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 summarised consolidated financial statements for the year ended 31 March 2023.

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 year ended 31 March 2023, 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.

The operating environment in the fiscal year ended 31 March 2023 (FY23) was characterised by significant geopolitical and macroeconomic uncertainty. We acted decisively to strengthen our financial footing and deliver value for shareholders. Our focus remains on building long-term sustainable value in local marketplaces with peer-leading growth and materially improving profitability.

After years of investment and significant growth, our businesses have scaled meaningfully and each segment now demonstrates a clear path to profitability. We are committed to achieving consolidated ecommerce profitability during the first half of FY25. Our efforts to drive profits with peer-leading growth aim to deliver long-term value to the Group's shareholders.

During the period, the Group's consolidated ecommerce portfolio showed good growth and improving profitability, however overall earnings in the period were impacted primarily by a reduced profit contribution from our associates, particularly Tencent. During the year the Group reduced its stake in Tencent from 29% to 26% and the cash acquired from those sales was used to repurchase its shares. This transaction locks in immediate value, while increasing the Group's exposure to Tencent and its ecommerce portfolio on a per-share basis, leading to a 5% accretion in NAV per share. Combined with the discount narrowing of approximately 17 percentage points, the repurchase transaction has created approximately US$29bn in value for shareholders. Post the close of the financial year ended 2023, announcements by Tencent and other significant associates reflect improvements in earnings driven by renewed revenue growth, actions in FY23 to improve future profitability, and the positive impacts of removing Covid restrictions.

The Group's earnings from consolidated businesses in the second half of the year were stronger than the first half, notwithstanding that the second half of the year has historically seen higher investment due to seasonal effects and includes this year the costs associated with the restructuring initiatives. Additionally, cashflow from operations in FY23 is expected to improve meaningfully year on year due to the Group's actions to meaningfully improve profitability.

Discontinued operations

The Group completed the disposal and received the proceeds from the exit of the Russian classifieds business, Avito, in October 2022. As such, the results of Avito are treated as discontinued operations for the entirety of the reported period.

The Group has previously communicated its decision to exit the OLX Autos (Autos) business. The Group is in the process of completing the exit.

The results of Avito and those Autos businesses, where either a future sale is deemed probable or has been closed down by 31 March 2023, will be presented as discontinued operations in the current and prior reporting periods.

Reported IFRS continuing operations therefore still includes some Autos operations whose exit process has not been finalised as at 31 March 2023 and hence may only be classified as discontinued operations in the year ending 31 March 2024. It remains the Group's intention to exit or sell the remaining Autos operations that were not yet classified as discontinued operations.

The Group has illustrated the anticipated changes in earnings, headline earnings and core headline earnings per share for continuing operations for the year ended 31 March 2023 as compared to 31 March 2022 published information (as previously reported) in the tables below. The reasons for the changes below the table are based on continuing operations:

Total operations	**31 March 2022 US cents***	**31 March 2023 expected decrease US cents***	**Expected decrease %**
Earnings per N share (1)^	1 243	580 – 495	46.7% – 39.8%
Headline earnings* per N share (1)	204	165 – 151	80.9% – 74.0%
Core headline earnings per N share** (1)	247	71 – 53	28.7% – 21.5%

Continuing operations	**31 March 2022 US cents***	**31 March 2023 expected decrease US cents***	**Expected decrease %**
Earnings per N share (1)^	1 240	577 – 492	46.5% – 39.7%
Headline earnings* per N share (1)	201	162 – 148	80.6% – 73.6%
Core headline earnings per N share** (1)	244	68 – 50	27.9% – 20.5%

^ 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 decrease in **earnings per share** relates to:-

- lower contributions from equity accounted investments of approximately US$4.1bn or 233 US cents per share. Tencent is the Group's largest equity-accounted associate and was impacted by Covid 19 lockdowns and regulations in China. Tencent has since reported its first quarter numbers for the financial year ending 31 December 2024, delivering earnings growth, as it benefits from China re-opening, a stable regulatory environment and cost reductions;
- higher impairment charges mainly relating to our equity-accounted investments driven by an increase in market interest rates and revised business outlooks; and
- lower gains from sale of assets of US$4.7bn or 257 US cents per share. In the prior financial year ended 31 March 2022 the group sold 2% of its Tencent shareholding in an accelerated book build to increase its financial flexibility at a time when internet valuations were elevated. In the current year the Group sold Tencent shares to fund its open-ended share repurchase. This delivered a lower gain on sale than the prior year due to market correction in internet valuations.

The gains relating to the sell down of Tencent and impairment charges impacting earnings per share are excluded from headline and core headline earnings per share.

The decrease in **headline earnings per share** and **core headline earnings per share** in the current year is mainly due to the lower profitability across our equity-accounted associates.

Core headline earnings per share for the current year from continuing operations is expected to decrease by between 68 and 50 US cents per share, primarily due to the reason noted above which had an approximate impact of 60 US cents per share.

More details will be published with the summarised consolidated financial statements on Tuesday, 27 June 2023.

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 ordinary shares N in issue during the respective periods. The ordinary shareholders A and ordinary shareholders B share 1/5th and 1/1 000 000th respectively of the earnings attributable to the external shareholders N as at 31 March 2023. The earnings will be expected to increase in the same ratio as ordinary shareholders N.

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JSE sponsor:
Investec Bank Limited