

Naspers Limited  
 Incorporated in the Republic of South Africa  
 (Registration number: 1925/001431/06)  
 (Naspers or the group)  
 JSE share code: NPN ISIN: ZAE000015889

Reviewed interim results announcement for the six months ended 30 September 2022

#### Salient features

	Six months ended		Year
	30 September		31 March
	2022	2021	2022
	US\$'m	US\$'m	US\$'m
Continuing operations			
Revenue	3 729	3 263	7 311
Operating loss	(311)	(436)	(1 096)
Earnings per ordinary share (US cents)	458	3 014	4 188
Headline earnings per ordinary share (US cents)	(15)	351	529
Core headline earnings per ordinary share (US cents)	174	394	682
Total operations			
Revenue	4 269	3 575	7 940
Operating loss	(94)	(315)	(894)
Earnings per ordinary share (US cents)	497	3 031	4 218
Headline earnings per ordinary share (US cents)	24	368	559
Core headline earnings per ordinary share (US cents)	210	416	718

#### Commentary

Our businesses continued to deliver strong growth while navigating a challenging and fast-changing environment. Growth expectations and valuations came under pressure as consumers adapted to new realities of higher inflation and interest rates, plus the effect of these on their daily lives and spending power. We are reducing our cost base sharply to meet these challenges and will take further action to deliver long-term value to our shareholders.

On an economic-interest basis, group revenue from continuing operations grew 1% (9%) to US\$17bn. This was driven by a healthy 32% (38%) increase in Ecommerce revenues. Trading profit declined to US\$1.4bn, reflecting a lower share of profits from Tencent and investment in new Ecommerce extensions (new initiatives), including autos, credit, quick commerce and grocery delivery. For similar reasons, core headline earnings decreased by US\$1.1bn. Percentages in brackets represent growth in local currency, excluding mergers and acquisitions (M&A).

Our Ecommerce businesses maintained strong topline momentum. Growth came from core businesses and expansion into adjacent opportunities. Consolidated revenue from continuing operations grew 15% (30%) to US\$3.6bn, with meaningful contributions from all main segments (Classifieds, Food Delivery, Payments and Fintech, and Edtech). Given a sharp rise in the cost of capital, M&A investment of US\$230m was considerably lower than in recent periods. We preserved capital and prioritised organic investment in high-potential units in our Ecommerce portfolio. Our businesses are scaling and the focus is to accelerate their path to aggregate profitability. While addressing cost, we still invested in growth, and consolidated trading losses increased by US\$221m to US\$462m, driven by earlier-stage Ecommerce extensions.

We are cutting costs as we expect the operating environment to remain challenging for the foreseeable future. At the same time, however, we want to accelerate various paths to profitability. Direct incremental investment went into those areas where we identified the most opportunities to create future value, profitability and cash flow generation. New initiatives accounted for US\$484m of the consolidated trading loss, increasing by US\$191m in local currency, excluding M&A. As we invest, we are also driving efficiencies in our core consolidated businesses. We closed operations where we believe profitable growth cannot be sustained. This will improve operating leverage and improve profitability for the group in the medium term while creating a more efficient operating structure in the long term. We also continued cost-saving initiatives, reducing our

corporate footprint. Prudent management of our balance sheet remains a priority, ensuring a robust liquidity position to navigate the rough environment and maintain our investment-grade rating. We hold net cash of US\$756m, which includes US\$16bn in cash and cash equivalents which will be further bolstered by the conclusion of the sale of Avito. The period under review represented the peak of investment. Moving into the second half of the year, we expect trading losses to reduce as we realise the benefits and cost reductions take hold.

Classifieds revenue grew strongly, despite the impacts of a tough global economy and Russia's invasion of Ukraine, which significantly affected OLX Europe. Investment to expand our direct-to-consumer business contributed to growth in OLX Autos, which has achieved scale in a short period, while the core Classifieds' margin improved.

Our Food Delivery performance remained robust, driven by growth in quick commerce which leverages the scale achieved in the restaurant delivery business. iFood grew in scale and improved its consolidated trading margins in both core food delivery and quick commerce. Given this strength, we committed €1.5bn, plus a contingent consideration of up to €300m to acquire the remaining 33.3% stake of iFood from Just Eat Takeaway. The transaction was approved by Just Eat Takeaway shareholders in November 2022.

In Payments and Fintech, the core payments business made progress in growing volumes while pursuing additional opportunities in credit. In India, progress was strong as margins improved in our core payments business and in credit, where we experienced growth and financial improvement. A once-off provision in Brazil, as well as pressure on take rates and gross margins, drove a lower margin in Global Payments Organisation (GPO).

In India, PayU eventually secured competition commission approval for the acquisition of BillDesk. However, certain conditions precedent were not fulfilled by the 30 September 2022 long-stop date, and the agreement terminated automatically. Accordingly, the proposed transaction will not be implemented. Prosus remains committed to the Indian market and to growing its existing businesses in the region.

Edtech recorded strong revenue growth. Our enterprise platforms, Stack Overflow and GoodHabitZ, invested in product enhancement and footprint expansion, which drove a higher trading loss. Such investments were necessary to scale the platforms and improve product offerings as these businesses are poised to benefit from corporations upskilling and reskilling their workforce in the fast-changing technology-driven world.

In June 2022, the group launched an open-ended multi-year share repurchase programme, funded by a limited, pre-set trim of Tencent shares. We are taking advantage of the group's valuation discount to permanently enhance shareholders' per share exposure to the net asset value (NAV) of our investments in Tencent and the Ecommerce portfolio. By 30 September 2022, Prosus had repurchased 53 991 368 Prosus shares and 4 152 285 Naspers shares, with a total value of US\$4.1bn. This has already led to a 2% increase in the NAV exposure. We expect this to create value for shareholders as we execute the programme for as long as a discount to the value of the underlying portfolio of assets remains elevated.

As part of this programme, Naspers received approval from the South African Reserve Bank to continue funding its buyback with regular sales of Prosus shares. By 30 September 2022, Naspers had sold 3 610 774 Prosus shares and bought back 1 510 321 of its own shares to the value of US\$210m. Over time, we intend to execute the programme in a manner that will keep the respective Prosus and Naspers free float shareholder groups' relative economic interest in the underlying assets aligned with their position at the start of the programme.

In May 2022, the group announced an intention to exit its Russian classifieds business, Avito. We have completed the disposal and received the proceeds of RUB151bn (US\$2.4bn) in October 2022. Avito is now treated as a discontinued operation in the financial results and thus excluded from continuing operations.

Given the wide geographical span of our operations and significant M&A activity in Ecommerce, reported earnings were materially impacted by foreign exchange movements and the effects of acquisitions and disposals. Where relevant in this short-form results announcement, we have adjusted for effects of foreign currency movements and impacts of acquisitions and disposals. These adjustments (alternative performance measures) are quoted in brackets after the equivalent metrics reported under International Financial Reporting Standards (IFRS). Growth rates represent a comparison between the period ended 30 September 2022 and the comparative period ended 30 September 2021, unless otherwise stated. Percentages in

brackets represent growth in local currency, excluding M&A.

A reconciliation of the alternative performance measures to the equivalent IFRS metrics is provided in 'Other information - Non-IFRS financial measures and alternative performance measures' of the condensed consolidated interim financial statements.

#### Financial review

The reviewed group's financial highlights for the six months ended 30 September 2022 are outlined below:

	Six months ended 30 September 2022							
	2021 A	2022 B	2022 C	2022 D	2022 E	2022 F(2)	2022 G(3)	2022 H(4)
	IFRS(1) US\$'m	Group composition disposal adjustment US\$'m	Group composition acquisition adjustment US\$'m	Foreign currency adjustment US\$'m	Local currency growth US\$'m	IFRS(1) US\$'m	Local currency growth % change	IFRS % change
Continuing operations								
Revenue								
Ecommerce	4 248	(38)	417	(625)	1 600	5 602	38	32
Classifieds(5)	988	(30)	1	(191)	571	1 339	60	36
Food Delivery	1 261	(13)	158	(145)	650	1 911	52	52
Payments and Fintech	359	(3)	-	(73)	197	480	55	34
Edtech	120	(2)	176	(5)	45	334	38	>100
Etail	1 417	-	11	(200)	8	1 236	1	(13)
Other	103	10	71	(11)	129	302	>100	>100
Social and Internet Platforms	12 463	(389)	-	(589)	(176)	11 309	(1)	(9)
Tencent	12 250	(176)	-	(589)	(176)	11 309	(1)	(8)
VK	213	(213)	-	-	-	-	-	(100)
Media	129	(1)	-	(17)	-	111	-	(14)
Corporate segment	(1)	-	-	-	1	-	100	100
Intersegmental	-	(1)	-	1	(2)	(2)	>(100)	>(100)
Economic interest from continuing operations	16 839	(429)	417	(1 230)	1 423	17 020	9	1
Discontinued operations	312	-	1	78	149	540	48	73
Group economic interest	17 151	(429)	418	(1 152)	1 572	17 560	9	2
Continuing operations								
Trading profit								
Ecommerce	(524)	5	(198)	37	(333)	(1 013)	(64)	(93)
Classifieds(5)	(42)	(1)	-	4	(120)	(159)	>(100)	>(100)
Food Delivery	(312)	5	(70)	26	(30)	(381)	(10)	(22)
Payments and Fintech	(31)	-	(1)	(5)	(60)	(97)	>(100)	>(100)
Edtech	(48)	-	(94)	3	(39)	(178)	(81)	>(100)
Etail	(12)	(1)	(4)	6	(40)	(51)	>(100)	>(100)
Other	(79)	2	(29)	3	(44)	(147)	(57)	(86)
Social and Internet Platforms	3 385	(59)	-	(130)	(699)	2 497	(21)	(26)
Tencent	3 373	(47)	-	(130)	(699)	2 497	(21)	(26)
VK	12	(12)	-	-	-	-	-	(100)
Media	9	-	-	-	(6)	3	(67)	(67)
Corporate segment	(105)	-	-	3	4	(98)	4	7
Economic interest from continuing operations	2 765	(54)	(198)	(90)	(1 034)	1 389	(38)	(50)
Discontinued operations	151	-	23	28	8	210	5	39
Group economic interest	2 916	(54)	(175)	(62)	(1 026)	1 599	(36)	(45)

(1) Figures presented on an economic-interest basis as per the segmental review.

(2) A + B + C + D + E.

(3)  $[E/(A + B)] \times 100$ .

(4)  $[(F/A) - 1] \times 100$ .

(5) From 1 April 2022, following the separation from OLX Group, the CODM reviewed the financial results of Avito separately. Subsequent to the group's decision to exit this Russian business, Avito was presented as a discontinued operation. The comparative financial results of Avito, previously presented in the Classifieds Ecommerce segment, have been reclassified and presented in discontinued operations.

Group revenue, measured on an economic-interest basis, grew 1% (9%) to US\$17bn. Revenue, in nominal terms, was impacted by a broad devaluation of emerging-market and European currencies on translation to US dollars, representing a negative foreign currency translation impact of US\$1.2bn. Ecommerce continued a lively growth trajectory, with revenue growing 32% (38%) in a challenging environment. Our economic-interest share in Tencent's revenue declined by 8% (1%).

Group trading profit declined by 50% (38%) to US\$1.4bn, reflecting Tencent's 26% (21%) lower contribution to the group's trading profit and losses in our consolidated ecommerce business of US\$462m, plus our share of losses from ecommerce associates (US\$551m).

On a consolidated basis, total revenue increased by US\$467m, or 14% (29%), from US\$3.2bn in the prior period to US\$3.7bn. This was primarily due to strong revenue growth in OLX Autos and iFood. The operating loss increased by US\$219m to US\$557m, representing increased organic investments to scale Ecommerce extensions.

Our equity-accounted results decreased by US\$3bn, or 74%, from US\$4.1bn in the prior period to US\$1.1bn. The decrease is driven primarily by our share of fair-value losses on financial instruments of US\$371.5m compared to fair-value gains of US\$1bn in the prior period and additional impairment losses of US\$185.3m in Tencent. This was in addition to reduced profitability in Tencent of US\$876m and lower profitability from Delivery Hero of US\$530m due to a once-off gain in the prior year. These were offset by an increase in our share of gains on disposals (US\$747.2m) in Tencent. The sale of Tencent shares to fund the buyback delivered a US\$2.8bn gain in the current year. Our trim of our Tencent position resulted in a gain of US\$12.4bn during the prior period.

As a result of challenging macroeconomic conditions and the decline in growth expectations and valuations, the group recognised impairment losses on equity-accounted investments of US\$1.5bn. Impairments for our listed equity-accounted investments relate primarily to Delivery Hero (US\$1bn) and Skillsoft (US\$204m), given a decline in market capitalisation and the increase in discount rates and country risk premiums for these. Impairments for our unlisted equity-accounted investments relate primarily to OfferUp (US\$190m) due to the increase in market interest rates and a revised business outlook. We remain confident in long-term potential and strategic value-add despite the short-term macroeconomic challenges that drove the impairment.

Headline earnings decreased by US\$1.3bn to a loss of US\$30.5m. This was due to lower profitability across our associates, including fair-value losses of US\$371.5m in Tencent. This was partially offset by reduced share-based compensation expenses related to remeasurement of the group's cash-settled scheme and no grants to executive directors, as well as lower net finance costs due to a revaluation gain on our euro bonds.

Core headline earnings were US\$372m - a decrease of 74% or US\$1.1bn, primarily due to lower contributions from our associates (US\$1.1bn); US\$879m of this relates to Tencent.

Following the announcement in May 2022 of the group's intention to exit its Russian classifieds businesses (the Avito group), this disposal was classified as held for sale. In addition, the Avito group represents a separate major operation in a geographical area and is reflected as a discontinued operation.

We remain well positioned to navigate the difficult macro environment due to our liquid balance sheet. We hold net cash of US\$756m, comprising US\$16bn in cash and cash equivalents (including short-term cash investments), net of US\$15.3bn in interest-bearing debt (excluding capitalised lease liabilities). In addition, we have an undrawn US\$2.7bn revolving credit facility. During the period, we recorded a net interest expense of US\$143m.

The group's free cash outflow (excluding Avito) was US\$179m, a year-on-year decrease of US\$107m. This was due to reduced profitability (-US\$128m) in our Ecommerce portfolio as we continue to invest in extensions across the portfolio. In addition, working capital requirements have risen due to increased investment in credit businesses. Tencent remains a

meaningful contributor to our cash flow via a stable dividend of US\$565m.

There were no new or amended accounting pronouncements effective 1 April 2022 with a significant impact on the group's condensed consolidated interim financial statements.

The company's external auditor has not reviewed or reported on forecasts included in this short-form results announcement.

Preparation of the short-form results announcement

The preparation of the short-form results announcement was supervised by the group's financial director, Basil Sgourdos CA(SA). These results were made public on 23 November 2022.

ADR programme

Bank of New York Mellon maintains a GlobalBuyDIRECTSM plan for Naspers Limited. For additional information, please visit Bank of New York Mellon's website at [www.globalbuydirect.com](http://www.globalbuydirect.com) or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: Bank of New York Mellon, Shareholder Relations Department - GlobalBuyDIRECTSM, Church Street Station, PO Box 11258, New York, NY 10286-1258, USA.

Important information

This short-form results announcement contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The key factors that could cause our actual results performance, or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future acquisitions; changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; the occurrence of labour disruptions and industrial action; and the effects of both current and future litigation. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this short-form results announcement, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

Further information

This short-form results announcement is the responsibility of the directors and is only a summary of the information in the full condensed consolidated interim report. This short-form results announcement will be released on 23 November 2022 and the full condensed consolidated interim financial statements can be found on the company's website, [www.naspers.com](http://www.naspers.com) and can be viewed on the JSE link, <https://senspdf.jse.co.za/documents/2022/JSE/ISSE/NPN/Interims.pdf>.

The condensed consolidated interim financial statements for the six months ended 30 September 2022 have been reviewed by PricewaterhouseCoopers Inc., our independent auditor. Their unqualified report is appended to the condensed consolidated interim financial statements available on [www.naspers.com](http://www.naspers.com). Copies of the full condensed consolidated interim report may also be requested from the company's registered office, at no charge, during office hours. Any investment decision should be based on the full condensed consolidated interim report published on SENS and on the company's website.

The information in this short-form results announcement has been extracted from the reviewed information published on SENS, but the short-form results announcement itself was not reviewed.

On behalf of the board

Koos Bekker

Bob van Dijk

Chair

Chief executive

Cape Town

23 November 2022

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