



Prosus N.V.

Trading statement

Prosus N.V.

(Incorporated in the Netherlands)

(Trade Reg No 34099856)

AEX and JSE Share Code: PRX ISIN: NL0013654783

("Prosus")

Trading statement

Shareholders are advised that the Prosus group ("the Group") is finalising its condensed consolidated interim financial statements for the period ended 30 September 2022.

Prosus N.V. ("Prosus") is a subsidiary of Naspers Limited ("Naspers"), a company incorporated in South Africa and listed on the Johannesburg Stock Exchange ("JSE") Limited in South Africa.

For context, in terms of the JSE Listings Requirements, South African listed entities with a primary listing on the exchange are obliged to issue a trading statement as soon as they are reasonably certain that the upcoming financial results would differ by at least 20% from those of the previous corresponding period. Trading statements are generally issued to provide shareholders with a range of outcomes in respect of key financial metrics.

The financial results of Prosus almost completely account for Naspers's results. Based on Naspers's anticipated results for the period ended 30 September 2022, Naspers is required to issue a trading statement in terms of the above JSE Listings Requirements. To ensure that shareholders of Prosus are provided with equivalent information simultaneously, Prosus is issuing this trading statement.

For the six months to September 2022 our ecommerce businesses maintained strong top-line growth momentum with growth coming from the core of our businesses and from our expansion into adjacent opportunities within each core segment. Core headline earnings per share, an important measure of operating performance, declined due to investment in adjacent opportunities in ecommerce, lower contributions from associates and Tencent. During the period, growth expectations and valuations came under significant pressure as consumers adapted to the realities of higher inflation and interest rates on their daily lives and spending power. The Group has taken action to meet these challenges and will take further action to continue delivering long-term value to our shareholders.

Discontinued operation

The Group announced its intention to exit its Russian classifieds business, Avito, in May 2022. We completed the disposal and received the proceeds in October 2022. Following the disposal, results of the Avito business will be presented as results from discontinued operations. Also, the prior reporting period income statement will be restated to distinguish between continuing and discontinued operations.

The Group has illustrated the anticipated changes in earnings, headline earnings and core headline earnings per share for continuing operations for the period ended 30 September 2022 as compared to 30 September 2021 for total operations (as previously reported) in the tables below:

Total operations	30 September 2021 US cents*	30 September 2022 expected decrease US cents*	Expected decrease %
Earnings per N share ^{(1)^}	1007	875 – 805	86.9% – 79.9%
Headline earnings* per N share ⁽¹⁾	149	154 – 144	103.5% – 96.5%
Core headline earnings** per N share ⁽¹⁾	148	89 – 79	60.3% – 53.3%

Continuing operations	30 September 2021 US cents*	30 September 2022 expected decrease US cents*	Expected decrease %
Earnings per N share ^{(1)^}	1 001	869 – 799	86.8% – 79.8%
Headline earnings* per N share ⁽¹⁾	143	148 – 138	103.5% – 96.5%
Core headline earnings** per N share ⁽¹⁾	140	81 – 71	57.8% – 50.8%



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^ Earnings per N share represents the economic interest per share taking into account the impact of the cross-holding agreement between Prosus and Naspers, which became effective at the time of the closing of the voluntary share exchange in August 2021. The cross-holding agreement deals with how distributions by Prosus will be attributed to its N ordinary shareholders.

The significant decrease in earnings per share relates to a gain of US\$12.3bn realised on the sale of a 2% interest in Tencent in the prior year compared to an expected gain of only US\$2.8bn on the sell down of Tencent shares in the current period to fund the open-ended share-repurchase program announced on 27 June 2022. Impairment charges and dilution losses related to investments in associates are expected to be approximately US\$1.8bn higher in the current period. These are excluded from headline and core headline earnings per share.

Headline earnings is expected to decrease in the current year. This is mainly due to lower profitability across our associates, including our share of Tencent's fair value losses on financial instruments of US\$372m compared to fair value gains of US\$1.0bn in the prior period. Headline earnings are also impacted by our increased investment in earlier stage ecommerce extensions of autos, convenience and credit.

Shareholders are reminded that the board considers **core headline earnings** an appropriate indicator of the operating performance of the Group, as it adjusts for non-operational items. For reasons set out above, core headline earnings per share for the current year from continuing operations is expected to decrease by between 81 and 71 cents per share (between 57.8% and 50.8%).

More details will be published with the condensed consolidated interim financial statements on Wednesday, 23 November 2022.

Financial information on which this trading statement is based has not been subject to an independent audit or review by the Group's auditors.

** Headline earnings represents net profit for the year attributable to the Group's equity holders, excluding certain defined separately identifiable remeasurements relating to, amongst others, impairments of tangible assets, intangible assets (including goodwill) and equity-accounted investments, gains and losses on acquisitions and disposals of investments as well as assets, dilution gains and losses on equity-accounted investments, remeasurement gains and losses on disposal groups classified as held for sale and remeasurements included in equity-accounted earnings, net of related taxes (both current and deferred) and the related non-controlling interests. These remeasurements are determined in accordance with Circular 1/2021, headline earnings, as issued by the South African Institute of Chartered Accountants, at the request of the JSE Limited in relation to the calculation of headline earnings and disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings per share in accordance with the requirements of IAS 33 – Earnings per Share, under the JSE Listings Requirements.*

*** Core headline earnings, a non-IFRS performance measure, represent headline earnings for the period, excluding certain non-operating items. Specifically, headline earnings are adjusted for the following items to derive core headline earnings: (i) equity-settled share-based payment expenses on transactions where there is no cash cost to us. These include those relating to share-based incentive awards settled by issuing treasury shares, as well as certain share-based payment expenses that are deemed to arise on shareholder transactions; (ii) subsequent fair-value remeasurement of cash-settled share-based incentive expenses; (iii) cash-settled share-based compensation expenses deemed to arise from shareholder transactions by virtue of employment; (iv) deferred taxation income recognised on the first-time recognition of deferred tax assets as this generally relates to multiple prior periods and distorts current period performance; (v) fair-value adjustments on financial and unrealised currency translation differences, as these items obscure our underlying operating performance; (vi) one-off gains and losses (including acquisition-related costs) resulting from acquisitions and disposals of businesses as these items relate to changes in our composition and are not reflective of our underlying operating performance and (vii) the amortisation of intangible assets recognised in business combinations and acquisitions. These adjustments are made to the earnings of businesses controlled by us, as well as our share of earnings of associates and joint ventures, to the extent that the information is available.*

⁽¹⁾ Per share information is based on the net number of N ordinary shares in issue during the respective periods. The A ordinary shareholders and B ordinary shareholders share 1/5th and 1/1 000 000th respectively of the earnings attributable to the external N shareholders as at 30 September 2022. The earnings will be expected to increase in the same ratio as N ordinary shareholders.

21 November 2022
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Sponsor:
Investec Bank Limited