

# STADIO

— HOLDINGS —

RESULTS FOR THE SIX MONTHS ENDED  
30 JUNE 2018

# FINANCIAL HIGHLIGHTS

FROM JUNE 2017 TO JUNE 2018

## STUDENT NUMBERS

27 777



1 112

## INCOME

R301m



R35m

## EBITDA

R60m



(R1m)

## CORE HEADLINE EARNINGS

R32m



(R3m)

## HEPS

3.5 cents



(0.8 cents)

## CHEPS

4.0 cents



(0.7 cents)

# STADIO MULTIVERSITY



## CURRENT

Faculty of  
Business & Commerce

Faculty of  
Creative Industries

Faculty of  
Education & Training

Faculty of  
Law, Security & Political Sciences

## EXPANSION PLAN

Faculty of  
Information Technology

Faculty of  
Engineering & Manufacturing

Faculty of  
Agriculture & Nature Conservation

Faculty of  
Architecture & the Built Environment

Faculty of  
Health & Medical Sciences

Faculty of  
Natural & Life Sciences

# OTHER STATISTICS

## STUDENT NUMBERS PER FACULTY AND MODE OF DELIVERY

|                                      | Student numbers |             |                          | Aug 2018* |
|--------------------------------------|-----------------|-------------|--------------------------|-----------|
|                                      | 30 Jun 2017     | 30 Jun 2018 | Year-on-year growth rate |           |
| <b>Faculty</b>                       |                 |             |                          |           |
| Business and Commerce                | 19 719          | 21 175      | 7%                       | 22 424    |
| Creative Industries                  | 2 660           | 2 783       | 5%                       | 2 787     |
| Education and Training               | 1 112           | 1 716       | 54%                      | 1 842     |
| Law, Security and Political Sciences | 1 682           | 2 103       | 25%                      | 2 103     |
|                                      | 25 173          | 27 777      | 10%                      | 29 156    |
| <b>Contact vs distance learning</b>  |                 |             |                          |           |
| Contact learning                     | 4 237           | 4 904       | 16%                      | 4 987     |
| Distance learning                    | 20 936          | 22 873      | 9%                       | 24 169    |
|                                      | 25 173          | 27 777      | 10%                      | 29 156    |

\* Second semester enrolments still in progress

## PROGRAMMES PER FACULTY AND MODE OF DELIVERY

|                                      | Programmes                    |                     | Total |
|--------------------------------------|-------------------------------|---------------------|-------|
|                                      | Current registered programmes | Pipeline programmes |       |
| <b>Faculty</b>                       |                               |                     |       |
| Business and Commerce                | 33                            | 11                  | 44    |
| Creative Industries                  | 15                            | 9                   | 24    |
| Education and Training               | 7                             | 10                  | 17    |
| Law, Security and Political Sciences | 4                             | 9                   | 13    |
| Engineering and Manufacturing        | -                             | 5                   | 5     |
| Agriculture and Nature Conservation  | -                             | 3                   | 3     |
|                                      | 59                            | 47                  | 106   |
| <b>Contact vs distance learning</b>  |                               |                     |       |
| Contact learning                     | 26                            | 31                  | 57    |
| Distance learning                    | 33                            | 16                  | 49    |
|                                      | 59                            | 47                  | 106   |

# COMMENTARY

## OVERVIEW

STADIO is an investment holding company that focuses on the acquisition of, investment in and the growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It is the STADIO Group's vision to be a leading Multiversity, offering qualifications aligned with the needs of societies, students and the world of work. As a Multiversity, STADIO currently owns 5 registered higher education institutions that are aimed at providing programmes, both undergraduate (including bachelors degrees, higher certificates and diplomas) and post graduate (including honours and masters degrees), that provide graduates with a real chance of creating employment opportunities (entrepreneurship) or finding employment.

In time STADIO will look to consolidate the programmes offered by its various higher education institutions that will allow all stakeholders to benefit from the marketing, operational and regulatory advantages of doing so.

STADIO is still currently focused on growing its existing registered higher education institutions, is pursuing potential further acquisitions of relevant higher education institutions, exploring further expansion opportunities of existing institutions and overseeing the development of new faculties, programmes and campuses across all institutions.

## REVIEW OF RESULTS

The board is pleased to report its interim results for the six months ended 30 June 2018.

The financial results for the six months ended 30 June 2018 included the consolidation of Lisof (Pty) Ltd including the associated property companies Wadam (Pty) Ltd and Histodox (Pty) Ltd (collectively LISOF) effective 1 January 2018, and the consolidation of MBS Education Investments (Pty) Ltd (MBS Education), which owns 100% of Milpark Education (Pty) Ltd (collectively Milpark) effective 19 March 2018.

On review of the student enrolments at the underlying institutions for the period ended 30 June 2018, the Group grew contact learning students by 16% compared to the 2017 first semester intake and distance learning students by 9% over the same period, reflecting an overall growth in Group student enrolments of 10% over the same period.

The growth in revenue, earnings before interest, taxation, depreciation and amortisation (EBITDA) and headline earnings per share (HEPS) from the prior reporting period is attributable to the successful execution of STADIO's organic and acquisitive growth plan. The Group grew student numbers organically at the existing Embury Institute for Higher Education (Pty) Ltd (Embury) campus in Musgrave (Durban), through the opening of the 2 new Embury campuses in Montana (Pretoria) and Waterfall (Midrand), and through the consolidation of the acquired institutions namely South African School of Motion Picture Medium and Live Performance (Pty) Ltd (AFDA), Southern Business School (Pty) Ltd (SBS), LISOF and Milpark.

The Group reported HEPS of 3.5 cents per share and reflected a core headline earnings per share (CHEPS) of 4.0 cents per share. CHEPS represents 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 (i.e. a non-cash charge arising as a result of the consolidation of the subsidiaries acquired) and a deferred purchase consideration payable in respect of the CA Connect Professional Institution CPT (Pty) Ltd (CA Connect) acquisition.

Shareholders are further advised that given the timing of expenses as well as the expenses to be incurred to meet the operational requirements of the underlying institutions for the 2019 academic year, costs in the second half of the current financial reporting period will be higher than reflected in the results presented to 30 June 2018. As such shareholders are advised that the earnings in this report for the six months ended 30 June 2018 should not be assumed to be a mirror representation of potential earnings for the subsequent six months ending 31 December 2018. The Board remains of the view that the Group is well positioned to meet its prelisting statement targets for the 2018 financial year.

# COMMENTARY (CONTINUED)

During the period the Group collectively invested R417 million for the acquisition of a 100% of LISOF (effective 1 January 2018), an 87.2% effective interest in Milpark (effective 19 March 2018) and the business of CA Connect (effective 12 April 2018), further details of which are contained in note 3 of the financial results.

The Group invested a further R36 million on the capital expansion of facilities as well as new programme development.

The current Group cash balance of R304 million will be utilised to fund working capital requirements, to facilitate new developments and for potential further acquisitions which are in various stages of negotiation. STADIO currently has an ungeared balance sheet and will review efficient funding structures going forward.

The Group reported R97 million of net cash flow from operating activities, R46 million of which relates to working capital timing differences mainly generated from income received in advance.

## FUTURE CAPITAL EXPANSION INITIATIVES

### CAMPUS IN DURBANVILLE

The Group has entered into an agreement to acquire vacant land located in Durbanville, Western Cape as part of its geographic expansion plan. STADIO intends to develop the aforementioned land with the aim of opening a consolidated campus offering several faculties, including: Education and Training; Business and Commerce; Law, Security and Political Sciences; and Creative Industries (including, fashion design, advertising, marketing and communication and the film industry), as well as future faculties to be developed and acquired by STADIO. It is further envisaged that the new campus will open in 2021 and accommodate approximately 5 000 contact learning students over time.

### QUALIFICATIONS

The Group is in the process of developing and expanding its product offering. STADIO is currently actively exploring the feasibility of developing further faculties, *inter alia*, a Faculty of Engineering and Manufacturing and a Faculty of Health and Medical Sciences. The establishment of the aforementioned faculties are currently in the research phase and still require further engagement with various role-players, including the Council for Higher Education (CHE), the South African Qualifications Authority (SAQA), the Department of Higher Education and Training (DHET) and other related professional councils.

The STADIO Group currently has 47 qualifications that are in the process of development and/or accreditation.

## DIVIDEND

No Group dividend was declared for the period.

## DIRECTORATE

On 9 March 2018 Douglas Ramaphosa was appointed as an independent non-executive director. He was further appointed as the Chairperson of the Transformation, Social and Ethics Committee as well as a member of the Audit and Risk Committee.

## PROSPECTS

The Board has considered the prospects of the Group and believes that the Group is well positioned to deliver on its organic and acquisitive growth objectives as set out in its prelisting statement. The Group will continue to seek out strategic acquisitions and will continue to develop and expand its product offering as part of its journey to create a "Multiversity" of 100 000 students over time.

On behalf of the board,

**RH Stumpf**  
Chairperson

**CR van der Merwe**  
Chief Executive Officer

3 September 2018

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|---|---|---|--|
| Revenue   | 296 848                                       | 33 183  | 122 554                                      |
| Other income  | 4 204   | 1 462   | 2 844  |
| <b>Income</b>   | <b>301 052</b>                                | <b>34 645</b>                                 | <b>125 398</b>                               |
| Operating expenses  | (241 193)                                     | (35 500)                                      | (124 929)                                    |
| <b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b> | <b>59 859</b>                                 | <b>(855)</b>                                  | <b>469</b>                                   |
| Depreciation and amortisation   | (16 405)                                      | (3 568)                                       | (10 069)                                     |
| <b>Earnings/(loss) before interest and taxation (EBIT)</b>                        | <b>43 454</b>                                 | <b>(4 423)</b>                                | <b>(9 600)</b>                               |
| Interest income   | 14 298  | 4 889   | 14 914                                       |
| Finance cost  | (4 249)                                       | (4 374)                                       | (7 630)                                      |
| <b>Profit/(loss) before taxation</b>  | <b>53 503</b>                                 | <b>(3 908)</b>                                | <b>(2 316)</b>                               |
| Taxation  | (17 990)                                      | 627   | (2 788)                                      |
| <b>Profit/(loss) for the year</b>   | <b>35 513</b>                                 | <b>(3 281)</b>                                | <b>(5 104)</b>                               |
| Profit attributable to:   |   |   |  |
| Owners of the parent  | 28 759  | (3 281)                                       | (7 037)                                      |
| Non-controlling interests   | 6 754   | -   | 1 933  |
| <b>Total comprehensive income/(loss) for the year</b>                             | <b>35 513</b>                                 | <b>(3 281)</b>                                | <b>(5 104)</b>                               |
| Headline earnings/(loss) (note 4)   | 28 470  | (3 281)                                       | (7 038)                                      |
| Core headline earnings/(loss) (note 4)  | 31 915  | (2 854)                                       | 3 238  |
|   | <b>Cents</b>                                  | <b>Cents</b>                                  | <b>Cents</b>                                 |
| <b>Earnings/(loss) per share (EPS)</b>  |   |   |  |
| - Basic   | 3.6   | (0.8)   | (1.2)  |
| - Diluted   | 3.6   | (0.8)   | (1.2)  |
| <b>Headline earnings/(loss) per share (HEPS)</b>                                  |   |   |  |
| - Basic   | 3.5   | (0.8)   | (1.2)  |
| - Diluted   | 3.5   | (0.8)   | (1.2)  |
| <b>Core headline earnings/(loss) per share (CHEPS)</b>                            |   |   |  |
| - Basic   | 4.0   | (0.7)   | 0.6  |
| - Diluted   | 3.9   | (0.7)   | 0.6  |
|   | <b>Million</b>                                | <b>Million</b>                                | <b>Million</b>                               |
| <b>Number of shares in issue</b>  |   |   |  |
| - Basic   | 816   | 407   | 786  |
| - Diluted   | 820   | 409   | 792  |
| <b>Weighted average number of shares in issue</b>                                 |   |   |  |
| - Basic   | 805   | 407   | 576  |
| - Diluted   | 808   | 409   | 582  |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|---|---|---|--|
| <b>ASSETS</b>   |   |   |  |
| <b>Non-current assets</b>   |   |   |  |
| Property, plant and equipment                                     | 553 354                                       | 94 675  | 453 699                                      |
| Goodwill  | 739 556                                       | 39 923  | 409 666                                      |
| Intangible assets   | 183 787                                       | 42 051  | 113 522                                      |
| Other investments   | 2 555   | –   | 1 898  |
| Deferred tax asset  | 63 084  | 4 880   | 14 695                                       |
| <b>Total non-current assets</b>                                   | <b>1 542 336</b>                              | <b>181 529</b>                                | <b>993 480</b>                               |
| <b>Current assets</b>   |   |   |  |
| Inventories   | 4 347   | 2 245   | 7 370  |
| Trade and other receivables                                       | 119 280                                       | 6 444   | 42 364                                       |
| Loans and advances  | 2 384   | 42  | 2 500  |
| Tax receivable  | 14 008  | 3 808   | 6 448  |
| Cash and cash equivalents   | 303 838                                       | 122 537                                       | 646 090                                      |
| <b>Total current assets</b>                                       | <b>443 857</b>                                | <b>135 076</b>                                | <b>704 772</b>                               |
| <b>Total assets</b>   | <b>1 986 193</b>                              | <b>316 605</b>                                | <b>1 698 252</b>                             |
| <b>EQUITY</b>   |   |   |  |
| Share capital (note 5)  | 1 558 683                                     | 60 812  | 1 367 123                                    |
| Retained earnings   | 46 000  | 20 164  | 17 241                                       |
| Other reserves  | 3 037   | –   | 953  |
| <b>Total equity attributable to equity holders of the Company</b> | <b>1 607 720</b>                              | <b>80 976</b>                                 | <b>1 385 317</b>                             |
| Non-controlling interest  | 40 961  | –   | 29 354                                       |
| <b>Total equity</b>   | <b>1 648 681</b>                              | <b>80 976</b>                                 | <b>1 414 671</b>                             |
| <b>LIABILITIES</b>  |   |   |  |
| <b>Non-current liabilities</b>                                    |   |   |  |
| Borrowings  | 3 801   | –   | 3 570  |
| Trade and other payables (note 6)                                 | 1 339   | –   | 719  |
| Deferred tax liability  | 32 174  | 7 441   | 20 116                                       |
| <b>Total non-current liabilities</b>                              | <b>37 314</b>                                 | <b>7 441</b>                                  | <b>24 405</b>                                |
| <b>Current liabilities</b>  |   |   |  |
| Borrowings  | 450   | –   | 664  |
| Loans from related parties  | 623   | 211 997                                       | 119 042                                      |
| Trade and other payables (note 6)                                 | 267 405                                       | 16 191  | 136 010                                      |
| Tax payable   | 31 720  | –   | 3 460  |
| <b>Total current liabilities</b>                                  | <b>300 198</b>                                | <b>228 188</b>                                | <b>259 176</b>                               |
| <b>Total liabilities</b>  | <b>337 512</b>                                | <b>235 629</b>                                | <b>283 581</b>                               |
| <b>Total equity and liabilities</b>                               | <b>1 986 193</b>                              | <b>316 605</b>                                | <b>1 698 252</b>                             |
| Net asset value per share (cents)                                 | 197   | 20  | 176  |



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

|  | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|--|---|---|--|
| <b>Balance at the beginning of the period</b>    | <b>1 414 671</b>                              | <b>84 257</b>                                 | <b>84 257</b>                                |
| Total comprehensive income/(loss) for the period | 35 513  | (3 281)                                       | (5 104)                                      |
| Issue of ordinary shares                         | 191 925                                       | -   | 1 321 378                                    |
| Share issue costs                                | (365)   | -   | (15 066)                                     |
| Recognition of share-based payments expense      | 2 085   | -   | 953  |
| Dividends paid to non-controlling shareholders   | (1 690)                                       | -   | -  |
| Non-controlling interest                         | 6 542   | -   | 28 253                                       |
| <b>Balance at the end of the period</b>          | <b>1 648 681</b>                              | <b>80 976</b>                                 | <b>1 414 671</b>                             |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2018

|   | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|---|---|---|--|
| <b>Net cash flow from/(used in) operating activities</b>        | <b>97 364</b>                                 | <b>964</b>                                    | <b>(47 737)</b>                              |
| Cash generated from/(utilised by) operations (note 7)           | 109 330                                       | 449   | (37 233)                                     |
| Interest income   | 14 298  | 4 889   | 14 914                                       |
| Finance cost  | (4 249)                                       | (4 374)                                       | (7 630)                                      |
| Tax paid  | (22 015)                                      | -   | (17 788)                                     |
| <b>Net cash flow used in investing activities</b>               | <b>(280 972)</b>                              | <b>(28 461)</b>                               | <b>(391 903)</b>                             |
| Purchase of property, plant and equipment                       | (30 573)                                      | (23 370)                                      | (222 185)                                    |
| Proceeds from sale of property, plant and equipment             | 303   | 662   | 233  |
| Purchase of intangible assets and curriculum development costs  | (5 768)                                       | (5 753)                                       | (11 403)                                     |
| Acquisition of subsidiaries (note 3)                            | (244 934)                                     | -   | (158 548)                                    |
| <b>Net cash flow from financing activities</b>                  | <b>(158 644)</b>                              | <b>2 763</b>                                  | <b>938 459</b>                               |
| (Share issue costs)/net proceeds from shares issued             | (365)   | -   | 824 934                                      |
| Net proceeds from loans   | 624   | -   | 119 042                                      |
| Repayment of borrowings   | (157 213)                                     | 2 763   | (32)   |
| Dividends paid to non-controlling shareholders                  | (1 690)                                       | -   | -  |
| Additional investment in subsidiary with no change of control   | -   | -   | (5 485)                                      |
| <b>Net movement in cash and cash equivalents for the period</b> | <b>(342 252)</b>                              | <b>(24 734)</b>                               | <b>498 819</b>                               |
| Cash and cash equivalents at the beginning of the period        | 646 090                                       | 147 271                                       | 147 271                                      |
| Cash and cash equivalents at the end of the period              | 303 838                                       | 122 537                                       | 646 090                                      |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

## 1. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting 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 Listings Requirements of the JSE and the requirements of the Companies Act of South Africa, as amended. The report has been prepared using accounting policies that comply with IFRS which are consistent in all material respects with those applied in the financial statements for the year ended 31 December 2017. The results have not been reviewed or audited by the Company's auditor. The condensed consolidated interim results have been prepared internally under the supervision of the Chief Financial Officer, S Totaram, CA(SA) CFA.

## 2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2017 and includes the adoption of new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers that were effective 1 January 2018. The new standards that have been adopted 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 2017.

## 3. BUSINESS COMBINATIONS

During 2018 the Group invested R417 million in the acquisition of LISOF, Milpark and the business of CA Connect.

### *LISOF*

Effective 1 January 2018, the Group acquired 100% of LISOF for a total purchase consideration of R127 million.

LISOF is a registered private higher education institution (focusing on fashion design and retail education) with six registered programmes ranging from higher certificates to honours degrees offered at two campuses in Johannesburg and Pretoria.

### *MILPARK*

Effective 19 March 2018, the Group acquired an effective 70% interest in Milpark for a purchase consideration of R211 million. Brimstone Investment Corporation Ltd (Brimstone), the Group's BEE partner, acquired the remaining 30% effective interest in Milpark for a purchase consideration of R89 million. The total purchase consideration for Milpark amounted to R300 million.

On 20 March 2018, the Group and Brimstone concluded an asset-for-share agreement whereby the Group acquired 17.2% of Brimstone's effective 30% interest in Milpark for a purchase consideration of R50.9 million. This consideration was settled through the issue of 9.8 million ordinary STADIO shares (which are subject to a BEE lock-in period of seven years), at an issue price of R5.20 per share (being STADIO's volume weighted average share price, less a 20% discount at the date of settlement). Following the acquisition of the 17.2% interest from Brimstone, the Group has an effective interest of 87.2% in Milpark. The Group's aggregate consideration for its effective interest of 87.2% amounted to R261 million.

### 3. BUSINESS COMBINATIONS (CONTINUED)

Milpark is a registered private higher education institution with a wide variety of programmes primarily in business and commerce (ranging from higher certificates to an MBA), the majority of which is offered through the distance learning mode of delivery.

#### CA CONNECT

Effective 12 April 2018, Milpark acquired the business of CA Connect for purchase consideration of R32.3 million, with the deferred consideration being subject to the achievement of certain profit targets. The Group's purchase consideration amounted to R28.2 million for an effective interest of 87.2%. The purchase consideration was settled partly in shares and partly in cash on 12 April 2018. CA Connect specialises in education services related to the Post Graduate Diploma in Accounting, a pathway for students who aspire to be a Chartered Accountant.

The fair value of net assets acquired are:

|   | LISOF<br>R'000   | MILPARK<br>R'000 | CA CONNECT<br>R'000 | TOTAL<br>R'000   |
|---|------------------|------------------|---------------------|------------------|
| Property, plant and equipment                 | 69 524           | 12 185           | –                   | 81 709           |
| Intangible assets                             | 17 100           | 48 802           | 2 829               | 68 731           |
| Deferred tax asset                            | 1 626            | 13 857           | –                   | 15 483           |
| Deferred tax liability                        | (6 703)          | (2 671)          | (993)               | (10 367)         |
| Trade and other receivables                   | 2 828            | 44 848           | 3 547               | 51 223           |
| Other financial assets                        | –                | 510              | –                   | 510              |
| Trade and other payables                      | (6 295)          | (112 891)        | –                   | (119 186)        |
| Income tax payable                            | (1 472)          | –                | –                   | (1 472)          |
| Income tax receivable                         | 1 348            | 6 667            | –                   | 8 015            |
| Borrowings                                    | (16 653)         | –                | –                   | (16 653)         |
| Loans and advances                            | (21 518)         | –                | –                   | (21 518)         |
| Cash and cash equivalents                     | 2 729            | 34 415           | –                   | 37 144           |
| <b>Total identifiable net assets acquired</b> | <b>42 514</b>    | <b>45 722</b>    | <b>5 383</b>        | <b>93 619</b>    |
| Non-controlling interest                      | –                | (5 853)          | (689)               | (6 542)          |
| Goodwill                                      | 84 824           | 221 582          | 23 484              | 329 890          |
| <b>Consideration paid by the Group</b>        | <b>127 338</b>   | <b>261 451</b>   | <b>28 178</b>       | <b>416 967</b>   |
| <b>Consideration paid by the Group</b>        |                  |                  |                     |                  |
| Cash  | (68 690)         | (206 996)        | (6 392)             | (282 078)        |
| Equity  | (58 648)         | (50 863)         | (8 006)             | (117 517)        |
| Deferred consideration                        | –                | (3 592)          | (13 780)            | (17 372)         |
| <b>Total consideration</b>                    | <b>(127 338)</b> | <b>(261 451)</b> | <b>(28 178)</b>     | <b>(416 967)</b> |
| <b>Net cash flow on acquisition</b>           |                  |                  |                     |                  |
| Cash consideration paid                       | (68 690)         | (206 996)        | (6 392)             | (282 078)        |
| Cash and cash equivalents acquired            | 2 729            | 34 415           | –                   | 37 144           |
|   | <b>(65 961)</b>  | <b>(172 581)</b> | <b>(6 392)</b>      | <b>(244 934)</b> |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

(CONTINUED)

## 4. HEADLINE EARNINGS/(LOSS) PER SHARE

|   | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|---|---|---|--|
| <b>Reconciliation of headline earnings/(loss):</b>  |   |   |  |
| Basic earnings/(loss)   | 28 759  | (3 281)                                       | (7 037)                                      |
| <i>Adjustments attributable to parent:</i>  |   |   |  |
| Loss/(profit) on disposal of property, plant and equipment  | 163   | -   | (1)  |
| Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up | (564)   | -   | -  |
| Tax on above  | 112   | -   | -  |
| <b>Headline earnings/(loss)</b>   | <b>28 470</b>                                 | <b>(3 281)</b>                                | <b>(7 038)</b>                               |
| <b>Reconciliation of core headline earnings/(loss):</b>   |   |   |  |
| Headline earnings/(loss)  | 28 470  | (3 281)                                       | (7 038)                                      |
| <i>Adjustments attributable to parent:</i>  |   |   |  |
| Finance cost on deferred purchase consideration   | 868   | -   | -  |
| Acquisition costs   | 1 097   | -   | 4 744  |
| Listing costs, legal and other fees   | -   | -   | 4 154  |
| Amortisation of client list   | 2 061   | 593   | 1 916  |
| Tax on above  | (581)   | (166)   | (538)  |
| <b>Core headline earnings/(loss)</b>  | <b>31 915</b>                                 | <b>(2 854)</b>                                | <b>3 238</b>                                 |

## 5. SHARE CAPITAL

The Company issued ordinary shares during the period as per the share capital reconciliation below:

|  | Number<br>of ordinary<br>shares<br>(million) | Share capital<br>(R'000) |
|--|--|--------------------------|
| Balance as at 1 January 2018               | 786  | 1 367 123                |
| Issue of shares in respect of acquisitions | 30   | 191 560                  |
| Balance as at 30 June 2018                 | 816  | 1 558 683                |

## 6. TRADE AND OTHER PAYABLES

|                                 | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|---------------------------------|---|---|--|
| Trade and other payables        | 78 468  | 10 685  | 25 304                                       |
| Income received in advance      | 172 904                                       | 5 506   | 22 609                                       |
| Deferred purchase consideration | 17 372  | -   | 88 816                                       |
|                                 | <b>268 744</b>                                | <b>16 191</b>                                 | <b>136 729</b>                               |

## 7. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

|   | Unaudited<br>30 Jun 2018<br>6 months<br>R'000 | Unaudited<br>30 Jun 2017<br>6 months<br>R'000 | Audited<br>31 Dec 2017<br>12 months<br>R'000 |
|---|---|---|--|
| <b>Profit/(loss) before taxation</b>                | 53 503  | (3 908)                                       | (2 316)                                      |
| Non-cash and other items disclosed separately       | 9 510   | 3 053   | 4 526  |
|   | <b>63 013</b>                                 | (855)   | 2 210  |
| <b>Movements in working capital</b>                 | <b>46 317</b>                                 | 1 304   | (39 443)                                     |
| Decrease/(increase) in inventories                  | 3 024   | 1 565   | (3 561)                                      |
| Increase in trade and other receivables             | (25 575)                                      | (6 148)                                       | (2 760)                                      |
| Increase/(decrease) in trade and other payables     | 68 868  | 5 887   | (33 122)                                     |
| <b>Cash generated from/(utilised by) operations</b> | <b>109 330</b>                                | 449   | (37 233)                                     |

## 8. SEGMENTAL REPORTING

Due to all the services provided by the Group being related to higher education services within Southern Africa, the Group only has one reportable segment. All historical information presented represents the financial information of this single segment.

## 9. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

# STATUTORY AND ADMINISTRATION

Stadio Holdings Ltd (previously Embury Holdings (Pty) Ltd)  
Incorporated in the Republic of South Africa (Registration number: 2016/371398/06)  
JSE Share Code: SDO  
ISIN: ZAE000248662  
(STADIO or the Group)

**Directors:** CR van der Merwe\*, S Totaram\*, D Singh\*, PN de Waal\*\*, DM Ramaphosa^, RH Stumpf^, R Kisten^, KS Sithole^, A Mellet\*\* (Alternate to PN de Waal)

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

**Company secretary:** Stadio Corporate Services (Pty) Ltd

**Registered office:** Unit 13, San Domenico, 10 Church Street, Durbanville, 7550

**Transfer secretaries:** Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196. PO Box 61051, Marshalltown, 2107

**Corporate adviser and sponsor:** PSG Capital (Pty) Ltd

**Website:** [www.stadio.co.za](http://www.stadio.co.za)

# STADIO

— HOLDINGS —

## CREATING A MULTIVERSITY



[www.stadio.co.za](http://www.stadio.co.za)