STADIO HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2016/371398/06
Share code: SDO
ISIN: ZAE000248662
LEI: 3789007C8FB26515D966
("**the Company**" or "**the STADIO Group**")

TRADING STATEMENT

The STADIO Group utilises core headline earnings to measure and benchmark the underlying performance of the business. Core headline earnings represents headline earnings adjusted for certain non-recurring or non-cash items that, in the Board's view, may distort the financial results from year to year.

We are pleased to report that based on the information available to date the core headline earnings per share (CHEPS) for the six month period ended 30 June 2020, will be between 5.9 cents and 7.1 cents, being between 4% and 24% higher than the 5.7 cents per share reported for the six month period ended 30 June 2019.

In terms of the JSE Limited Listings Requirements, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next period to be reported on will differ by 20% or more from the financial results for the previous corresponding period.

Accordingly, shareholders are advised that as a result of two abnormal items (further explained below) there is a reasonable degree of certainty that, for the six months ended 30 June 2020, the Company will report a basic loss and headline loss per share, being a decrease of more than 100%, compared to the earnings per share ("EPS") and headline earnings per share ("HEPS") of 5.1 cents reported for the six months ended 30 June 2019.

The decline in the EPS and HEPS is as a result of the outperformance in the enrolment of students on the Post Graduate Diploma in Accounting ("PGDA"), which will result in an accounting fair value adjustment arising from revaluation of the contingent consideration liability payable in respect of the acquisition of the business of CA Connect. Furthermore, the substantial progress made in migrating to one STADIO brand will also result in a once-off, non-cash impairment of existing trademarks. Further details relating to the adjustments are set out below:

1. CA CONNECT ACQUISITION

- In March 2018, the STADIO Group, through Milpark, acquired the business of CA Connect, with a portion of the consideration payable in cash (25%) and shares (75%), subject to meeting certain profit targets over a 3-year period.
- The CA Connect business is responsible for the offer of the PGDA programme (a feeder qualification for students looking to become SAICA accredited chartered accountants) as well as the PGDA Bridging programme. Both programmes were offered from 1 July 2019.
- During 2020, the actual student enrolments outperformed expected enrolments for the period. The better than expected performance will result in an increase in the contingent consideration liability to account for the higher

expected purchase consideration. In accordance with IFRS 9, the movement in the fair value of the contingent consideration liability ("Fair Value Adjustment") is recorded as an expense in the income statement. Management is in the process of revaluing the contingent consideration liability having regard to attrition rates and fee collections, and shareholders are hereby advised that the Fair Value Adjustment, will not impact CHEPS, but will negatively impact HEPS and EPS.

2. THE MIGRATION TO ONE STADIO BRAND

- The Group has made substantial progress towards consolidating the programmes of the various underlying higher education institutions into one STADIO brand ("Business Transfer"). On the 7 May 2020, the Higher Education Quality Committee approved the Business Transfer process. This enables STADIO to progress towards transferring the underlying businesses of LISOF (Pty) Ltd ("LISOF"), Prestige Academy (Pty) Ltd ("Prestige Academy") and Southern Business School (Pty) Ltd ("SBS") to STADIO (formerly Embury Institute of Higher Education (Pty) Ltd ("Embury")) during 2020. The positive development in the move to one STADIO, will allow the Group to actively deliver on the marketing, operating and regulatory efficiencies of operating under a single brand, STADIO.

- Given Milpark Education (Pty) Ltd's ("Milpark") large reliance on corporate clients and the need for a high B-BBEE rating (currently a level 2 rating), the STADIO Group has elected to exclude Milpark from the Business Transfer. Furthermore, to mitigate against the potential business risk associated with change, the STADIO Group has decided to phase in the Business Transfer of South African School of Motion Picture Medium and Live Performance (Pty) Ltd ("AFDA") over a period of approximately 2 years.

- The migration of the underlying brands to one STADIO brand will trigger a once-off non-cash, accounting impairment of approximately R60 million, being the value of the trademarks (excluding Milpark) recognised at acquisition. The impairment will not impact CHEPS but will negatively impact EPS.

A further trading statement and more specific guidance on the trading range will be provided once there is reasonable certainty of the range of EPS, HEPS and CHEPS.

The financial information on which this trading update is based, has not been reviewed or reported on by the Company´s external auditors.

The results for the interim period ended 30 June 2020 are expected to be published on or about 26 August 2020.

COVID 19

Further to the voluntary update issued on SENS on 26 March 2020, the STADIO Group continues to manage the impact of the COVID-19 pandemic by focusing on and prioritising the health and safety of all staff and students, ensuring the continuation of the academic programme and maintaining the financial health of the business.

The developments of the COVID-19 pandemic and its implications on the broader economy remains highly uncertain and fluid. To May 2020, the STADIO Group enrolled 31 047 students, reflecting a 10% increase over 2019 semester 1 enrolments. Collection of student fees over this period increased by 6% compared to May 2019. To May 2020, 51 students have withdrawn specifically as a result of COVID-19.

Management has taken steps to proactively manage the impact of COVID-19 on the business and has initiated various cost saving initiatives, with a directive to conserve cash, until the full extent of the impact of COVID-19 can be quantified.

The Board has accordingly resolved to delay the construction and opening of the new multi-faculty STADIO Centurion campus, which was intended to open in 2021. It is anticipated that the STADIO Centurion campus will open in 2022.

Notwithstanding the postponement of the opening of the new greenfield multi-faculty campus, the Group remains committed to seeking further growth opportunities. The Business Transfer will allow for STADIO to accommodate a wider variety of programmes at the Group's various registered sites of delivery. To this end management is actively reviewing the programmes offered at the Group's various sites with a view to optimise the utilisation of existing STADIO Group facilities whilst promoting the geographic spread of existing programmes. Furthermore, the COVID -19 pandemic has created a shift in the perception and attractiveness of distance/remote learning and, coupled with the attractive price point of the distance learning offerings, has provided an opportunity for STADIO, which currently has approximately 25 000 distance learning students, to actively pursue further growth opportunities.

The Board is of the view that the STADIO Group has healthy cash resources and adequate debt facilities to be able to navigate the negative impacts of the COVID-19 pandemic on the business as well as to fund its current known growth projects and no further capital raising is thus expected in this regard.

Durbanville
01 July 2020

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