

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")



RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. SALIENT FEATURES

- Revenue increased from R468m to R548m (17%)
- Student numbers increased from 31 053 to 34 494 (11%)
- Core headline earnings increased from R57m to R82m (44%)
- Core headline earnings per share increased from 6.9 cps to 9.7 cps (41%)
- Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased from R46m to R161m (>100%)
- Adjusted EBITDA increased from R120m to R161m (34%)*
- Headline earnings per share ("HEPS") increased from a headline loss per share ("HLPS") of (1.5) cps to HEPS of 6.9 cps (>100%)
- Earnings per share ("EPS") increased from a loss per share ("LPS") of (8.7) cps to EPS of 9.6 cps (>100%)
- Net asset value per share increased from 184 cps to 189 cps (3%)
- STADIO Centurion completed and open for new students in 2022
- STADIO Group partners with CAPITEC on credit-for-education product.

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

2. COMMENTARY

Notwithstanding a challenging year, the Board is pleased to report the Group results for the six-month period ended 30 June 2021. At 30 June 2021, the Group increased semester one student numbers by 11% to 34 494 (June 2020: 31 053). Over the same period, distance learning students grew by 15% to 28 573 (June 2020: 24 784) and contact learning students declined by 6% to 5 921 (2019: 6 269).

For the six-month period ended 30 June 2021, the Group reported a profit after taxation of R85 million (June 2020: loss after taxation of (R78 million)), EPS of 9.6 cps (June 2020: LPS of (8.7) cps) and HEPS of 9.4 cps (June 2020: HLPS of (1.5) cps). The large increase in profit after taxation, EPS and HEPS for the six-month period ended 30 June 2021 was due to organic growth and significant once-off adjustments in the prior year. These adjustments included:

- A fair value adjustment of R74 million relating to the CA Connect acquisition (impacting prior period LPS and HLPS);
- a R60 million once-off, non-cash accounting impairment of trademarks following the business transfer of various brands to STADIO Higher Education (impacting prior period LPS).

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

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. These core adjustments include once-off acquisition related costs, amortisation costs associated with client lists acquired and costs related to contingent consideration payable in respect of various acquisitions concluded. For the six-month period ended 30 June 2021, Core HEPS grew by 41% to 9.7 cents per share (2020: 6.9 cents per share).

The overall growth in Core HEPS is due to the underlying organic growth in EBITDA, as well as additional cost savings due to the protracted lockdowns through the six months to 30 June 2021. Whilst certain savings have been achieved in semester one, we expect an increase in costs in the second semester from July to December 2021 assuming that campuses return to some level of normalcy in the latter half of the year. Over and above this, academic costs are generally higher in the second semester for the various programmes offered.

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/SDO/HY_21.pdf. A copy of the Full Announcement is 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 results have not been reviewed or audited by the Company's auditor.

4. RESULTS PRESENTATION

STADIO Holdings will be hosting a virtual interim results presentation at 10am on Tuesday, 31 August 2021.

Presentation details:

Please register to attend the presentation ahead of time by clicking on the following link: <https://attendee.gotowebinar.com/register/8781601873282635532>

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, and may also email questions to investorrelations@stadio.co.za.

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