

Naspers Limited
 Incorporated in the Republic of South Africa
 (Registration number: 1925/001431/06)
 (Naspers or the Group)
 JSE share code: NPN ISIN: ZAE000325783

Interim results announcement for the six months ended 30 September 2023

Salient features

	Period ended		Year ended
	30 September 2023	2022	31 March 2023
	US\$'m	US\$'m	US\$'m
Continuing operations			
Revenue	3 007	2 759	5 960
Earnings per ordinary share (US cents)	812	501	2 014
Headline earnings per ordinary share (US cents)	311	28	143
Core headline earnings per ordinary share (US cents)	454	214	546

Commentary

September 2023 marked the fourth anniversary of listing Prosus on the Euronext Amsterdam, creating Europe's largest consumer internet company. Last year, the Group committed to deliver consolidated Prosus Ecommerce profitability during the first half of FY25 (1H25); continue the open-ended share repurchase programme; simplify our structure by removing the crossholding; and highlight value in our portfolio of assets. As we take stock halfway through FY24, we have made significant progress on all these commitments.

Consolidated revenue from continuing operations grew 9% (14%) to US\$3bn. The greatest contributors were Classifieds, Food Delivery, and Payments and Fintech. Ecommerce consolidated trading losses from continuing operations decreased by US\$232m to US\$38m in 1H24 as cost reductions and improved efficiencies came through. Trading losses for this segment have reduced from a peak of US\$270m in 1H23 and demonstrate our accelerated approach to breakeven. Free cash inflow was strong at US\$597m.

Core headline earnings were US\$0.9bn - an increase of 90% (112%). This was primarily due to improved profitability of our ecommerce consolidated businesses and equity-accounted investments, particularly Tencent, and higher net interest income during the period.

The growth rates discussed in this commentary represent a comparison between 1H24 and 1H23, unless otherwise stated. The percentages in brackets represent local currency growth, excluding the impact of acquisitions and disposals (M&A), and provide a clearer view of the underlying operating performance of our businesses.

The Group's Prosus ecommerce businesses have maintained topline growth. They also continued to improve profitability in 1H24 and we are increasingly confident of delivering ahead of commitments.

After years of investment and growth, our businesses are now at scale and demonstrate improving profitability. We aim to maintain peer-leading growth while continuing to drive profitability. Given better results in the current period, we expect to achieve our ambition of Prosus consolidated Ecommerce profitability earlier than 1H25. We are now targeting profitability for 2H24. The goal is to build on the strong momentum in recent halves, sustain profitability growth for each subsequent period and reach good margins.

At 30 September 2023, the ongoing open-ended share repurchase programme has reduced the Naspers net share count by 14% and generated US\$25bn for our shareholders. This was based on narrowing of the discount and an increase in net asset value (NAV) per share. In the same month, we completed the removal of the crossholding, which received overwhelming

shareholder support. Finally, we continue to build value for shareholders in our portfolio's underlying assets.

Delivering on our commitments should result in meaningful long-term value creation and shareholder returns.

Food Delivery's performance remained strong, with revenue growing ahead of peers and profitability improving meaningfully. iFood sustained momentum in the core restaurant food-delivery businesses, while taking a more considered approach to its grocery growth extensions. iFood's profitability margins in the core are comparable to its global peers and margins will expand further.

OLX Europe's classifieds business has delivered growth and enhanced profitability, driven by improved operational metrics and a strong performance in the pay-and-ship offering. Following our strategic decision to exit OLX Autos (the automobile transaction business), we made progress in finalising deals across various markets. Where buyers have not been identified, we have initiated closure processes and liquidated inventories.

Payments and Fintech recorded meaningful growth in the core payment service provider (PSP) business, driven by India payments, Turkey (Iyzico) and India credit. The consolidated trading loss narrowed due to improved profitability in Global Payments Organisations (GPO), Iyzico and savings from new initiatives in PayU India. PayU announced the sale of GPO for US\$610m, which is expected to close in the first half of calendar 2024. PayU GPO's financial results are included in continuing operations.

In Edtech, Stack Overflow's monetisation initiatives have lagged expectations. We recorded a further impairment in 1H24. Stack Overflow has taken significant action to improve its operating profile and introduce generative AI capabilities. GoodHabit is benefiting from investment in product enhancements and a more measured international rollout programme. In the case of both Stack Overflow and GoodHabit, the Group has intervened to improve business performance. We will critically assess the impact of these interventions in due course.

The Group's balance sheet is strong with central cash of US\$15.1bn, including short-term cash investments. We remain committed to our investment-grade rating and disciplined capital allocation. In total, US\$477m was invested capital in 1H24.

In June 2023, we announced a proposal to simplify the Group's structure by removing the crossholding between Naspers and Prosus. The transaction delivered on its commitments to shareholders, while preserving the benefits of the exchange offer effected in 2021. In September 2023, the transaction concluded. The resulting simplified structure maintains the current economic ownership of Prosus by Naspers and ensures the Group can continue its open-ended share repurchase programme.

The open-ended share repurchase programme launched in June 2022 is funded by the daily sale of a small number of Tencent shares. From launch to 30 September 2023, the combined holding company discount of Naspers and Prosus reduced by around 17 percentage points. Over the same period, Prosus repurchased 210 413 966 of its ordinary shares N, with a total value of US\$13.9bn, at a significant discount to their NAV, leading to a 7% accretion in NAV per share. The narrowing of the discount and the increase in NAV per share has created some US\$25bn of value for shareholders. We remain committed to this programme as it simultaneously creates value for shareholders while increasing our exposure to Tencent and our ecommerce portfolio on a per share basis.

Naspers funds its open-ended share repurchase programme with regular sales of Prosus shares. By 30 September 2023, Naspers had sold 67 715 575 Prosus ordinary shares N to the value of US\$4.4bn and bought back 26 631 055 Naspers N ordinary shares to the value of US\$4.3bn.

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

Financial review

The Group's financial highlights for the six months ended 30 September 2023 are outlined below:

	Six months ended 30 September 2023							
	2022 A	2023 B	2023 C	2023 D	2023 E	2023 F(2)	2023 G(3)	2023 H(4)
	IFRS 8(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 8(1) US\$'m	Local currency growth % change	IFRS 8 % change
Continuing operations								
Revenue								
Ecommerce	4 631	(290)	179	58	731	5 309	17	15
Classifieds(5), (6)	368	(3)	-	17	84	466	23	27
Food Delivery(7)	1 911	(129)	160	94	408	2 444	23	28
Payments and Fintech	480	(7)	1	(45)	162	591	34	23
Edtech	334	(141)	-	1	17	211	9	(37)
Etail	1 236	3	8	(2)	72	1 317	6	7
Other	302	(13)	10	(7)	(12)	280	(4)	(7)
Social and internet platforms	11 309	(1 156)	-	(594)	1 116	10 675	11	(6)
Tencent	11 309	(1 156)	-	(594)	1 116	10 675	11	(6)
Media	111	(3)	-	(12)	(9)	87	(8)	(22)
Corporate segment	-	-	-	-	-	-	-	-
Intersegmental	(2)	-	-	-	1	(1)	(50)	(50)
Economic interest from								
continuing operations	16 049	(1 449)	179	(548)	1 839	16 070	13	-
Discontinued operations(5), (6)	1 511	(625)	-	(93)	(175)	618	(20)	(59)
Group economic interest	17 560	(2 074)	179	(641)	1 664	16 688	11	(5)
Continuing operations								
Trading profit								
Ecommerce	(820)	122	(14)	3	460	(249)	66	70
Classifieds(5), (6)	33	-	-	7	70	110	>100	>100
Food Delivery(7)	(381)	22	(10)	-	214	(155)	60	59
Payments and Fintech	(97)	1	(2)	(2)	66	(34)	69	65
Edtech	(178)	91	-	(1)	24	(64)	28	64
Etail	(51)	-	-	(1)	25	(27)	49	47
Other	(146)	8	(2)	-	61	(79)	44	46
Social and internet platforms	2 497	(255)	-	(159)	792	2 875	35	15
Tencent	2 497	(255)	-	(159)	792	2 875	35	15
Media	3	-	-	-	(3)	-	(100)	(100)
Corporate segment	(98)	-	-	1	12	(85)	12	13
Intersegmental	-	-	-	-	-	-	-	-
Economic interest from								
continuing operations	1 582	(133)	(14)	(155)	1 261	2 541	87	61
Discontinued operations(5), (6)	17	(193)	-	9	52	(115)	(30)	>(100)
Group economic interest	1 599	(326)	(14)	(146)	1 313	2 426	>100	52

(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 the OLX Group, the chief operating decision-maker 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 up until the date of disposal.

(6) From 1 March 2023, following the Group's decision to exit the OLX Autos business unit, its operations disposed, classified as

held for sale or closed down by 30 September 2023 were presented as a discontinued operation. The OLX Autos business unit is a separate major line of business both in terms of the distinct nature of the business and its contribution to the operational performance of the Group.

(7) From 1 April 2023, iFood changed its revenue recognition from a gross basis to a net basis as a result of a change in the services rendered to its customers.

Consolidated Group revenue from continuing operations increased US\$248m, or 9% (14%), from US\$2.8bn in the prior period to US\$3bn. This was primarily due to strong revenue growth in Classifieds, Food Delivery, and Payments and Fintech. As a result, trading losses decreased to US\$124m from US\$365m. The largest contributor of the reduction in continuing operations' trading loss was the drop of US\$232m in Ecommerce consolidated trading loss to just US\$38m. Our Prosus consolidated ecommerce businesses are now of scale and well on track to achieve profitability.

Operating losses rose US\$315m to US\$426m, primarily due to an impairment loss recognised on Edtech investments.

Amid challenging macroeconomic conditions and the decline in some industry valuations, we recognised impairment losses on goodwill of US\$440m in the current period for Stack Overflow (US\$340m) and in the OLX Autos business classified as held for sale (US\$100m).

We also recognised impairment losses on equity-accounted investments of US\$175m related to Skillsoft (US\$42m) and unlisted equity-accounted associates in the Prosus Ventures portfolio reported in the Other Ecommerce segment (US\$133m).

Profit from equity-accounted results (our share of equity-accounted investments' net profit) increased by US\$93m, or 9%, from US\$1.1bn in the prior period to US\$1.2bn. This was driven by improved profitability across our equity-accounted associates, particularly in the Food Delivery segment.

In March 2023, we announced the decision to exit the OLX Autos business unit. All operations of this business are presented as discontinued operations as they have been disposed, classified as held for sale or closed down by 30 September 2023. OLX Autos operations, previously presented in continuing operations for 31 March 2023, have been presented in discontinued operations as of 30 September 2023.

Core headline earnings from continuing operations were US\$0.9bn. This is an increase of 90% (112%), primarily due to improved profitability of our ecommerce consolidated businesses and equity-accounted investments, particularly Tencent, and an increase in net interest income during the period.

Headline earnings from continuing operations rose by US\$533m to US\$593m.

The Group sold 1% of Tencent's issued share capital to fund the open-ended share repurchase programme, resulting in a gain of US\$2.9bn during the period (1H23: US\$2.8bn).

Free cash inflow was US\$597m, a sizeable US\$755m improvement on the prior period. This was due to improved profitability in Food Delivery and Classifieds, as well as better working capital management in Etail, and Payments and Fintech. Excluding OLX Autos, free cash inflow was US\$677m. Tencent remains a major contributor to our cash flow via an increased dividend of US\$758m (FY23: US\$565m).

Naspers has a net debt position of US\$88m, comprising US\$15.1bn in central cash and cash equivalents (including short-term cash investments), net of US\$15.2bn in central interest-bearing debt (excluding capitalised lease liabilities). In addition, we have an undrawn US\$2.5bn revolving credit facility. During the period, we recorded a net interest income of US\$148m.

There were no new or amended accounting pronouncements effective 1 April 2023 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 chief financial officer, Basil Sgourdos CA(SA). These results were made public on 29 November 2023.

ADR programme

Bank of New York Mellon maintains a GlobalBuyDIRECT(SM) plan for Naspers Limited. For additional information, please visit Bank of New York Mellon's website at 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 - GlobalBuyDIRECT(SM), Church Street Station, PO Box 11258, New York, NY 10286-1258, USA.

Important information

This report 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 report, 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. The full condensed consolidated interim report will be released on SENS on 29 November 2023 and can be found on the company's website at www.naspers.com and can be viewed on the JSE link, <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/NPN/Interims.pdf>. The condensed consolidated interim financial statements for the six months ended 30 September 2023 have been reviewed by Deloitte & Touche, our independent auditor. Their unmodified report is appended to the condensed consolidated interim financial statements available at <https://www.naspers.com/investors>. 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	Ervin Tu
Chair	Interim chief executive

Cape Town
29 November 2023

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