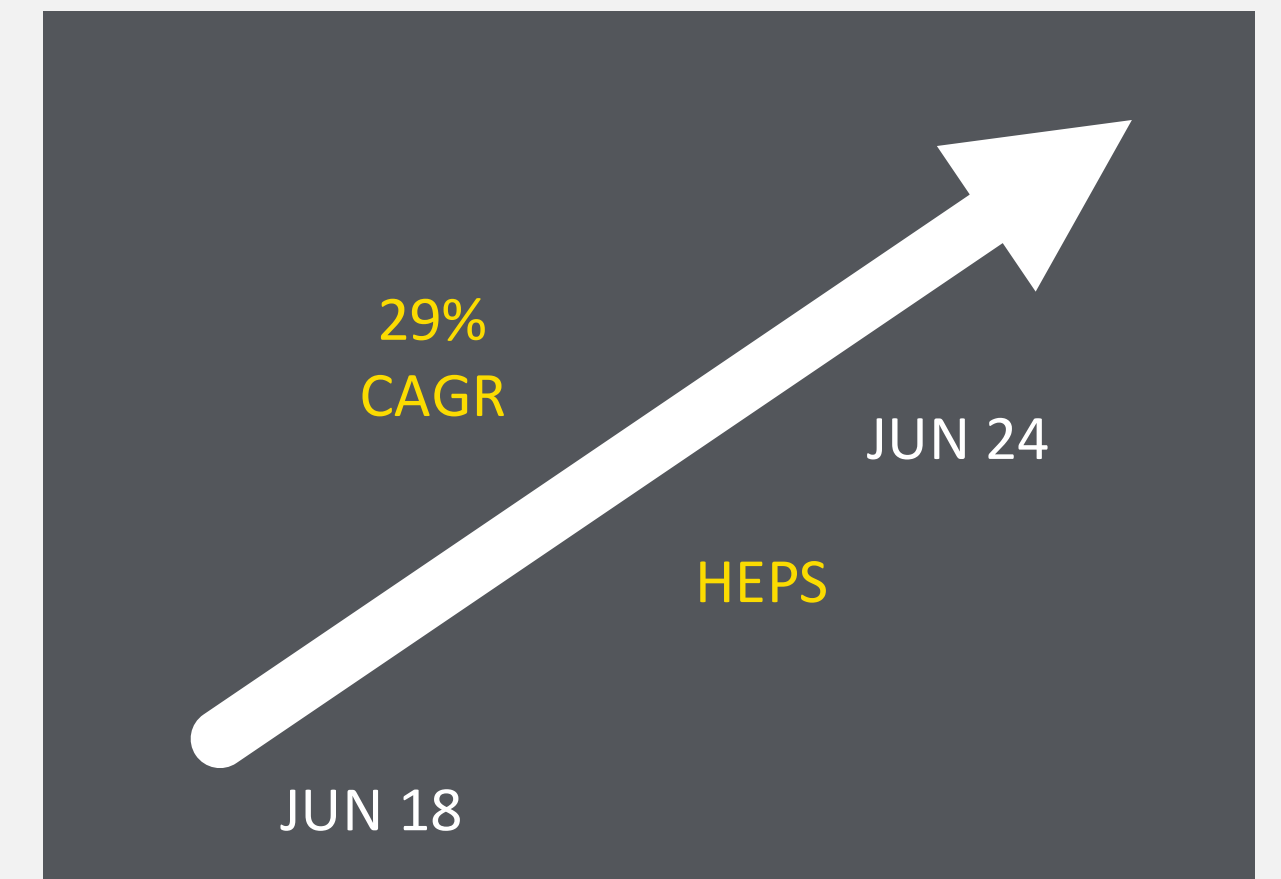
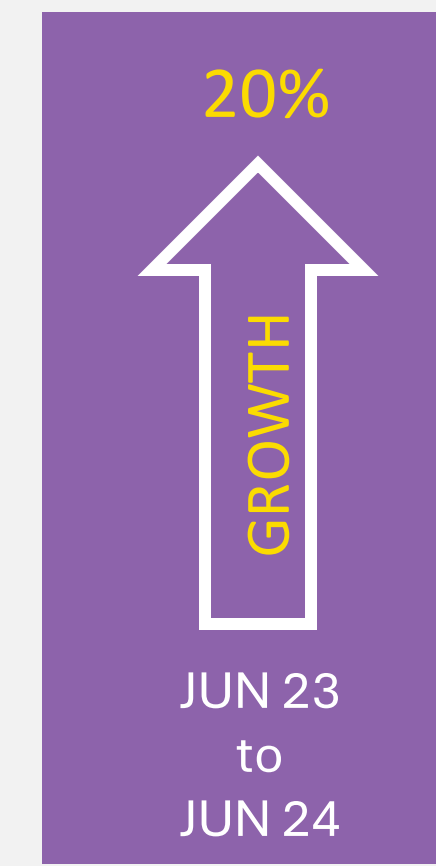
14%



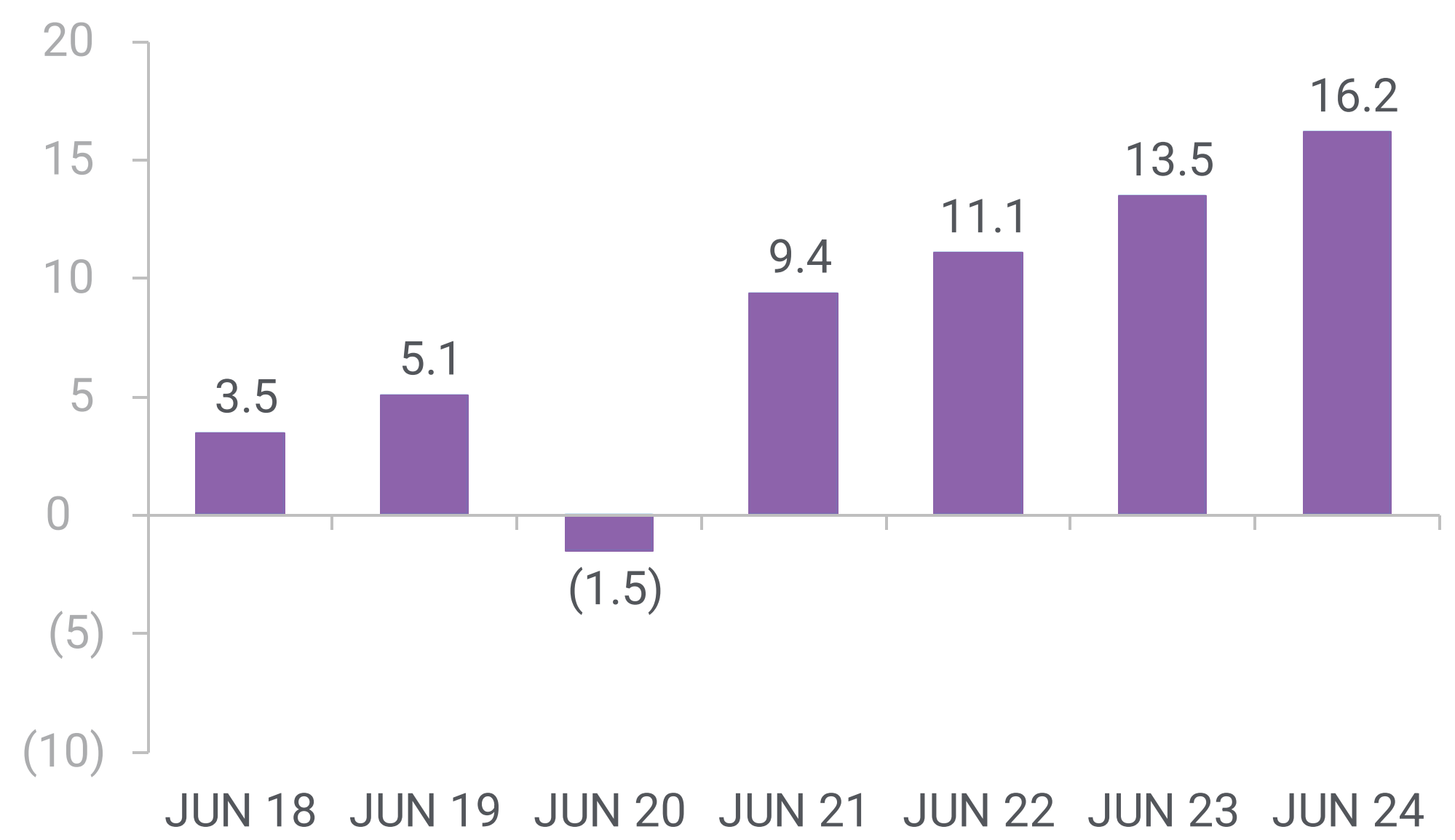
JUN 23
to
JUN 24

- Strong 14% growth in Profit after tax
- Impacted by:
 - Organic growth in EBITDA for the period
 - Reduced depreciation and amortization for the period
 - Continued investment for future growth (increases in marketing and advertising costs, staff training and computer/license costs)
 - Net increase in loss allowance for the period

EPS & HEPS

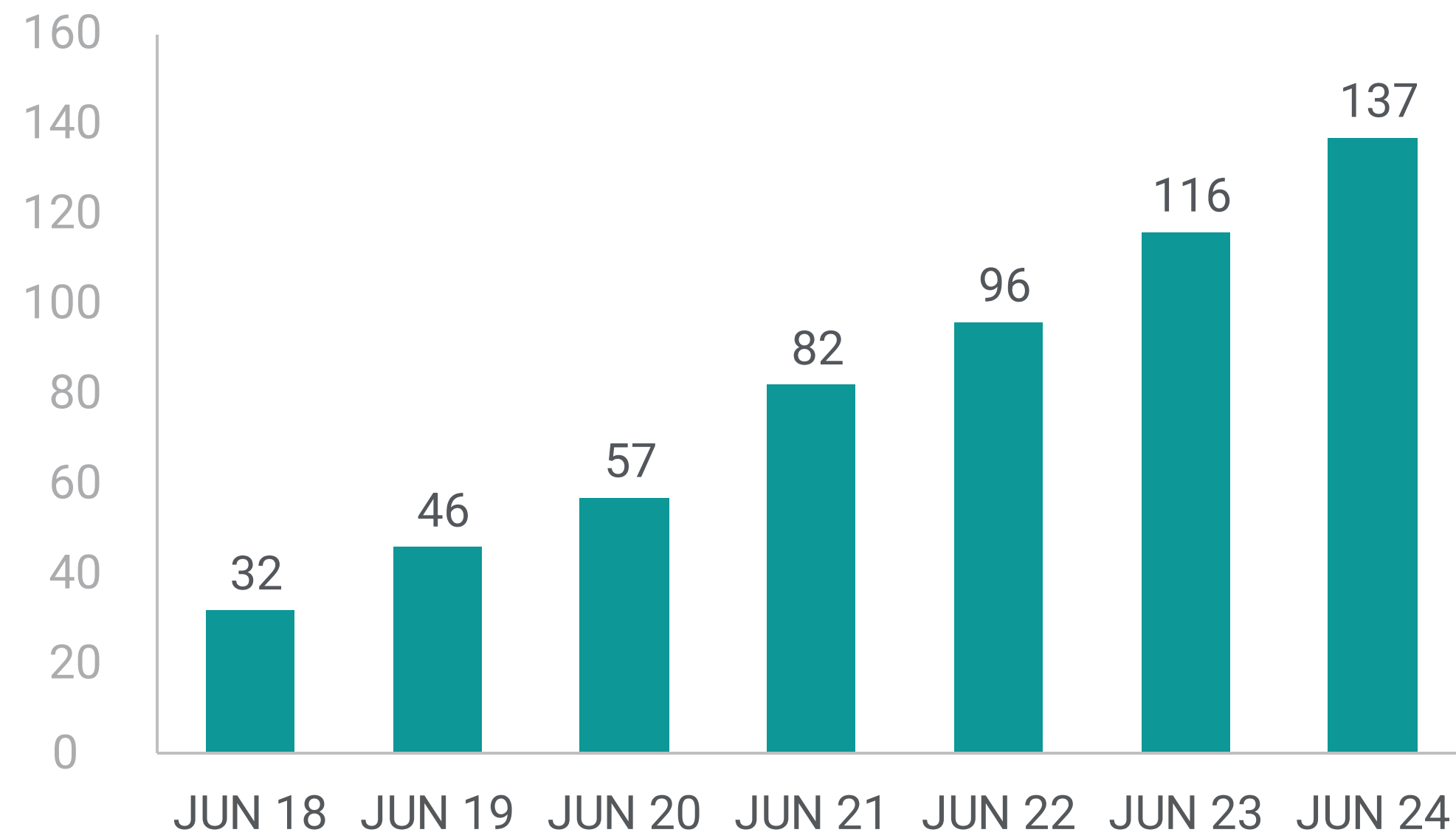
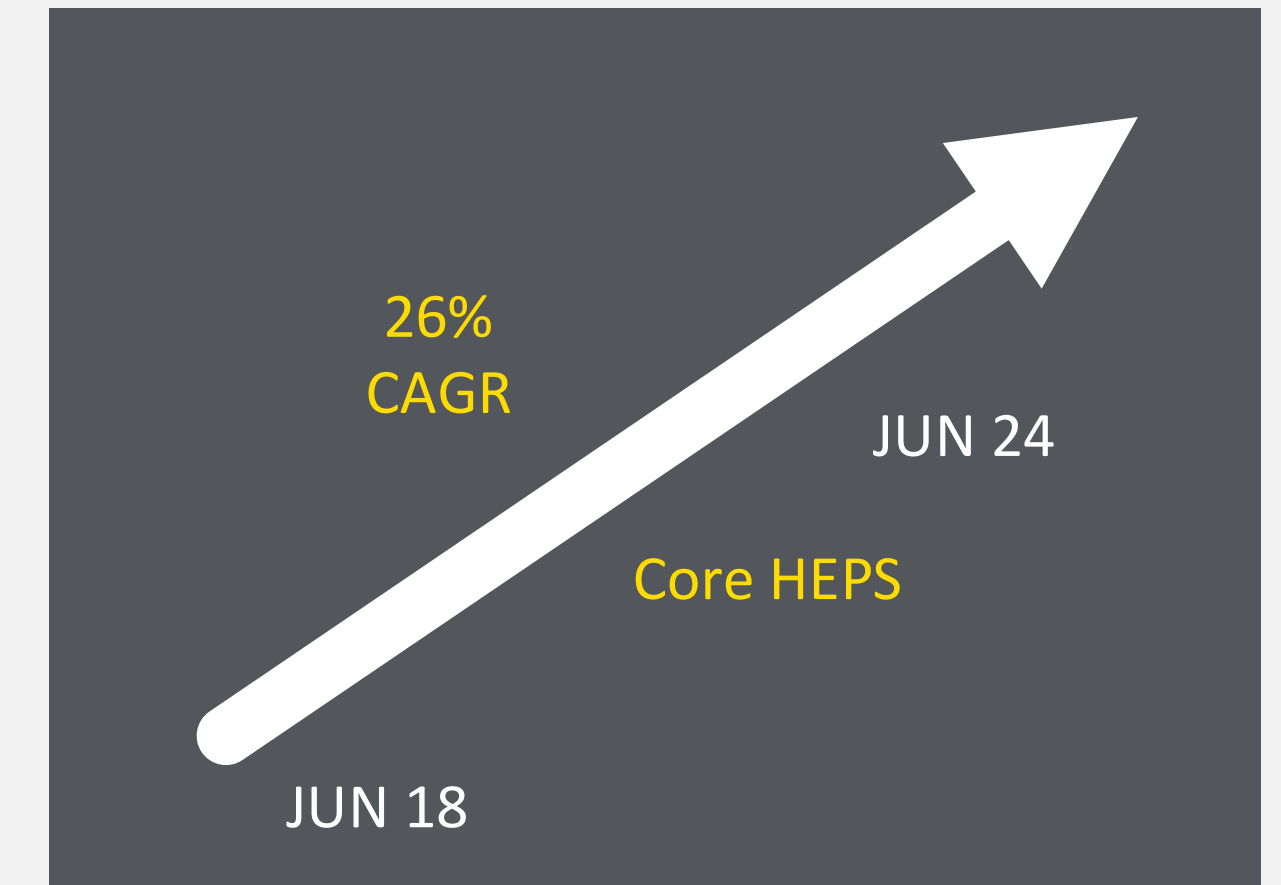
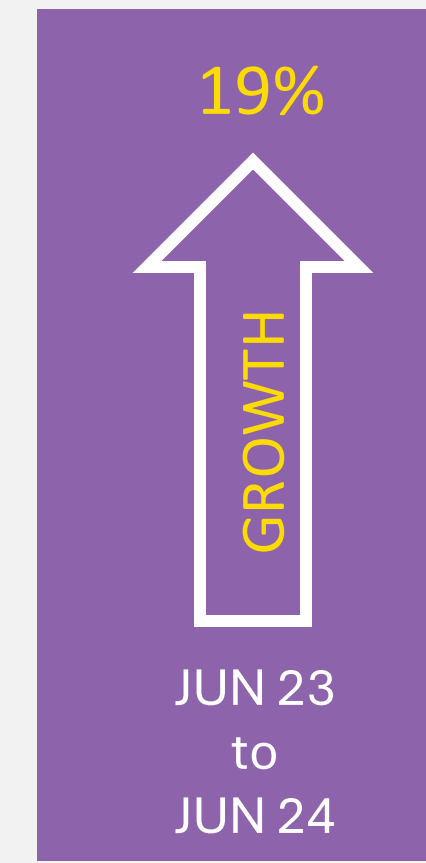


EPS (cps)

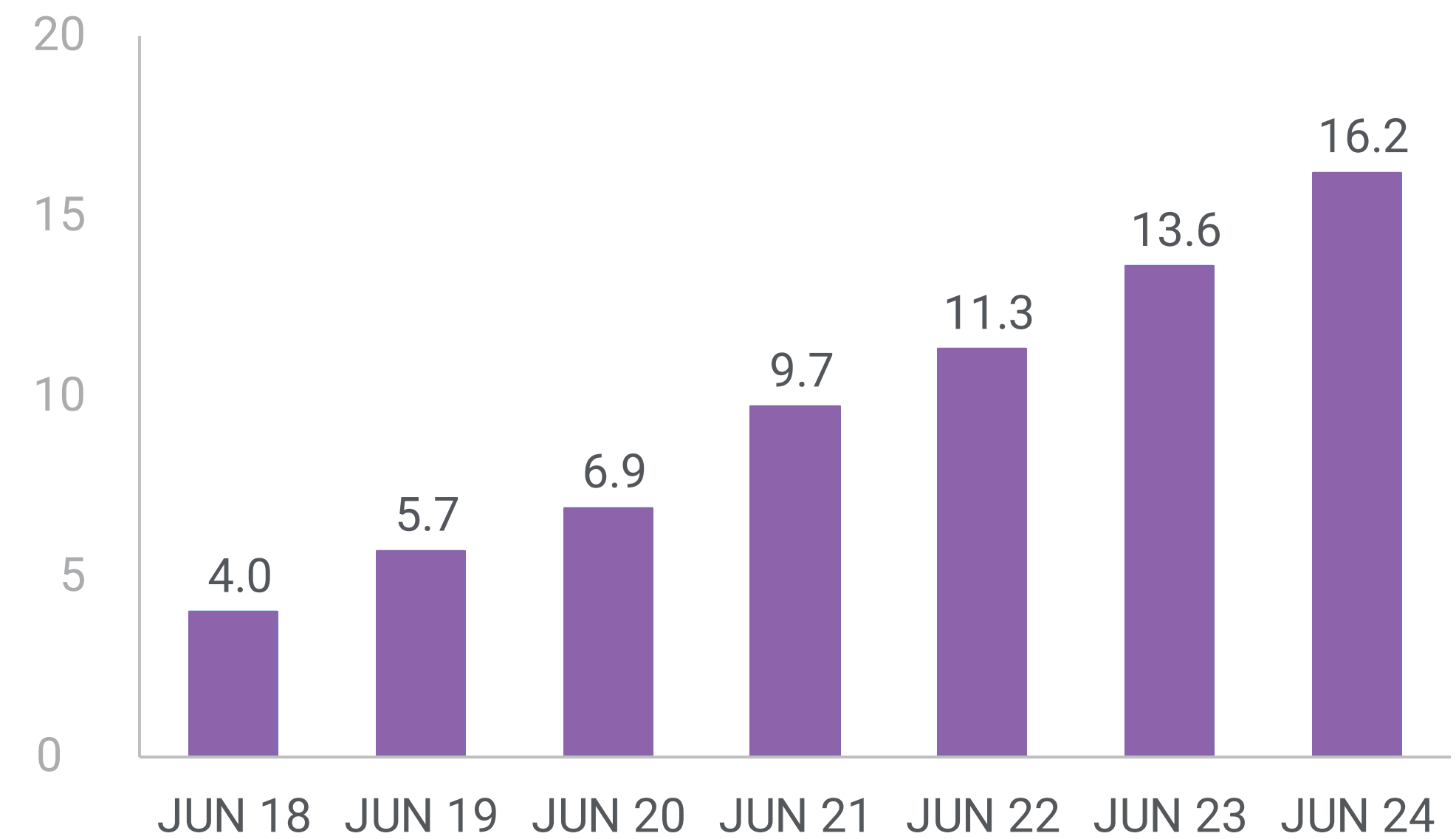


HEPS (cps)

CORE HEADLINE EARNINGS

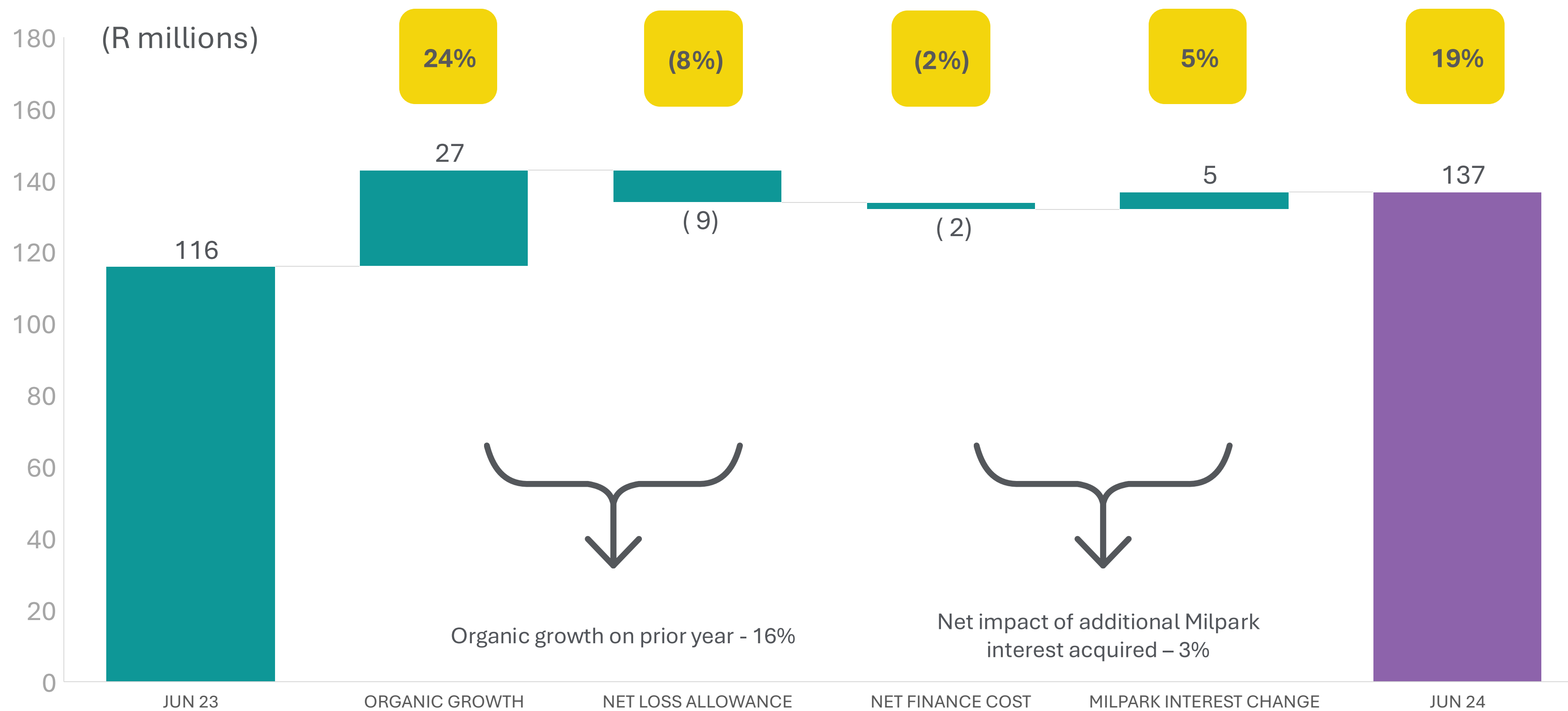



Core Headline Earnings (R millions)



Core HEPS (cps)

CORE HEADLINE EARNINGS MOVEMENT



 % change

- Core headline earnings growth of 19%, made up as follows:
 - Organic growth due to underlying institutional growth of 16%
 - Net impact of additional Milpark interest acquired of 3%

STATEMENT OF FINANCIAL POSITION

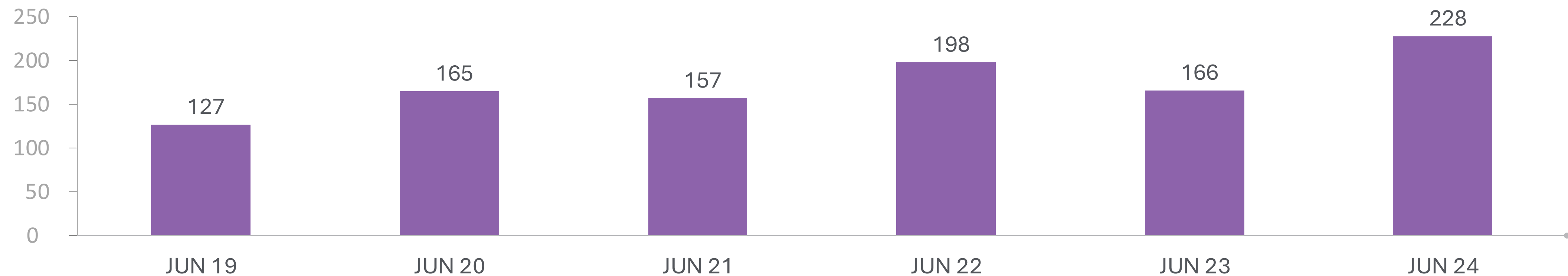
SUMMARISED STATEMENT OF FINANCIAL POSITION	DEC 23 R millions	JUN 23 R millions	JUN 24 R millions
Total assets	2 316	2 437	2 400
Property, plant and equipment	872	874	891
Right-of-use assets	65	76	67
Intangibles (incl Goodwill)	903	896	913
Other assets	128	142	132
Trade and other receivables	217	274	299
Cash and cash equivalents	130	175	98
Total equity	1 862	1 903	1 886
Attributable to equity holders	1 795	1 800	1 827
Non-controlling interests	68	103	59
Total liabilities	454	533	514
Borrowings	0	0	0
Lease liabilities	115	157	117
Other liabilities	338	376	397
Number of shares in issue (m)	847	850	847
NAV per share (cents)	212	212	216
Gearing ratio	6%	8%	6%
Gearing ratio (excl IFRS16: lease liability)	0%	0%	0%

- Invested R49m on capital expenditure including:
 - solar projects (R10m)
 - software development (R5m)
 - curriculum development (R10m)
 - building projects (R3m)
 - recurring capex (R28m)
- R98m of cash on hand
- Gearing ratio 6% (0% excluding IFRS 16 lease liability)
- Debt facility of R100m – unutilised at the end of the period

CASH FLOW FROM OPERATIONS

CASH FLOW FROM OPERATIONS (R millions)	JUN 19	JUN 20	JUN 21	JUN 22	JUN 23	JUN 24
Net cash flow from operations (before working capital)	108	124	168	198	217	231
Working capital changes	58	89	51	52	38	76
Net cash generated from operations	166	213	219	250	255	307
Cash generated from operations (as % of normalised EBITDA)	158%	178%	136%	130%	121%	130%
Free cash flow less recurring capex	127	165	157	198	166	228

Free cash flow less recurring capex (R millions)

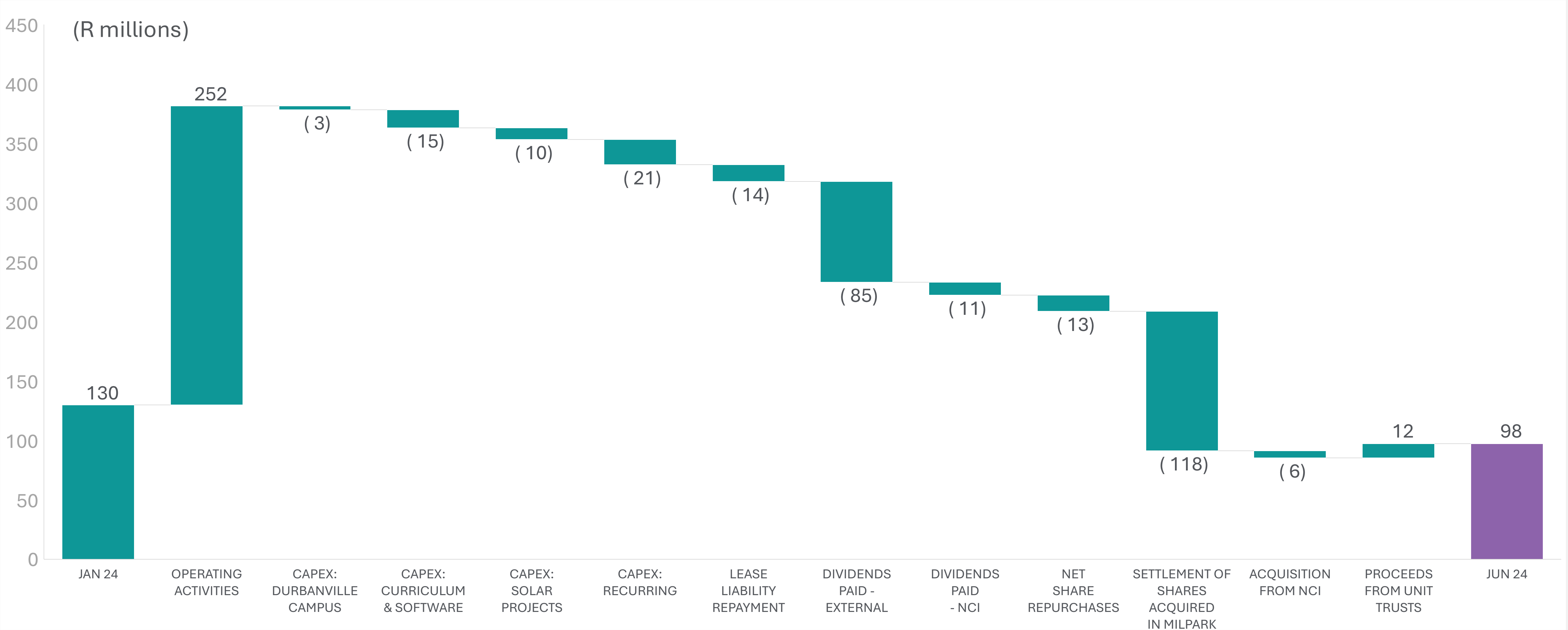


CAPITAL INVESTED

CAPITAL INVESTED (R millions)	DEC 19	DEC 20	DEC 21	DEC 22	DEC 23	JUN 24
Acquisitions	156	-	10	-	15	123*
Infrastructure development and capital assets	168	98	181	87	44	39
Programme development	10	7	-	7	15	10
Total	334	105	191	94	74	172
Cumulative investment	1 777	1 882	2 073	2 167	2 241	2 413

* Additional interest acquired in Milpark Education

CASH UTILISATION



2024 CAPITAL EXPENDITURE: CAPITAL PROJECTS

2024 CAPITAL EXPENDITURE (R millions)	2024
Curriculum and intangible development	36
Solar projects	13
Durbanville property	33
Milpark acquisitions	6
Existing campuses	38
Total Capital Projects	126

7 YEAR FINANCIAL OVERVIEW

	JUN 18	JUN 19	JUN 20	JUN 21	JUN 22	JUN 23	JUN 24
Student numbers	26 334	28 280	31 414	35 040	39 167	42 874	47 024
Revenue (R millions)	297	409	468	548	617	714	826
EBITDA (R millions)	60	103	46	161	192	210	236
EBITDA (R millions)- normalised	60	105	120	161	192	210	236
Headline earnings/(loss) (HE) (R millions)	28	42	(12)	79	95	115	137
Core Headline Earnings (CHE) (R millions)	32	46	57	82	96	116	137
HEPS (cents)	3.5	5.1	(1.5)	9.4	11.1	13.5	16.2
Core HEPS (cents)	4.0	5.7	6.9	9.7	11.3	13.6	16.2
ROE (%)	-	5.1	6.5	8.9	9.5	10.8	12.6
Net asset value (NAV) per share (cps)	197	203	184	189	201	212	216



OUR GROWTH STORY

CHRIS VORSTER
CHIEF EXECUTIVE OFFICER



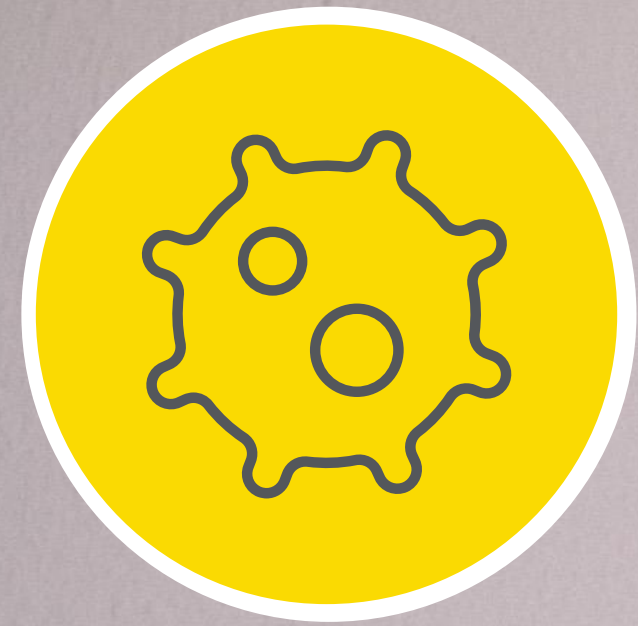
**IT IS IMPORTANT TO PAUSE AND
REFLECT ON WHAT HAS BEEN ACHIEVED
IN A SHORT TIME**





THEN

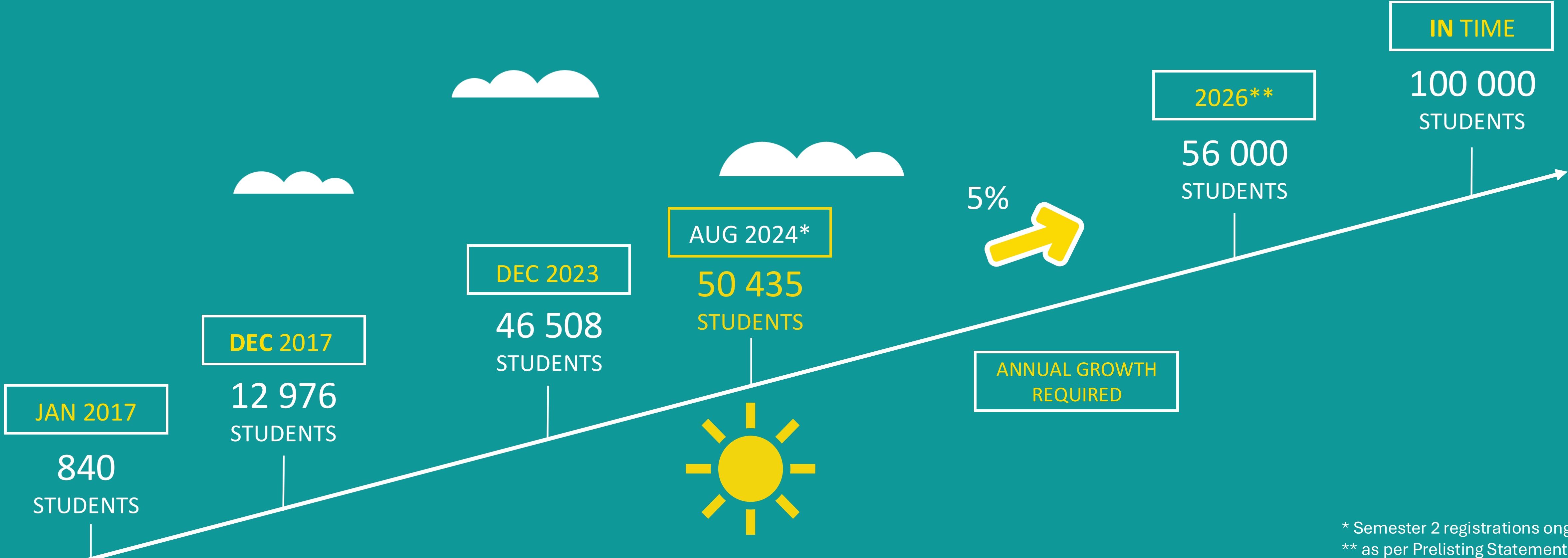
VS

NOW



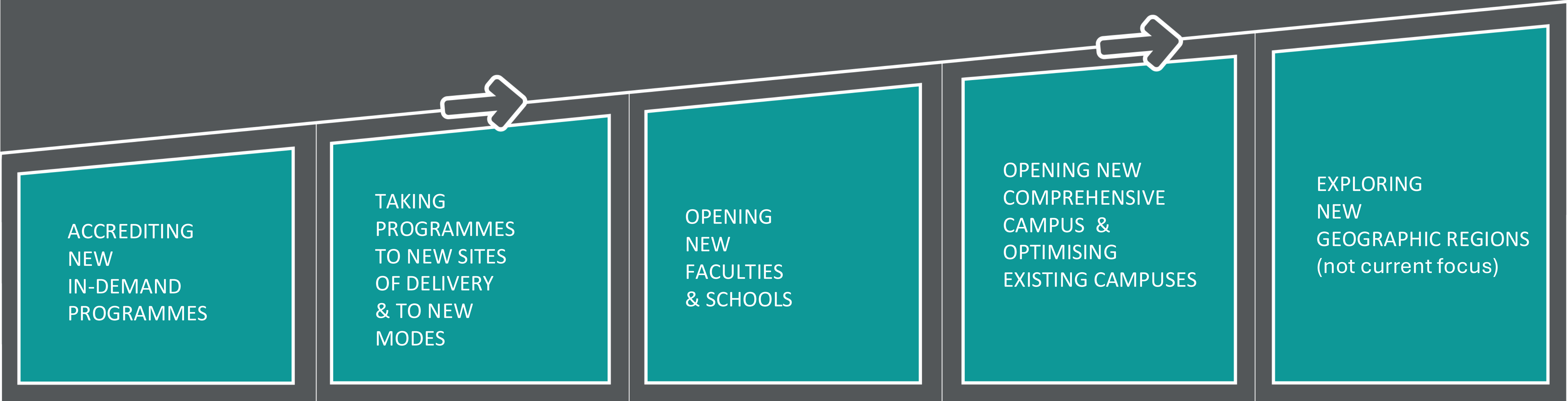
	THEN 	NOW 
SHARE PRICE	<ul style="list-style-type: none"> 75c low on 24 March 2020 	<ul style="list-style-type: none"> 599c in August 2024 (52 week high)
STUDENT NUMBERS	<ul style="list-style-type: none"> 31 414 (June 2020) <p>CL student numbers negatively impacted by COVID (lagged effect impacts returning students & felt primarily in 2021 & 2022):</p> <p>2020: 6 367 (CL) 2021: 5 942 (CL) 2022: 5 699 (CL)</p>	<ul style="list-style-type: none"> 50 473 with S2 registrations ongoing <p>Return to contact learning:</p> <p>2023: 5 819 (CL) 2024: 6 284(CL)</p>
INSTITUTIONS	<ul style="list-style-type: none"> 6 separate registered institutions at beginning of year Business transfer completed on 26 October 2020 - birth of STADIO Higher Education STADIO Higher Education consisted of 4 autonomous institutions with different systems, policies and processes - large change management 	<ul style="list-style-type: none"> 3 distinct institutions STADIO Higher Education Investment into systems, policies and processes, building a solid foundation STADIO Higher Education is a well-established brand
PQM	<ul style="list-style-type: none"> 73 accredited programmes 	<ul style="list-style-type: none"> 96 accredited programmes New Schools of Architecture & Spatial Design, with Engineering coming
CAMPUSES	<ul style="list-style-type: none"> 15 campuses Largely single School, niche campuses 	<ul style="list-style-type: none"> 13 campuses Banklaan and Montana relocated to Centurion Milpark Melville campus closed (change in Milpark strategy) Durbanville comprehensive campus to commence construction in Sept 2024 AFDA exploring new campus opportunities
CENTURION CAMPUS	<ul style="list-style-type: none"> Construction of Centurion paused Opened to new students in Jan 2022 with 195 NEW students, 401 TOTAL students 6 programmes offered - No new programmes 	<ul style="list-style-type: none"> Centurion registers 592 NEW students in 2024, 934 TOTAL students 17 programmes offered 4 Schools 6 Schools from 2025
RETURN ON EQUITY	<ul style="list-style-type: none"> 6% 	<ul style="list-style-type: none"> 13%
DIVIDENDS	<ul style="list-style-type: none"> No dividends declared 	<ul style="list-style-type: none"> Declared dividend of 10c in March 2024

WE'VE REACHED 50 000 STUDENTS



OUR GROWTH STRATEGY IS WORKING

EXPLORING OTHER GROWTH OPPORTUNITIES THROUGH EXCITING INTERNATIONAL AND LOCAL PARTNERSHIPS



QUALITY
REMAINS OUR
FOCUS
AND
CAN BE OUR
DIFFERENTIATOR

Attracting top-academic individuals

Creating campuses that are conducive
to higher education in a new world

Embracing technology to support
the quality of our offering

Invite industry into our institutions
and into the STADIO Community



PROGRAMME BREADTH

- 96 qualifications accredited across multiple Schools
- 52 programmes in development or awaiting accreditation
- Currently expect to offer 11 new programmes across IT, Law, Risk and Management in 2025
- We are confident that the breadth of our offerings supports our comprehensive strategy offering access qualifications in each School, towards Masters / Doctorates



DURBANVILLE CAMPUS

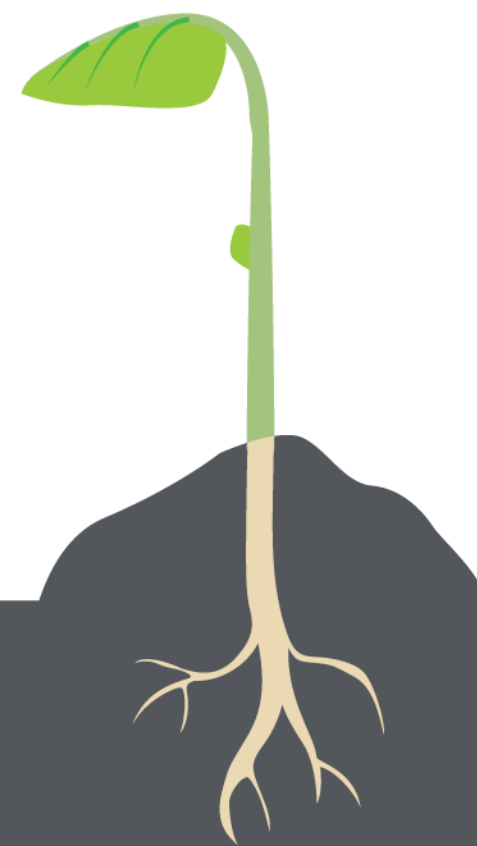
- Continued increase in contact learning student numbers makes us excited for Durbanville
- As a reminder:
 - Will construct in phases (commencing September 2024)
 - Phase 1 will cost R220 million - funded 50% by cash resources, 50% long-term debt
- STADIO Bellville campus is reaching capacity and cannot accommodate the strategy of comprehensiveness in the long-term
- STADIO Bellville campus will relocate to STADIO Durbanville campus (STADIO Bellville campus is a multi-School campus offering a range of programmes, therefore STADIO Durbanville campus will open with a vast programme offering (unlike Centurion that opened with limited offerings)
- Will be the Group's "showroom" in the Western cape
- Expect to open for new students in January 2026 (expect to open with around 1000 students which should shorten the j-curve)
- Will not hinder current dividend payouts



**THE WHEELS OF HIGHER
EDUCATION TURN SLOWLY ...**



**WE HAVE
INVESTED NOW _____**




ESTABLISHING SOLID FOUNDATIONS _____



**ENABLING
FUTURE
GROWTH _____**





... BUT THE FUTURE
OPPORTUNITIES CREATED, AND
THE POSITIVE IMPACT FELT,
ARE SIGNIFICANT!



ENABLING SCALABILITY WITH NO LOSS IN QUALITY



QUESTIONS & ANSWERS

