STADIO

HOLDINGS

SUMMARY AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

PRESENTING

STADIO

HOLDINGS

MILPARK EDUCATION

STADIO

HIGHER EDUCATION

[AFDA]

THREE DISTINCT PRIVATE HIGHER EDUCATION INSTITUTIONS

Highlights

REVENUE
R1 214 million
↑ **11%**
R1 098 million

STUDENT NUMBERS
41 296
↑ **8%**
38 262

EBITDA[1]
R351 million
↑ **13%**
R309 million

EPS
19.5 cps
↑ **31%**
14.9 cps

Core HE[2]
R176 million
↑ **18%**
R149 million

CHEPS[2]
20.7 cps
↑ **18%**
17.6 cps

STADIO
DIVIDEND PER SHARE
8.9 cps
↑ **89%**
4.7 cps

86 Qualifications

31 Pipeline programmes

[1] *Earnings before interest, taxation, depreciation and amortisation (EBITDA)*
[2] *Core headline earnings (HE) and core headline earnings per share (CHEPS) as per Note 6*

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[1] 30 Jun	2021 30 Jun	2022 30 Jun	Year-on-year growth %	5-year CAGR growth[2] %
Modes of learning delivery								
Contact learning	4 755	5 402	6 081	6 269	5 921	5 662	(4%)	4%
Distance learning	18 997	20 932	22 199	24 784	28 573	32 686	14%	11%
	23 752	26 334	28 280	31 053	34 494	38 348	11%	10%
Made up as follows:								
% Contact learning	20%	21%	22%	20%	17%	15%		
% Distance learning	80%	79%	78%	80%	83%	85%		

Semester Two unaudited

	2017[1] 31 Dec	2018[1] 31 Dec	2019[1] 31 Dec	2020[1] 31 Dec	2021 31 Dec	**2022 31 Dec**	**Year-on-year growth %**	**5-year CAGR growth[2] %**
Modes of learning delivery								
Contact learning	4 833	5 500	6 197	6 367	5 942	**5 699**	**(4%)**	**3%**
Distance learning	22 751	24 385	25 672	28 664	32 320	**35 597**	**10%**	**9%**
	27 584	29 885	31 869	35 031	38 262	**41 296**	**8%**	**8%**
Made up as follows:								
% Contact learning	18%	18%	19%	18%	16%	**14%**		
% Distance learning	82%	82%	81%	82%	84%	**86%**		

[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 has been established to service the needs of the higher education market in South Africa with a vision to empower the nation by widening access to higher education. The STADIO Group is one of the largest higher education providers in the country servicing in excess of 41 000 students.

STADIO Holdings currently owns three registered private Higher Education Institutions (HEIs), namely:

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

COMMENTARY ON INSTITUTIONS

STADIO HIGHER EDUCATION

STADIO Higher Education is a comprehensive institution offering qualifications across various disciplines including, education, commerce, management and administration, policing, law, information technology, fashion, media and design, and architecture and spatial design. Qualifications are offered on both the contact and distance learning modes of delivery. Following the business migration in 2020, STADIO Higher Education continues to optimise its offerings both on its contact learning campuses throughout the country as well as positioning its distance learning offerings for growth. Specific focus has been placed on new programme development, as well as streamlining its processes and systems in line with its strategy to focus on operational excellence. Phase II of the STADIO Centurion campus was completed at the end of June 2022 and the STADIO Centurion campus is now fully operational. STADIO Higher Education has also embarked on the expansion of its distance learning operations centre in Krugersdorp which will allow STADIO Higher Education to scale its distance learning offerings. STADIO Higher Education accredited new qualifications in information technology, education, law, commerce and architecture during the year. The institution showed excellent growth for the year particularly in the distance mode of delivery, with good new student growth recorded on the contact learning mode of delivery.

MILPARK EDUCATION

Milpark Education is becoming the South African leader in online distance learning offering programmes with a focus on accounting and financial services. Milpark Education is in the process of transitioning away from offering contact learning qualifications to focus on digitally enhanced online distance learning offerings. The Postgraduate Diploma in Accounting (PGDA) and PGDA Bridging programmes continued to deliver solid growth for the year. During the year Milpark Education accredited the Bachelor of Commerce in Accounting to expand its reach in the commerce and accounting disciplines.

AFDA

AFDA is a contact learning provider specialising in the offer of high-end qualifications in the creative economies (encompassing film, live performance, business and innovation, and creative writing). AFDA continues to entrench its position as the leading film and television school in the country. AFDA delivered excellent growth for the period to 31 December 2022, capitalising on operational efficiencies following improvements to its operational model over the last 2 years.

Commentary (CONTINUED)

REVIEW OF RESULTS

The Board is pleased to report the results for the year ended 31 December 2022 (the Financial Results).

The Group monitors student numbers on a semester basis. The Group increased semester 1 student enrolments by 11% to 38 348 students at 30 June 2022 (June 2021: 34 494). At 31 December 2022, semester 2 students enrolments increased by 8% to 41 296 (December 2021: 38 262).

Distance learning student numbers reflected good overall growth of 14% to 32 686 at 30 June 2022 (June 2021: 28 573) and 10% to 35 597 at 31 December 2022 (December 2021: 32 320). Strong demand in professional qualifications continues to drive strong growth in registrations for the period. The lower growth in semester 2 student numbers is largely due to the cyclicality of the corporate business in Milpark Education.

Contact learning student numbers declined by 4% to 5 662 at 30 June 2022 (June 2021: 5 921) and by 4% to 5 699 at 31 December 2022 (December 2021: 5 942). The decline in contact learning students is in part due to Milpark Education transitioning away from offering contact learning programmes to becoming a preferred provider in online distance learning education. COVID-19 negatively impacted new student intakes during 2021 which resulted in less students rolling over into 2022, adversely affecting total contact learning students in the current year. Notwithstanding the above, AFDA continued to show consistent and encouraging growth in student numbers over this period, and the Group showed good growth in new students on its contact learning campuses in 2022.

Furthermore, regulatory delays in accrediting programmes and site extensions impacted the Group's growth plans for many of its contact learning campuses in 2022. With the successful and timeous regulatory approvals of various site extensions, the impact of these approvals should have a positive impact on registration cycles for 2023 and beyond.

The Group grew revenue by 11% to R1 214 million (2021: R1 098 million), with EBITDA growing by 13% to R351 million (2021: R309 million). The increase in EBITDA is due to good growth in student numbers for the period, coupled with controlled cost management. EBITDA margins improved to 29% (2021: 28%) for the period, despite additional costs being incurred on opening and operating the new STADIO Centurion campus during the year. Furthermore, EBITDA was impacted by the recognition of an onerous contract of R5.5 million relating to Milpark Education's rented premises in Gauteng (Gauteng Lease). This follows Milpark Education's change in strategy away from contact learning to focus on the digitally enhanced distance learning mode of delivery, and Milpark Education's inability to sub-let the existing premises in Gauteng. The onerous contract recognises Milpark Education's remaining obligations (including municipal costs, security costs, refurbishment costs and the like) over the remaining term of the lease (to November 2025).

EBITDA was also impacted by additional costs incurred in 2022 following a return to normal operations post COVID-19. These costs included the costs of running venue based exams, graduations, travel and the like.

Despite the strained economic environment, the loss allowance margin improved to 7% of net revenue (2021: 8%). In the prior year, an additional loss allowance was raised to account for the uncertainties of COVID-19 on collections. Whilst collections are still challenging, cash collections in 2022 exceeded expectations. To 31 December 2022, bad debts recovered improved to R3.8 million (2021: R3.2 million).

During the year, the Group reported impairment losses of R6.5 million, of which R2.8 million relates to the further impairment of Milpark Education's right of use asset, over and above the onerous contract expense recognised, in respect of its Gauteng Lease. Further impairment losses of R3.7 million relate to the impairment of curriculum intangible assets following STADIO Higher Education's strategic plan to optimise offerings across its campuses resulting in the decision to discontinue certain legacy programmes.

The South African corporate tax rate for years of assessment ending on or after 31 March 2023 will change from 28% to 27%. As the Group is in a net deferred tax asset position during the year, this change in tax rate resulted in the Group recognising an additional deferred tax expense of R1.6 million for the year.

Commentary (CONTINUED)

For the period ended 31 December 2022, the Group reported a profit after taxation of R186 million (2021: R137 million), earnings per share (EPS) of 19.5 cents per share (cps) (2021: 14.9 cps), and headline earnings per share (HEPS) of 20.0 cps (2021: 17.0 cps).

The growth in profit after taxation, EPS and HEPS for the year was primarily due to organic growth in the underlying institutions and good cost controls. Profit after tax and EPS in the prior year were also impacted by material impairments relating to:

- An impairment of the right of use asset of R17 million in respect of the Milpark Gauteng Lease; and
- An impairment of the value of the STADIO Montana property of R10 million.

The Group utilises core headline earnings (Core HEPS) 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, once-off costs in respect of onerous contracts and costs relating to contingent consideration payable in respect of acquisitions.

Accordingly, for the period ended 31 December 2022, Core HEPS grew by 18% to 20.7 cps (2021: 17.6 cps).

The Group generated R308 million (2021: R 266 million) cash from operations for the year (refer to Note 13). Included in the working capital trade and payables movement is R33 million (2021: R 48 million) relating to the final cash-settled portion of the CA Connect early settlement agreement.

For the year ended 31 December 2022, the Group invested R23 million into the completion of Phase II of the STADIO Centurion campus. A further R34 million was invested to date to expand the STADIO Higher Education distance learning operations centre in Krugersdorp. A further R36 million was invested across the Group on the development of new programmes, existing facilities, systems and moveable assets. The Group disposed of the Montana property in March 2022 for a cash consideration of R52 million.

At 31 December 2022, the Group had repaid all outstanding debt. During 2022, the Group renegotiated its debt funding facilities after reassessing the Group's capital needs. The Group currently has access to a revolving credit facility of R100 million (refer to Note 11) with an option to increase the facility by a further R100 million.

The Group is in a strong cash position with a cash balance of R148 million as at 31 December 2022, which has been earmarked for future growth opportunities and the payment of dividends.

SHARE REPURCHASE

During the year the STADIO Group Share incentive Trust (SIT) purchased shares in STADIO Holdings Limited to settle its obligations in terms of the Group's long term share incentive scheme. The SIT purchased 4 million STADIO Holdings shares during the year, at an average price of R3.72 per share. During the year 3.8 million of these shares were transferred to employees to fulfil the SIT obligations in terms of the scheme. At 31 December 2022, 0.2 million shares were still held by the SIT for the purposes of settling future obligations. The Board has provided the SIT with the mandate (subject to certain prescribed limits) to continue to purchase STADIO Holdings shares in the market to fulfil future obligations.

DIVIDEND

The Board is pleased to declare a dividend of 8.9 cents (2021: 4.7 cents) per ordinary share from income reserves for the period ended 31 December 2022. This constitutes 43% of core HEPS and represents excess cash available after considering capital required for growth opportunities.

The Board has adopted a policy of declaring and paying dividends on an annual basis based on excess free-cash flow available considering the capital needs for future growth projects.

The dividend amount, net of South African dividends tax of 20%, is 7.12 cents per share.

The number of ordinary shares in issue at the declaration date is 850 526 727, and the income tax number of the Company is 965/093/41/60. The total dividend amount payable is R76 million.

The salient dates for this dividend distribution are:

Last day to trade *cum* dividend	Tuesday, 11 April 2023
Trading *ex*-dividend commences	Wednesday, 12 April 2023
Record date	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 April 2023 and Friday, 14 April 2023, both days inclusive.

PROSPECTS

The Group is cognisant of the negative impact that loadshedding, coupled with the after-effects of COVID-19, has on the economy and more specifically on the ability of cash strained consumers to afford higher education offerings. Operationally the Group has invested in generators and other back-up power solutions to enable the Group to continue its operations with minimal disruption. Management is actively investigating solar energy solutions, to not only alleviate the burdens of loadshedding, but to also progress the Group's commitment to greener campuses.

There continues to be a high demand for quality higher education in South Africa and the Group continues to strategically position itself by focussing on optimising systems and processes, improving customer service and strengthening its links with the world of work to meet this growing demand. Notwithstanding the many economic challenges facing the country we continue to improve our offering to deliver on our vision of widening access to quality higher education in South Africa.

On behalf of the Board,

Vincent Maphai
Chairperson

Chris Vorster
Chief Executive Officer

14 March 2023

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 2022, 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 2022.

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 14 March 2023. 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
14 March 2023

Summary consolidated statement of comprehensive income

For the year ended 31 December 2022

	Year-on-year change %	Audited 2022 R'000	Audited 2021 R'000
Revenue (Note 4)	11%	**1 213 812**	1 097 768
Other income	(35%)	**6 165**	9 543
Loss allowance	(3%)	**(79 494)**	(82 047)
Fair value gains/(losses) on financial instruments	(>100%)	**127**	(697)
Employee costs	8%	**(515 254)**	(478 080)
Operating expenses[1]	16%	**(274 219)**	(236 990)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	13%	**351 137**	309 497
Depreciation and amortisation	2%	**(68 353)**	(66 707)
Impairment (Note 7 & 8)	(78%)	**(6 456)**	(29 969)
Earnings before interest and taxation (EBIT)	30%	**276 328**	212 821
Investment income	40%	**12 038**	8 573
Finance cost	(10%)	**(18 650)**	(20 730)
Profit before taxation	34%	**269 716**	200 664
Taxation	32%	**(83 228)**	(63 224)
Profit for the period	36%	**186 488**	137 440
Attributable to:			
Owners of the parent		**165 638**	126 005
Non-controlling interests		**20 850**	11 435
Total comprehensive income for the period		**186 488**	137 440
Headline earnings (Note 5)	18%	**169 826**	143 815
Core Headline earnings (Note 6)	18%	**175 571**	148 570
		Cents	**Cents**
Earnings per share			
– Basic	31%	**19.5**	14.9
– Diluted	32%	**19.1**	14.5
Headline earnings per share			
– Basic	18%	**20.0**	17.0
– Diluted	18%	**19.6**	16.6
Core headline earnings per share (Core HEPS)			
– Basic	18%	**20.7**	17.6
– Diluted	18%	**20.2**	17.1
		Million	**Million**
Number of shares in issue (net of treasury shares)			
– Basic		**849**	848
– Diluted		**868**	871
Weighted average number of shares in issue			
– Basic		**849**	845
– Diluted		**868**	868

[1] *The increase in operating expenses was driven by the recognition of the onerous contract (R5.5 million), the costs involved in operating the new STADIO Centurion campus as well as costs incurred from a return to normal operations post COVID-19.*

Summary consolidated statement of financial position

As at 31 December 2022

	Audited 2022 R'000	Audited 2021 R'000
ASSETS		
Non-current assets		
Property, plant and equipment (Note 7)	**866 846**	810 319
Right-of-use assets (Note 7)	**84 533**	97 185
Goodwill	**751 082**	751 082
Intangible assets (Note 8)	**141 147**	151 931
Trade and other receivables (Note 9)	**19 377**	18 285
Other financial assets (Note 14)	**14 740**	9 190
Deferred tax asset	**86 783**	82 639
Total non-current assets	**1 964 508**	1 920 631
Current assets		
Trade and other receivables (Note 9)	**158 858**	114 943
Current tax receivable	**9 592**	15 479
Cash and cash equivalents	**148 207**	65 592
Total current assets	**316 657**	196 014
Non-current assets held-for-sale (Note 7)	**–**	52 000
Total assets	**2 281 165**	2 168 645
EQUITY		
Share capital (Note 10.1)	**1 628 517**	1 618 817
Treasury shares (Note 10.2)	**(145)**	–
Other reserves	**16 960**	31 942
Accumulated profit	**126 853**	1 190
Total equity attributable to equity holders of the Company	**1 772 185**	1 651 949
Non-controlling interest	**109 517**	99 228
Total equity	**1 881 702**	1 751 177
LIABILITIES		
Non-current liabilities		
Lease liabilities	**127 455**	148 782
Deferred tax liability	**43 320**	39 186
Trade and other payables	**2 676**	–
Total non-current liabilities	**173 451**	187 968
Current liabilities		
Borrowings (Note 11)	**68**	15 065
Lease liabilities	**42 325**	35 575
Loans from related parties	**96**	96
Trade and other payables	**67 133**	91 073
Contract liabilities[1]	**96 270**	76 780
Tax payable	**20 120**	10 911
Total current liabilities	**226 012**	229 500
Total liabilities	**399 463**	417 468
Total equity and liabilities	**2 281 165**	2 168 645
Net asset value per share (cents)	**209**	195

[1] *The increase in contract liabilities is due to higher upfront cash payments received from students for future studies. R276 million of cash was received in advance during the year, with R257 million of performance obligations being satisfied in respect of the cash received in the current and prior years.*

Summary consolidated statement of changes in equity

for the year ended 31 December 2022

	Audited 2022 R'000	Audited 2021 R'000
Balance as at 1 January	**1 751 177**	1 485 991
Total comprehensive income for the period	**186 488**	137 440
Issue of ordinary shares	**9 757**	21 371
Net repurchase and issue of treasury shares to employees	**(145)**	–
Share issue costs	**(57)**	(66)
Share-based payments expense and vesting of share incentive scheme	**(14 982)**	10 783
Dividends paid to ordinary shareholders	**(39 975)**	–
Dividends paid to non-controlling shareholders	**(18 922)**	(11 693)
Transaction with non-controlling interest	**(2 022)**	100 000
Capital contribution from non-controlling shareholder in subsidiary	**10 383**	15 361
Non-controlling interest acquired	**–**	(8 010)
Balance as at 31 December	**1 881 702**	1 751 177

Summary consolidated statement of cash flows

for the year ended 31 December 2022

	Year-on-year change %	Audited 2022 R'000	Audited 2021 R'000
Net cash flow from operating activities		**229 926**	189 537
Cash generated from operations (Note 13)	16%	**307 696**	265 920
Interest income received	89%	**9 022**	4 780
Finance cost paid	(12%)	**(18 650)**	(21 185)
Taxation paid	14%	**(68 142)**	(59 978)
Net cash flow used in investing activities		**(45 197)**	(178 462)
Purchase of property, plant and equipment (Note 7)	(52%)	**(85 028)**	(178 139)
Purchase of internally generated intangible assets	>100%	**(7 838)**	(3 720)
Proceeds from sale of property, plant and equipment	>100%	**52 669**	166
Proceeds received from loans to related parties	>100%	**–**	591
Acquisition of other financial assets	(69%)	**(5 000)**	(16 360)
Proceeds from disposal of other financial assets	(100%)	**–**	19 000
Net cash flow from financing activities		**(102 114)**	(62 286)
Share issue costs	(14%)	**(57)**	(66)
Issue of share	(22%)	**997**	1 275
Proceeds from non-controlling interest with no change in control (Note 12.1)	(32%)	**10 383**	15 361
Proceeds from borrowings	(100%)	**68**	122 065
Repayment of borrowings	(90%)	**(15 065)**	(152 079)
Payment of principal portion of lease liabilities	8%	**(31 567)**	(29 139)
Dividends paid to non-controlling interests in subsidiaries	62%	**(18 922)**	(11 693)
Dividends paid to shareholders	(>100%)	**(39 975)**	–
Additional investment in subsidiary with no change in control (Note 12.2)	(100%)	**–**	(8 010)
Net share repurchase	(>100%)	**(7 976)**	–
Net movement in cash and cash equivalents for the period		**82 615**	(51 211)
Cash and cash equivalents at the beginning of the period		**65 592**	116 803
Cash and cash equivalents at the end of the period		**148 207**	65 592

Notes to the summary consolidated financial statements

for the year ended 31 December 2022

1. STATEMENT OF COMPLIANCE

The condensed consolidated financial statements ("Summary 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 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 Financial Statements 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 14 March 2023.

These Summary Financial Statements for the year ended 31 December 2022 have been audited by Pricewaterhouse Coopers Inc., who expressed an unmodified opinion thereon. The auditor 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.

The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website www.stadio.co.za.

The auditor's report does not necessarily report on all of the information contained in this announcement or financial results.

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 2022.

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 2022.

3. ESTIMATES

The preparation of the audited financial statements requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Summary Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statement for the year ended 31 December 2021.

4. REVENUE

	2022 31 Dec Audited R'000	2021 31 Dec Audited R'000
Revenue from contracts with customers		
The group disaggregates revenue from customers as follows:		
Tuition and education services		
Tuition fees	1 166 156	1 049 168
Registration and enrolment fees	55 872	53 209
Discounts and bursaries granted	(30 850)	(24 816)
Other academic income	13 213	10 179
Hostel income	298	2 952
	1 204 689	1 090 692
Sale of goods		
Learning Material	7 796	6 091
Canteen	1 327	985
	9 123	7 076
Total revenue from contracts with customers	1 213 812	1 097 768

5. HEADLINE EARNINGS PER SHARE

		Audited 2022 R'000	Audited 2021 R'000
Reconciliation of headline earnings:			
Basic earnings	31%	165 638	126 005
Adjustments attributable to parent:			
Impairment on right-of-use assets, property, plant and equipment, and intangibles assets	(78%)	5 820	26 044
Loss on disposal of property, plant and equipment	(11%)	1 257	1 416
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	(57%)	(1 017)	(2 359)
Tax on above	(74%)	(1 872)	(7 291)
Headline earnings	18%	169 826	143 815

6. OPERATING SEGMENTS

The Group considers its executive directors to be the chief operating decision-maker and the segmental disclosures below are aligned with the monthly 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 financial 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.

	Year-on-year change %	2022 31 Dec Audited R'000	2021 31 Dec Audited R'000
Reconciliation of core headline earnings			
Headline earnings attributable to owners of parent	18%	**169 826**	143 815
Adjusted for:			
Fair value loss on consideration payable	(100%)	–	573
Interest on consideration payable	(100%)	–	560
Amortisation of client list and trademarks	(26%)	**4 247**	5 720
Onerous contract	>100%	**5 471**	–
Less: Non-controlling interest	131%	**(1 337)**	(578)
Less: Taxation	73%	**(2 636)**	(1 520)
Core headline earnings	18%	**175 571**	148 570
Core HEPS – basic (cents)	18%	**20.7**	17.6
Core HEPS – diluted (cents)	18%	**20.2**	17.1

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

Property, plant and equipment

In 2021, the Group recognised an impairment in respect of the STADIO Montana property following the Group entering into a sale agreement to dispose of the campus for R52 million which was below its carrying of R62 million. The property was reclassified to held-for-sale in 2021. The Group disposed of this property for R52 million in cash during 2022.

Right-of-use assets

The impairment in the current and prior year of the right-of-use asset of R3 million (2021: R17 million) is in respect of the Milpark Gauteng Lease. Consequently, the right-of-use asset related to the Milpark Education campus will no longer generate future economic benefits, resulting in it being impaired.

	Audited 2022		Audited 2021	
	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	810 319	97 185	717 120	95 995
Additions (including borrowing costs capitalised)	84 948	13 982	180 151	38 076
Disposals and other movements	(2 087)	(61)	(1 775)	–
Depreciation	(26 334)	(27 098)	(23 278)	(27 035)
Impairment	–	(2 769)	(9 899)	(17 308)
Remeasurement	–	3 294	–	7 457
Transferred to non-current assets held-for-sale	–	–	(52 000)	–
Closing balance	866 846	84 533	810 319	97 185

8. INTANGIBLE ASSETS

	Audited 2022 R'000	Audited 2021 R'000
Opening balance	151 931	168 967
Additions	7 824	2 120
Amortisation	(14 921)	(16 394)
Impairment	(3 687)	(2 762)
Closing balance	141 147	151 931

9. TRADE AND OTHER RECEIVABLES

	Year-on-year change %	Audited 2022 R'000	Audited 2021 R'000
Trade receivables	24%	260 412	209 725
Less: loss allowance	9%	(132 971)	(121 928)
Net trade receivables	45%	127 441	87 797
Other receivables	12%	50 794	45 431
Total trade and other receivables	34%	178 235	133 228

10. SHARE CAPITAL AND OTHER EQUITY

10.1. SHARE CAPITAL

During the period, the Company issued ordinary shares in relation to the settlement of employee share options as per the share capital reconciliation below:

	Number of ordinary shares (million)	Share capital R'000
Balance as at 1 January	848	1 618 817
Issue of shares in respect of employee share options	2	9 757
Share issue costs	–	(57)
Balance at the end of the period	850	1 628 517

All issued ordinary shares are fully paid up. Ordinary shares carry no right to fixed income but each share carries the right to one vote at general meetings of the Company.

10.2. TREASURY SHARES

In August 2022, the Board approved the repurchase of R15 million of STADIO Holdings Limited shares to fulfil the Group's obligations under the SIT. During the year, the Group repurchased 4 million shares at an average repurchase price of R3.72 per share. The total cash outflow was R14.9 million for the year ended 31 December 2022.

Treasury shares are shares in the company that are held by the SIT for the purposes of issuing shares to employees participating in the Group's long term share incentive scheme.

	Number of shares (million)	Treasury shares R'000
Treasury shares		
Treasury shares repurchased	(4)	(14 862)
Treasury shares issued to employees	4	14 717
Balance at the end of the period	(0.2)	(145)

As at 31 December 2022, the Group held 234 757 Treasury shares (2021: nil).

11. BORROWINGS

The Group refinanced its 3 year revolving credit facility of R100 million with Standard Bank of South Africa Limited for a further 3 years.

At 31 December 2022, the Group had drawn down an amount of Rnil (December 2021: R15 million). For the year ended 31 December 2022, the Group incurred finance costs of R0.2 million at a three-month JIBAR plus 2.09%. In 2021, borrowing costs of R1 million were capitalised to qualifying assets at a capitalisation rate of 5.72%. At 31 December 2022, the Group had access to the full undrawn facility of R100 million.

12. ACQUISITIONS

12.1. CA CONNECT CONSIDERATION PAYABLE

In the prior year, Milpark Education concluded the early settlement agreement related to the acquisition of the CA Connect business (Early Settlement Agreement). The agreement included the issue of R100 million of Milpark Education shares to the CA Connect shareholders, resulting in a change in the non-controlling interest in Milpark Education in June 2021 from 12.8% to 31.5%. The Group's effective interest in Milpark is currently 68.5%.

In April 2022, the Group settled the final tranche of the Early Settlement Agreement through a payment of R33 million in cash, of which R10.4 million was settled through a capital contribution by the non-controlling shareholder in Milpark.

In the prior year, the Group concluded the Early Settlement Agreement with the CA Connect shareholders, fixing the price of the consideration to R200 million and settled in two tranches. The first tranche of R68 million was settled by the Group on 8 June 2021 through a payment of R48 million in cash, of which R15.4 million was settled through a capital contribution by the non-controlling shareholder in Milpark. The balance of R20 million was settled through the issue of 6.7 million STADIO Holdings shares.

	2022 31-Dec Audited R'000	2021 31-Dec Audited R'000
Balance as at 1 January	**31 111**	197 978
Derecognition of non-controlling interest on acquisition	**2 022**	–
Fair value adjustment on consideration payable	**–**	573
Settlement of consideration payable (not through profit and loss)	**(33 120)**	(168 000)
Interest on consideration payable	**(13)**	560
Balance at the end of the period	**–**	31 111

In the prior year, 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.

13. CASH GENERATED FROM OPERATIONS

	Year-on-year change %	Audited 2022 R'000	Audited 2021 R'000
Profit before taxation	34%	**269 716**	200 664
Non-cash and other items disclosed separately	(25%)	**91 300**	121 949
	12%	**361 016**	322 613
Movements in working capital	(6%)	**(53 320)**	(56 693)
Decrease in inventories	(100%)	**–**	1 588
Increase in trade and other receivables	>100%	**(42 429)**	(7 462)
Increase in trade and other payables	(69%)	**2 738**	8 943
Decrease in trade and other payables – consideration payable[1]	(31%)	**(33 120)**	(48 000)
(Decrease)/increase in contract liabilities	(>100%)	**19 491**	(11 762)
Cash generated from operations	16%	**307 696**	265 920

[1] *Included in trade and other payables working capital movement is the cash-settled portion of the CA Connect early settlement agreement of R33 million (2021: R48 million), R10 million (2021: R15 million) of which was paid by the non-controlling shareholder of Milpark Education. Refer to Note 12.1 for further information.*

14. 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 2022			Audited 2021		
Fair value hierarchy	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Other financial assets	**14 740**	–	–	9 190	–	–

15. EVENTS AFTER THE REPORTING PERIOD

On 14 March 2023, the Group declared a second annual dividend of 8.9 cents per share from income reserves for the year ended 31 December 2022, which is payable on 17 April 2023. Save as set above, the directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

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 Proprietary Limited

Website: www.stadio.co.za

Announcement date
15 March 2023

STADIO

HOLDINGS

www.stadio.co.za