

A scenic view of an Amsterdam canal with colorful, multi-story buildings lining the water. Several boats are docked along the canal. The sky is blue with light clouds. The word 'prosus' is overlaid in large white letters.

# prosus

## Financial Results

For the six months ended September 2022



# Forward looking statements

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995 concerning our financial condition, results of operations and businesses.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates", or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

These forward-looking statements and other statements contained in this report regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing us and our subsidiaries. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

There are a number of factors that could affect our future operations and could cause those results to differ materially from those expressed in the forward-looking statements including (without limitation): (a) changes to IFRS and associated interpretations, applications and practices as they apply to past, present and future periods; (b) ongoing and future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; (c) changes in domestic and international regulatory and legislative environments; (d) changes to domestic and international operational, social, economic and political conditions; (f) labour disruptions and industrial action; and (g) the effects of both current and future litigation.

The forward-looking statements contained in the report speak only as of the date of the report. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of the report or to reflect the occurrence of unanticipated events. We cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements.



**1. Business Update**

**2. Financial Update**

**3. Closing remarks**

A night scene of a canal in Amsterdam. The water is dark, reflecting the warm yellow lights from the buildings and street lamps. On the left, a stone bridge with a string of small lights arches over the canal. The buildings on the right are multi-story, with many windows, some of which are lit up. A blue street sign with a white arrow is visible on one of the buildings. The overall atmosphere is quiet and historic.

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# **Business Update**

Bob van Dijk

# Navigating a volatile climate with strong execution and balance sheet

**1H  
FY23**

**1**

**Strong operating performance drove continued Ecommerce growth and scale**

41% ecommerce revenue growth

**2**

**Focus on improving profitability coupled with targeted investment**

Investment peaked in 1H FY23; ambition for consolidated Ecommerce profitability in 1H FY25

**3**

**Open-ended buyback unlocking permanent value for shareholders**

Repurchased \$5.8bn<sup>1</sup> shares since June, on pace for 7% NAV per share accretion in 12 months

**4**

**Balance sheet and liquidity strengthened significantly**

\$0.6bn net cash and \$16bn liquidity is a key strategic advantage, particularly in the current climate

**5**

**Significant progress made on our key sustainability priorities**

Climate pledge, Carbon Accounting Financials, Coalition for sustainable flying and much more

<sup>1</sup> Up to 18 November 2022, 87m Prosus and 4m Naspers shares were repurchased for \$5.8bn.

# Our strategy is a strength in this period of increased volatility ...

Building global technology leaders, addressing big societal needs in high growth markets

**Operating businesses**







**Investments**



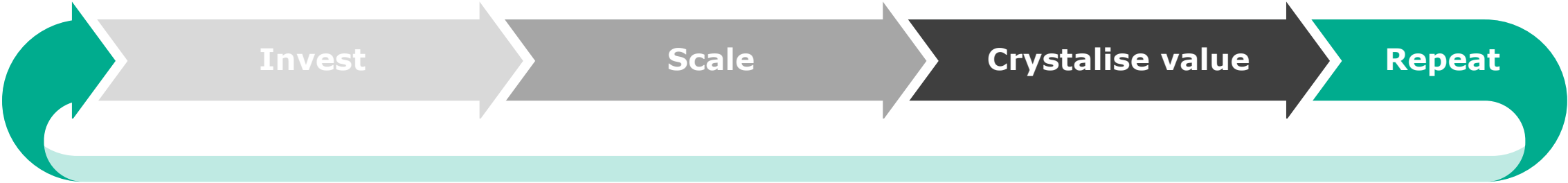




Consistently compounding value over time and growing NAV per share

**\$127bn** total NAV<sup>1</sup>, **€93** NAV per share, **6.9%** share reduction in 5 months

With a transparent, predictable, and repeatable process of creating and delivering value...



<sup>1</sup> NAV represents the sum of estimated market valuations using a combination of prevailing share prices for stakes in listed assets at 18 November 2022 and for unlisted assets the average valuation estimates derived from sell-side analysts or post-money valuations of transactions if analyst consensus is not available.



# ... and resulted in strong execution across our businesses in 1H

We have achieved scale and profitability or breakeven at our core and are investing to amplify growth & profitability in future years



## Classifieds

**64%**

1H FY23 Revenue growth

**89m**

Monthly Active Listings

**>100k**

1H FY23 Vehicles transacted



OLX GROUP



## Food Delivery

**39%**

1H FY23 Revenue growth

**>400m**

1H FY23 Orders

**\$4.5bn**

1H FY23 GMV



## Payments & Fintech

**57%**

1H FY23 Revenue growth

**>\$46bn**

1H FY23 Total Payment value

**>1.2bn**

1H FY23 Transactions



## Edtech

**30%**

1H FY23 Revenue growth

**~100m**

Monthly StackOverflow Users

**1.5k**

GoodHabitZ Courses



# We deployed further capital to our businesses and our stock ...

Funded the continued growth of our segments



OLX Autos



Credit



Convenience



Edtech

Acquired full ownership of iFood at a fair price



Industry leader

Proven track record

Reputation for innovation

Profitable restaurant business

Growth extensions showing real promise

Rapidly shrunk our shares outstanding









**\$5.8bn**

Share repurchases<sup>1</sup> since June 2022

<sup>1</sup> Up to 18 November 2022, 87m Prosus and 4m Naspers shares were repurchased for \$5.8bn.



# ... driving significant growth and improved competitive positioning

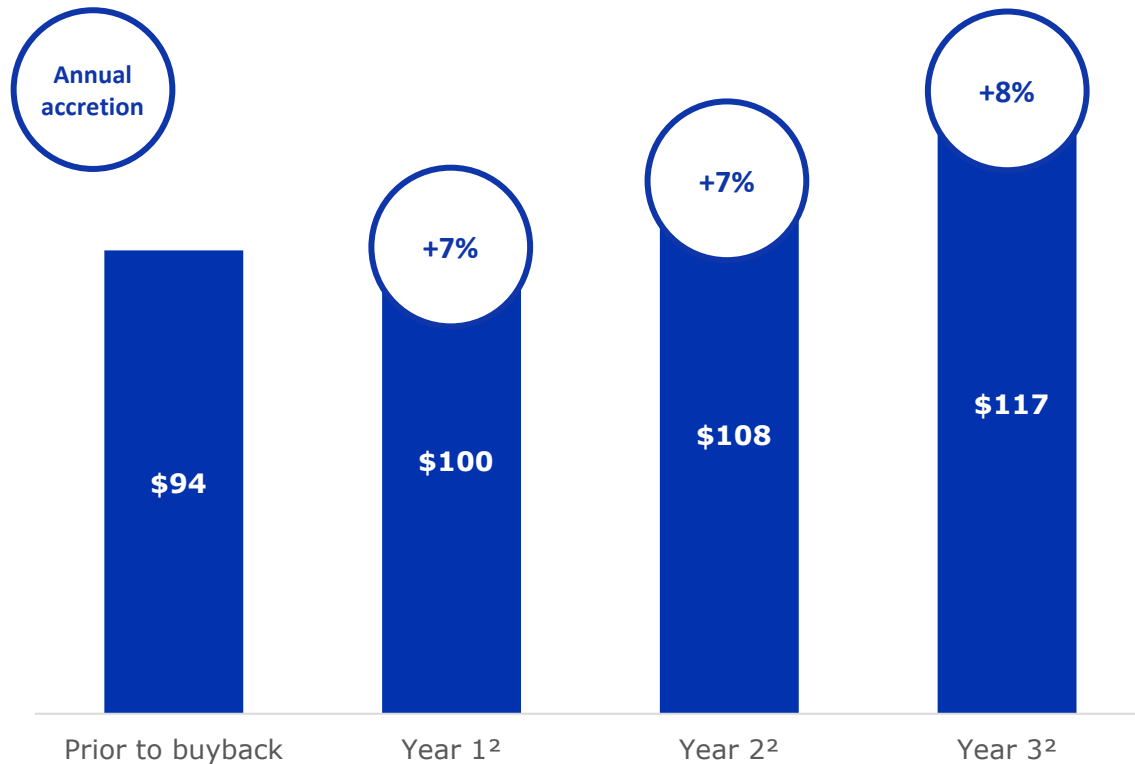
		Specific Investment Initiatives	Operational Performance
Auto Transactions		Build retail infrastructure (B2C), scale consumer financing, brand activation and build a scalable technology-enabled platform	<b>84%</b> Revenue growth <b>&gt;100k</b> Cars transacted
Groceries & Fintech		Investment to open dark store hubs across Brazil	<b>833%</b> Revenue growth <b>&gt;100%</b> GMV & Order growth
Credit	 	Investment to scale loan issuances in India	<b>247%</b> Revenue growth <b>66m</b> Preapproved loans
Edtech	 	StackOverflow to build the Teams product GoodHabitZ to expand its footprint	<b>30%</b> Revenue growth <b>66%</b> ARR <sup>1</sup> growth in Teams

<sup>1</sup> ARR (annualised recurring revenue) represents annualised value of all subscription contracts at the end of the reporting period.

# The benefits of the repurchase program will compound over time ...

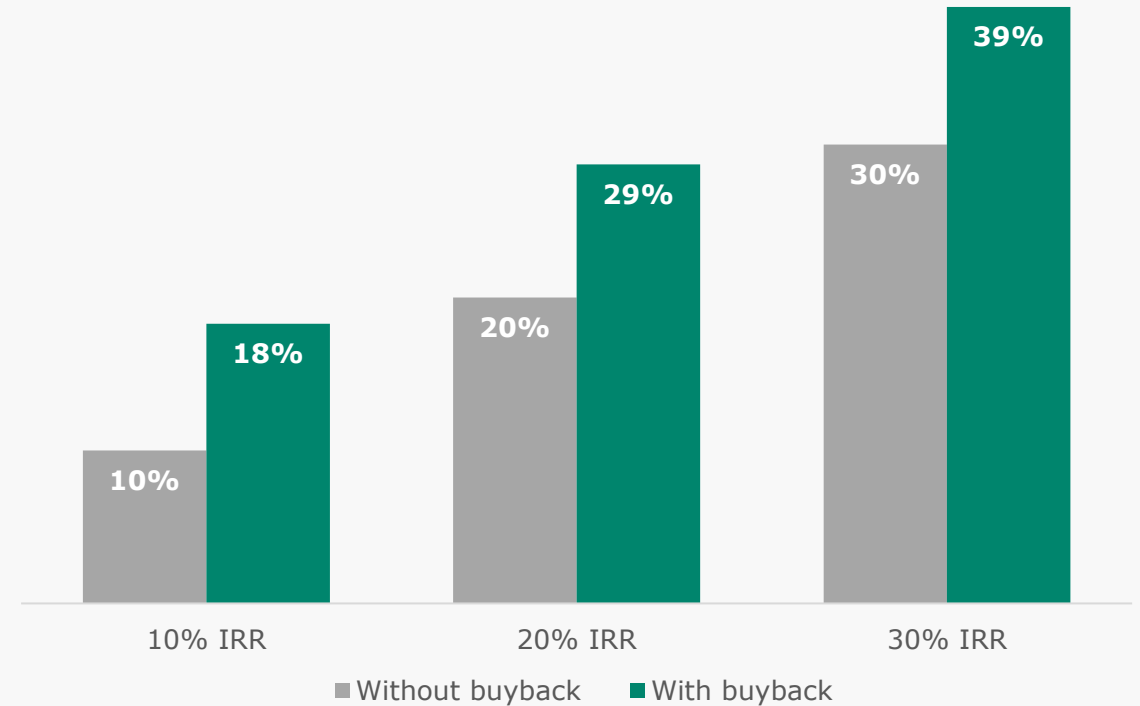
## The buyback accretes NAV per share ...

Illustrative NAV per share annualising buyback programme at current pace<sup>1</sup>



## ... and enhances our returns

NAV per share IRR with and without buyback at various portfolio IRRs<sup>3</sup>



## The valuation discount provides opportunity to permanently enhance shareholders' NAV per share

<sup>1</sup> NAV per share prior to buyback based on NAV on 18 November 2022 adjusted for Tencent shares sold. Assumption that NAV was unchanged except for the impacts of the buyback on number of Tencent shares owned.

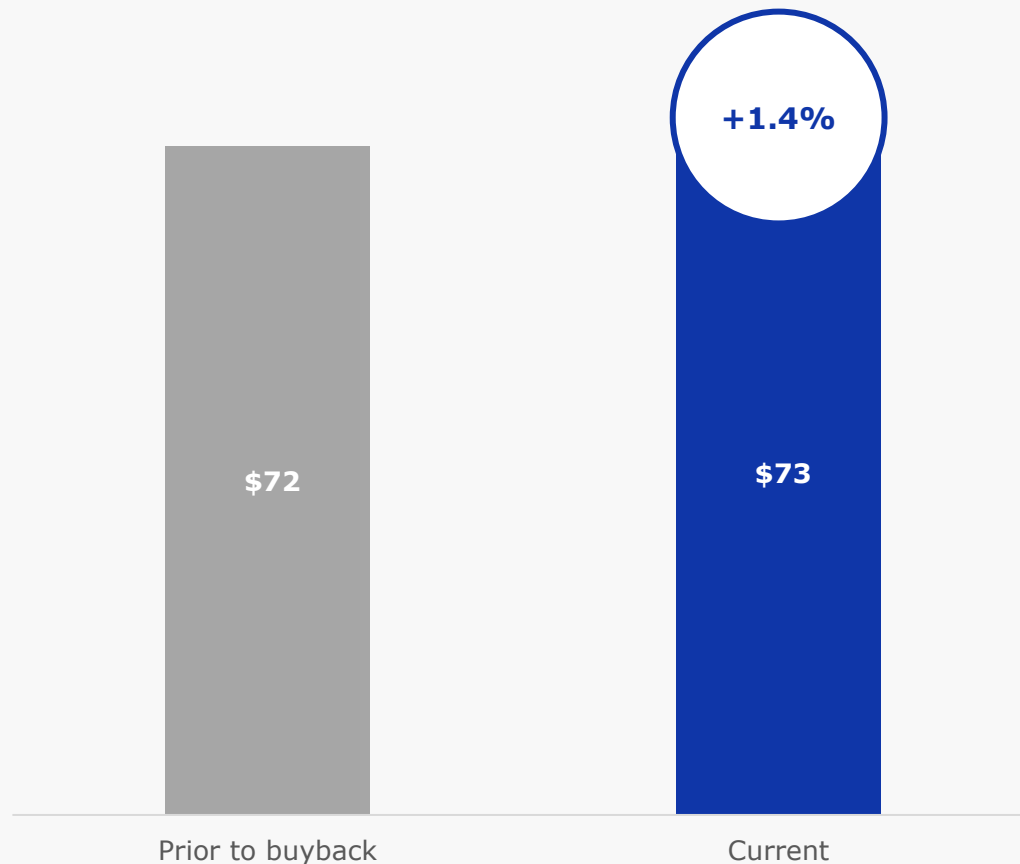
<sup>2</sup> NAV per share in year 1, 2 and 3 calculated by applying the annualised buyback impact across each year and assuming the discount remains constant.

<sup>3</sup> IRRs measured over three years based. Portfolio IRR represents return on underlying assets.

... while increasing our exposure to Tencent on a per share basis

Buyback increases our exposure to Tencent ...

Illustrative Tencent value per share<sup>1</sup>



... which should benefit from strong secular tailwinds

**Tencent 腾讯**



**Diverse revenue streams in growth businesses**



**Inherent profitability** augmented by cost control



**Solid track record** in capital allocation



**World-class management**

<sup>1</sup> Tencent value per share prior to buyback based on Tencent value on 18 November 2022 adjusted for Tencent value sold. Assumption that NAV was unchanged except for the impacts of the buyback.



A night scene of a canal in Amsterdam. The water is dark, reflecting the warm yellow lights from the buildings and street lamps. On the left, a stone bridge with a string of small lights arches over the canal. The buildings on the right are multi-story, with many windows, some of which are lit. A street lamp with a yellow glow is visible on the right side. The overall atmosphere is quiet and historic.

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# Financial Update

Basil Sgourdos

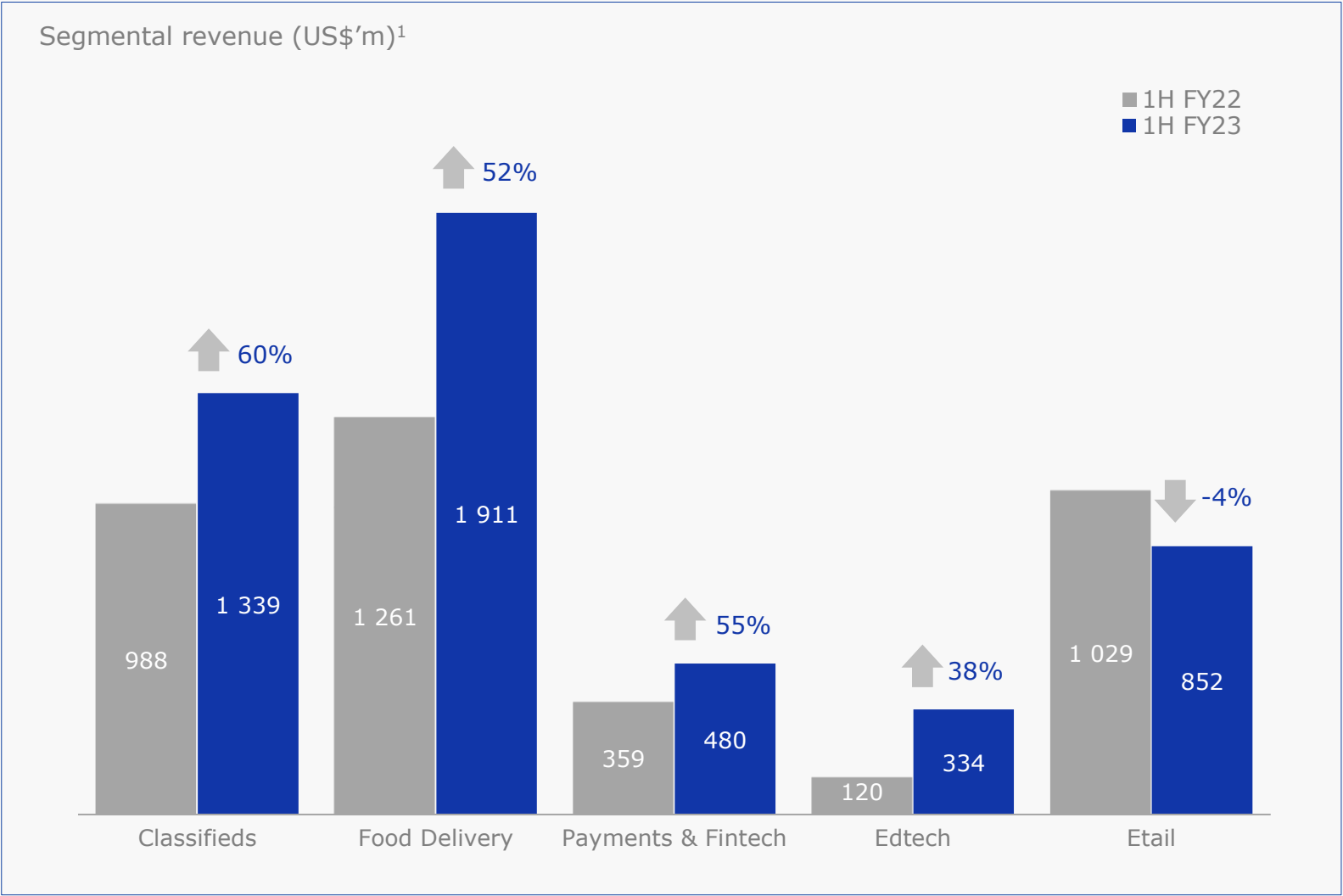
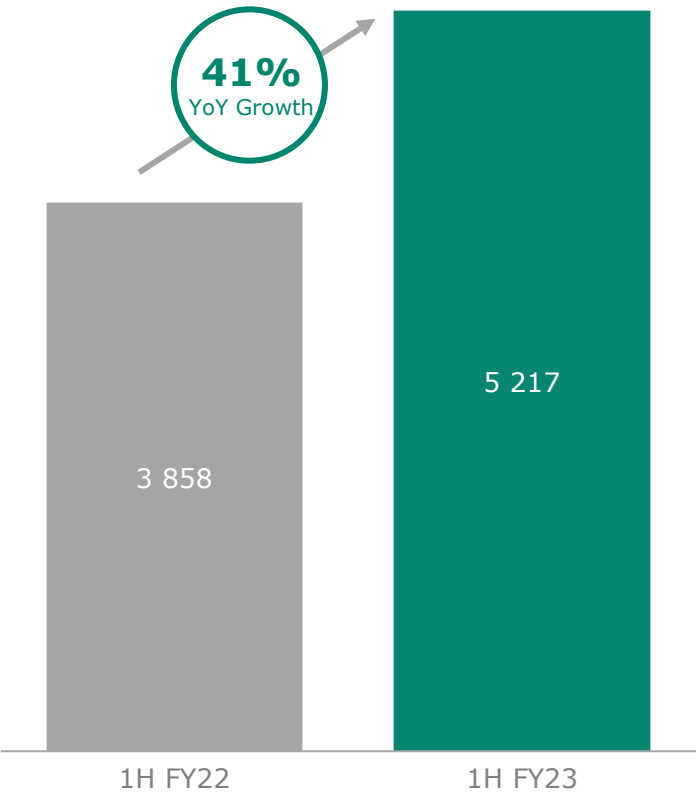
# Financial Highlights

- 1 Ecommerce growth was strong, while Group revenue was impacted by FX and a lower contribution from Tencent
- 2 Ecommerce businesses remained profitable or breakeven at the core enabling further investment in segment growth extensions to create future value, profitability and cash flow generation
- 3 Cost management across our businesses will accelerate the path to profitability and yield benefits beginning in 2H 23
- 4 Core HEPS impacted by a reduced contribution from Tencent and investment in ecommerce extensions
- 5 Balance Sheet strengthened further providing significant stability in the current volatile environment

**We are committed to growing our businesses while rapidly accelerating their path's to profitability**

# Strong revenue growth across our segments ...

Ecommerce revenue (US\$m)<sup>1</sup>

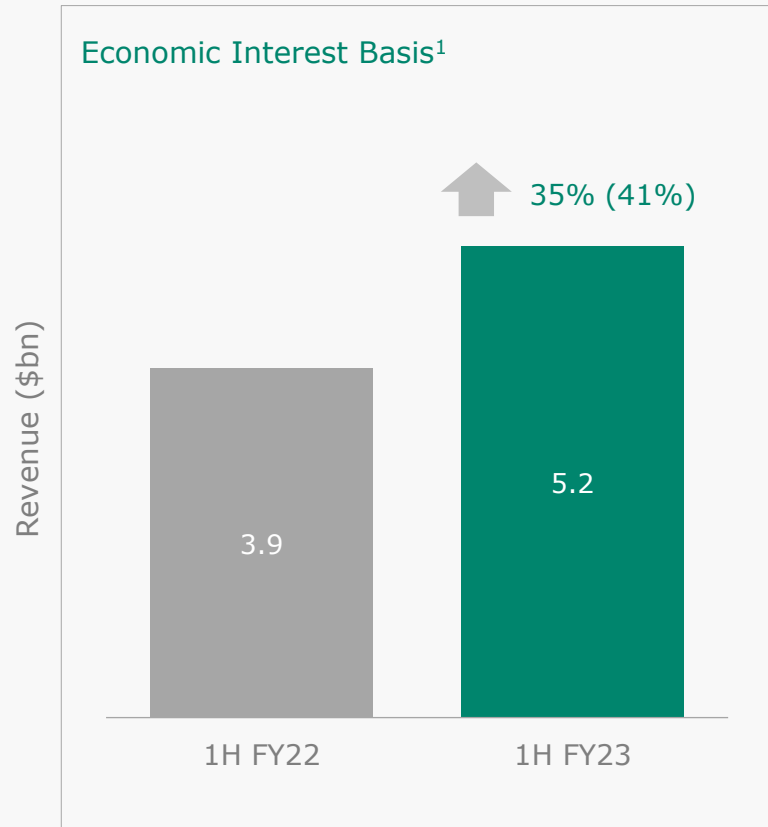


<sup>1</sup> Results of continuing operations reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. YoY growth shown in local currency, excluding M&A.

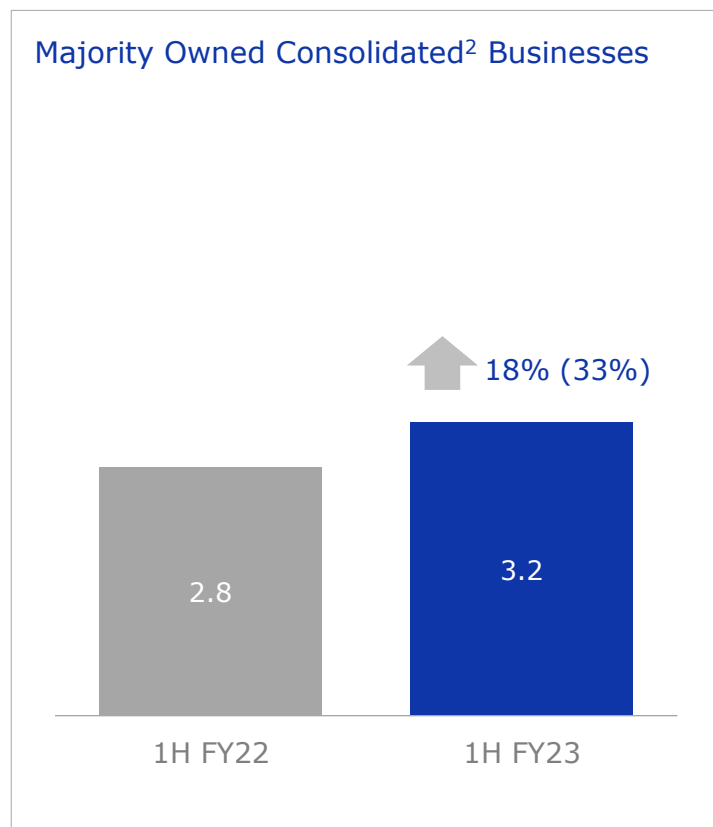


# ... driven by consolidated operations and investments

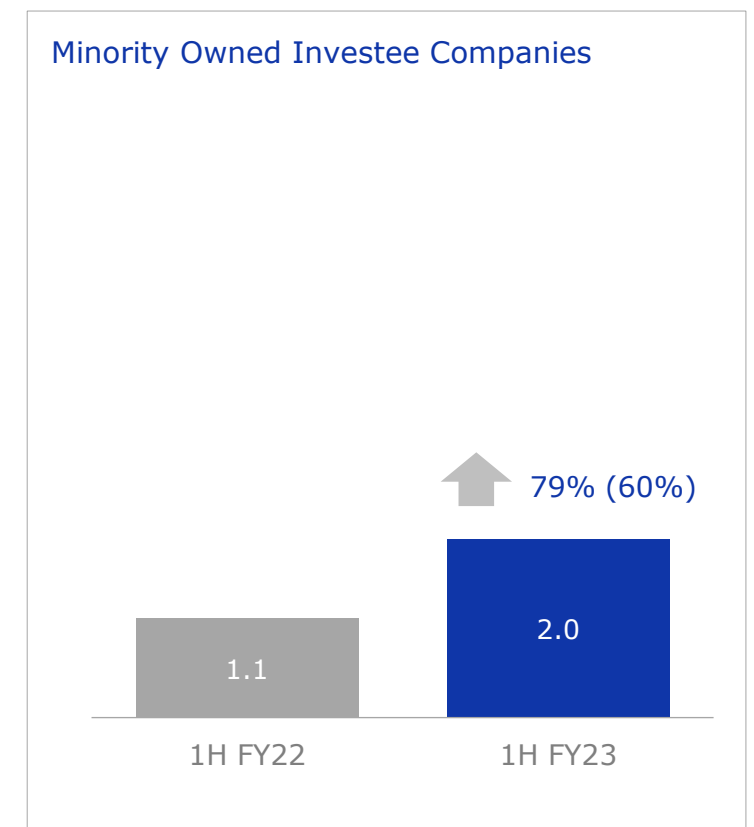
## Total Ecommerce Economic Interest



## Consolidated Revenue



## Associate and JV Revenue

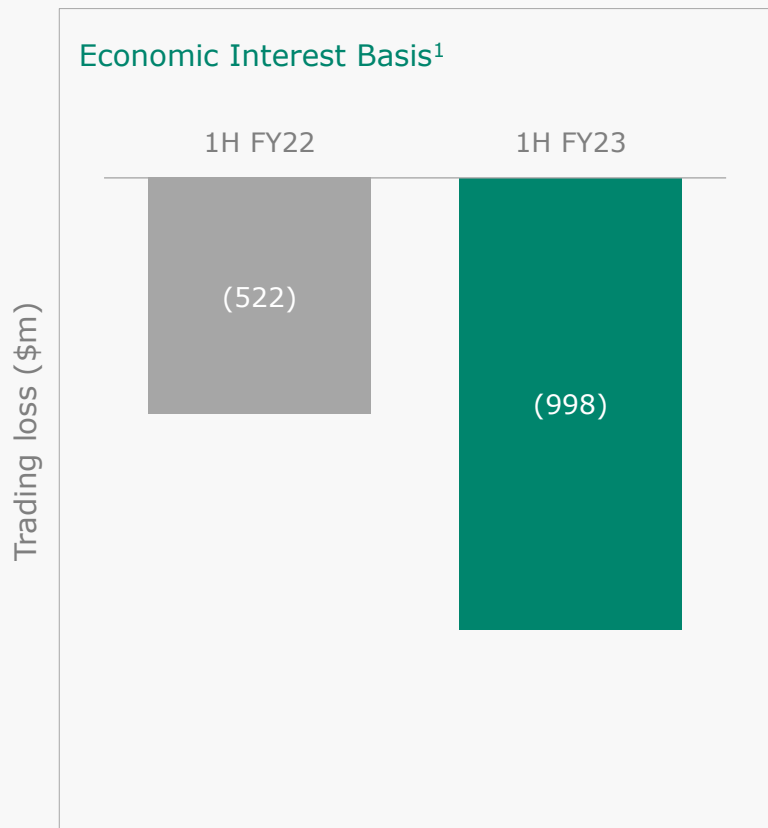


<sup>1</sup> Results from continuing operations reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Numbers in brackets represent YoY growth shown in local currency excluding M&A.

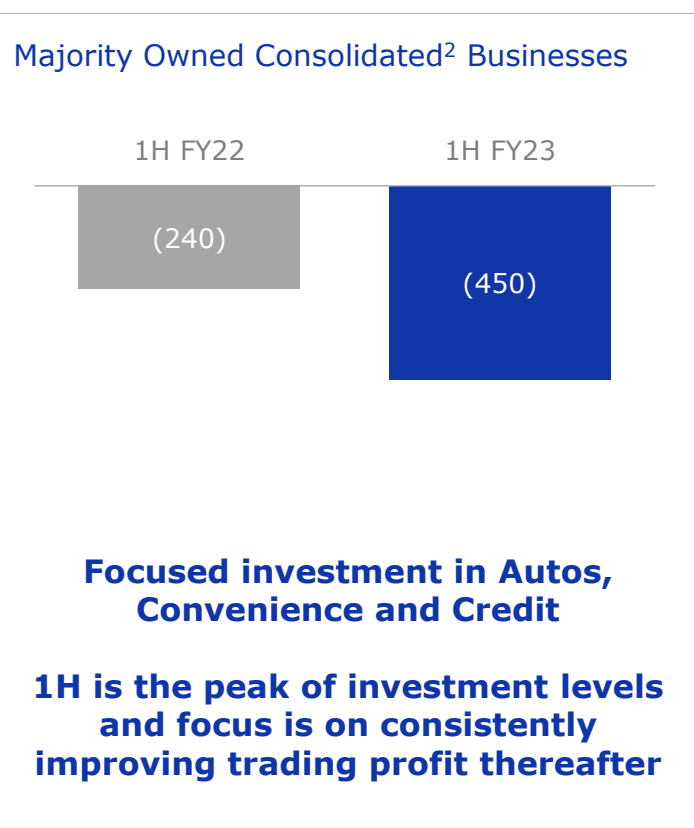
<sup>2</sup> Results from continuing consolidated owned and managed businesses exclude equity accounted investments, i.e., joint venture and associates.

# 1H investment drove growth and represents the peak investment level

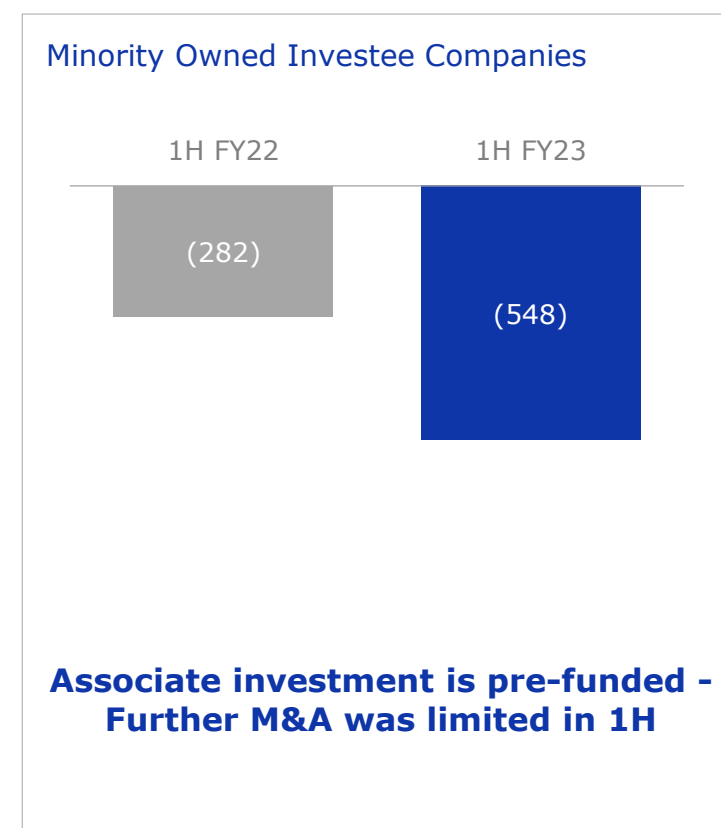
## Total ecommerce economic interest



## Organic investment through P&L



## Associate & JV losses don't impact cash

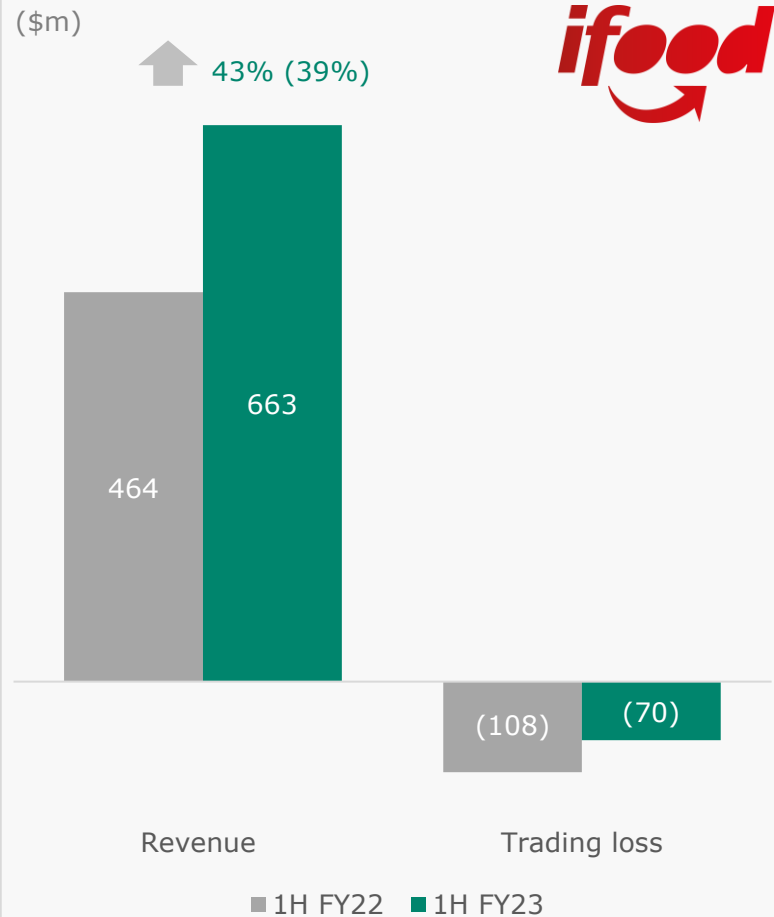


<sup>1</sup> Results from continuing operations reported on an economic-interest basis, i.e., equity-accounted investments are proportionately consolidated.

<sup>2</sup> Results from continuing consolidated owned and managed businesses exclude equity accounted investments, i.e., associates and joint ventures.

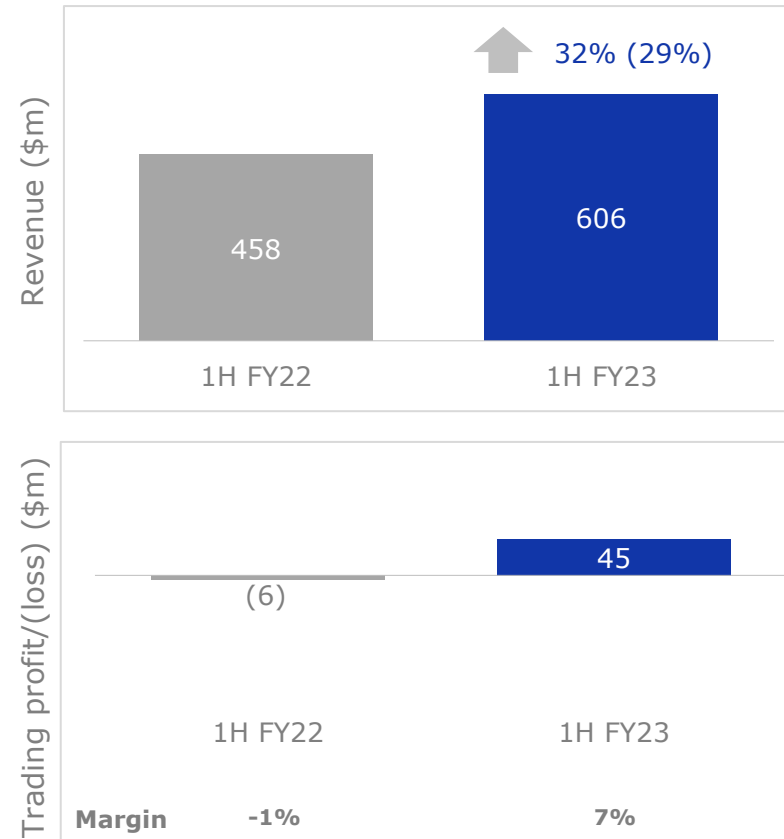
# iFood's core scales profitability while investing in convenience

## Consolidated Food Delivery<sup>1</sup>

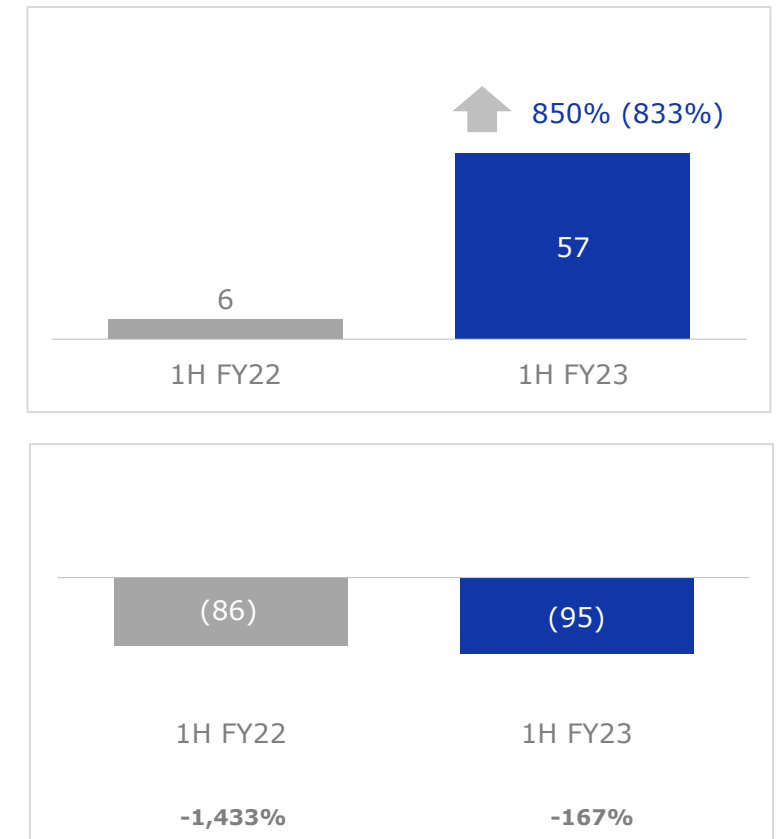


## iFood Brazil<sup>2</sup>

### Core Restaurant Business Profitable



### Margin improvement from New Initiatives<sup>3</sup>



<sup>1</sup> Results of majority owned and managed businesses. This excludes results from associates and joint ventures. Numbers in brackets represent YoY growth shown in local currency excluding M&A.

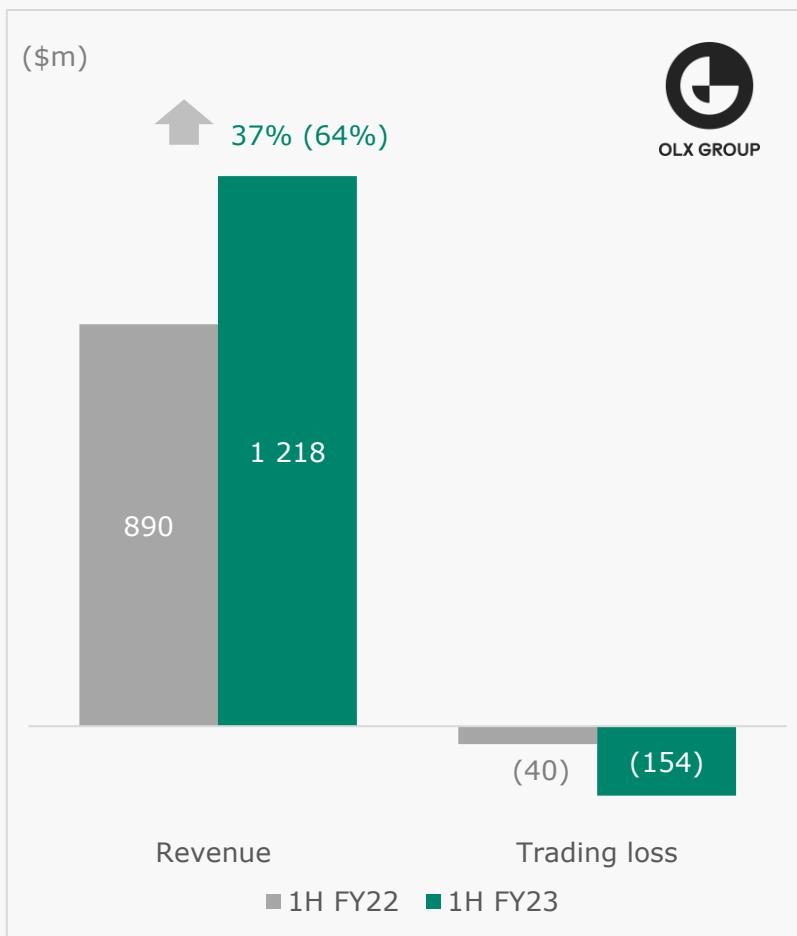
<sup>2</sup> iFood Brazil is the only majority owned business.

<sup>3</sup> Includes grocery and fintech initiatives and corporate costs for iFood.

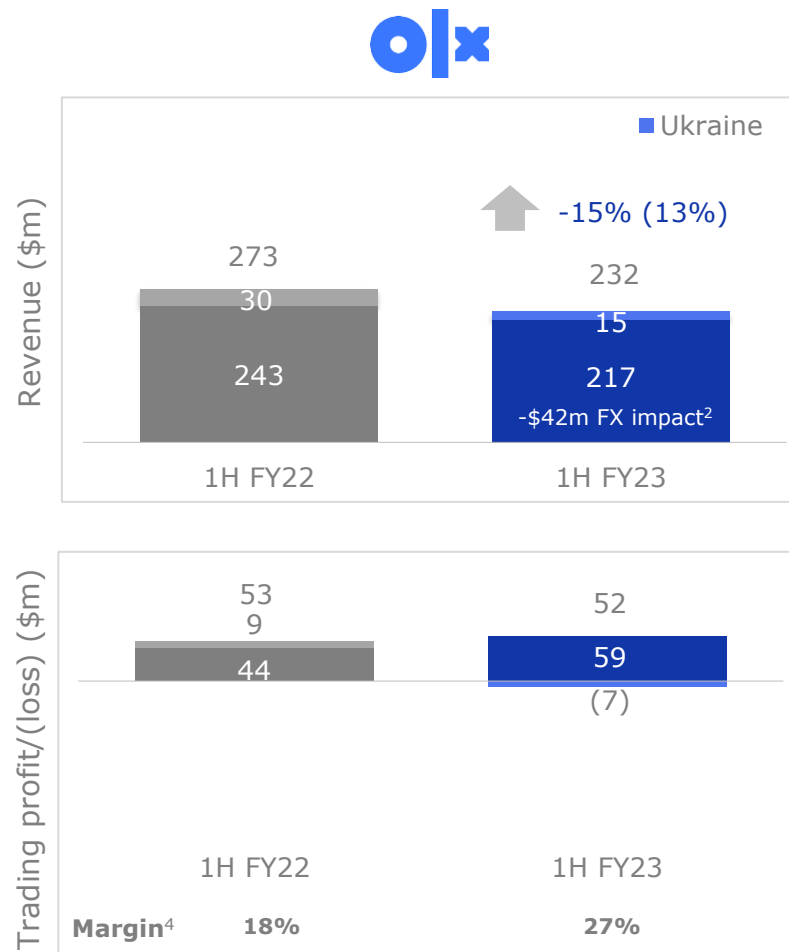


# Classifieds growing through disruption, while expanding Autos business

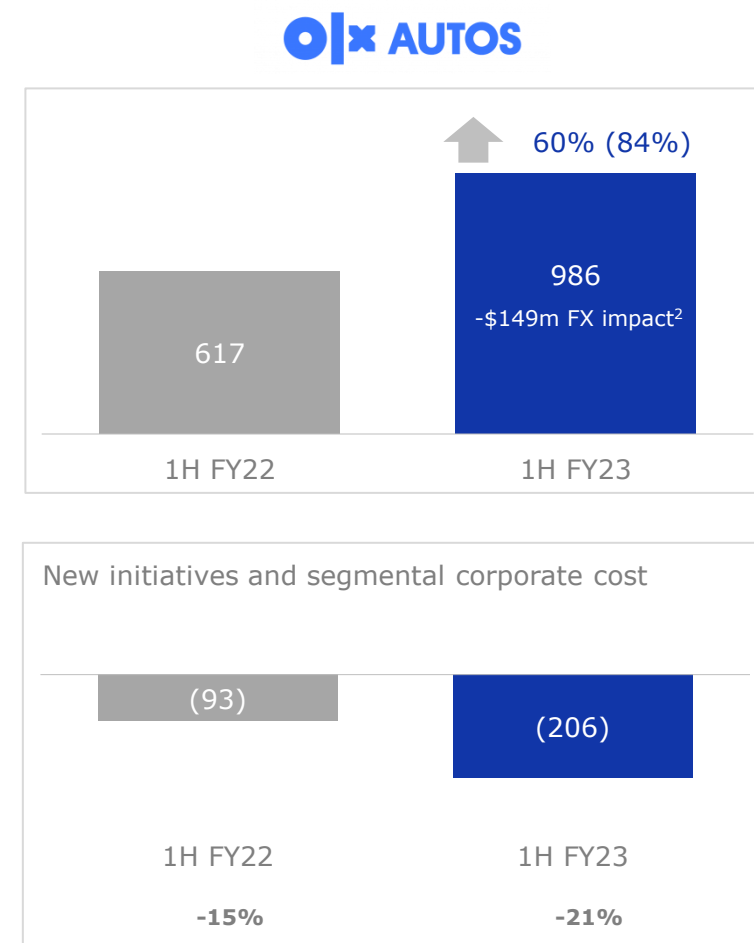
## Consolidated Classifieds businesses<sup>1</sup>



## Core Classifieds Business Profitable<sup>1</sup>



## Investing to scale Autos B2C business<sup>1,3</sup>



<sup>1</sup> Results of continuing operations of majority owned and managed businesses. This excludes joint ventures, associates and Avito. Numbers in brackets represent YoY growth shown in local currency excluding M&A.

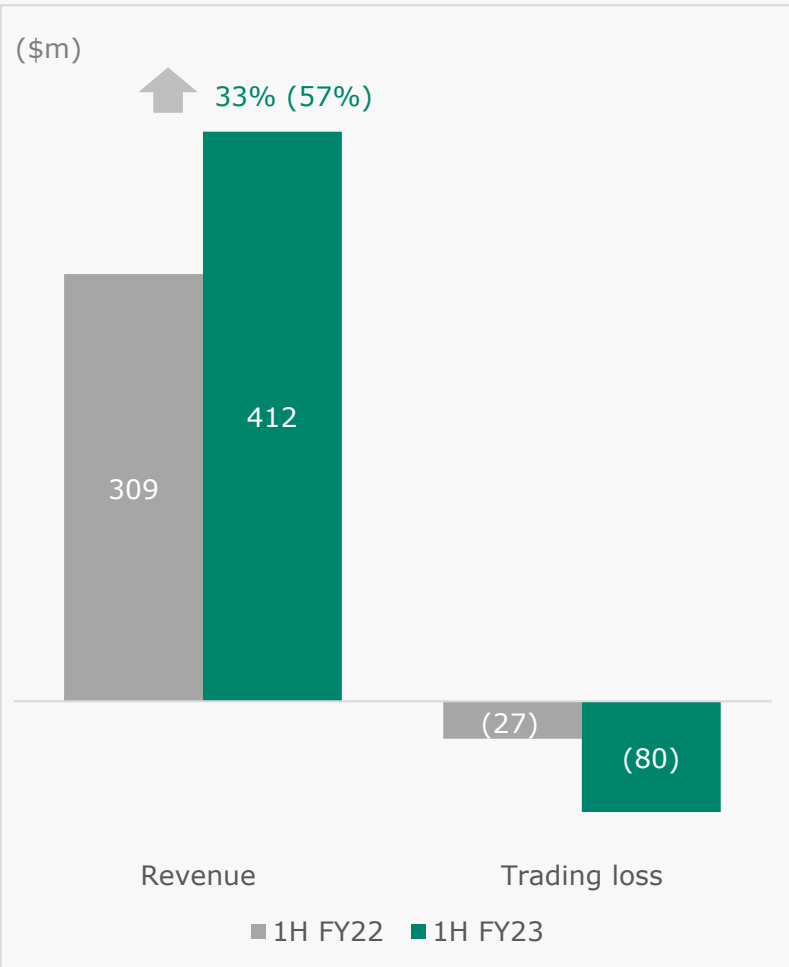
<sup>2</sup> Impact of YoY foreign exchange at constant currency of 1H FY22.

<sup>3</sup> OLX Autos includes markets where autos transaction constitute predominant mix of business (LatAm, USA, India, Indonesia, Pakistan and Turkey).

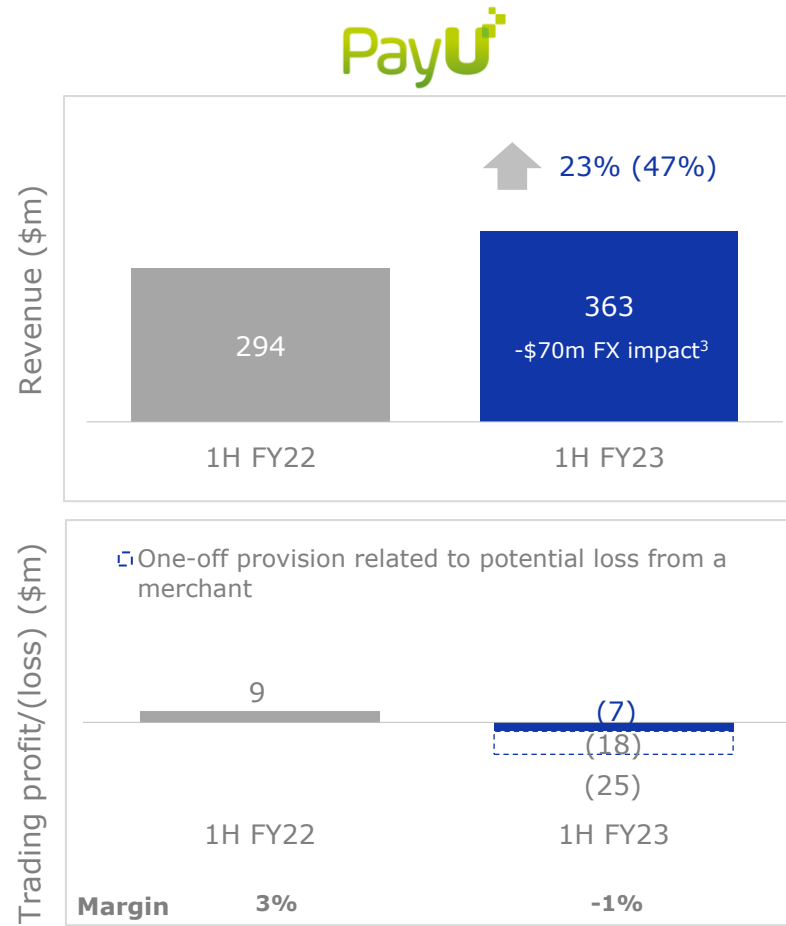
<sup>4</sup> Core classifieds business trading profit margins excludes Ukraine.

# Payments sustained core growth and improved margin in credit

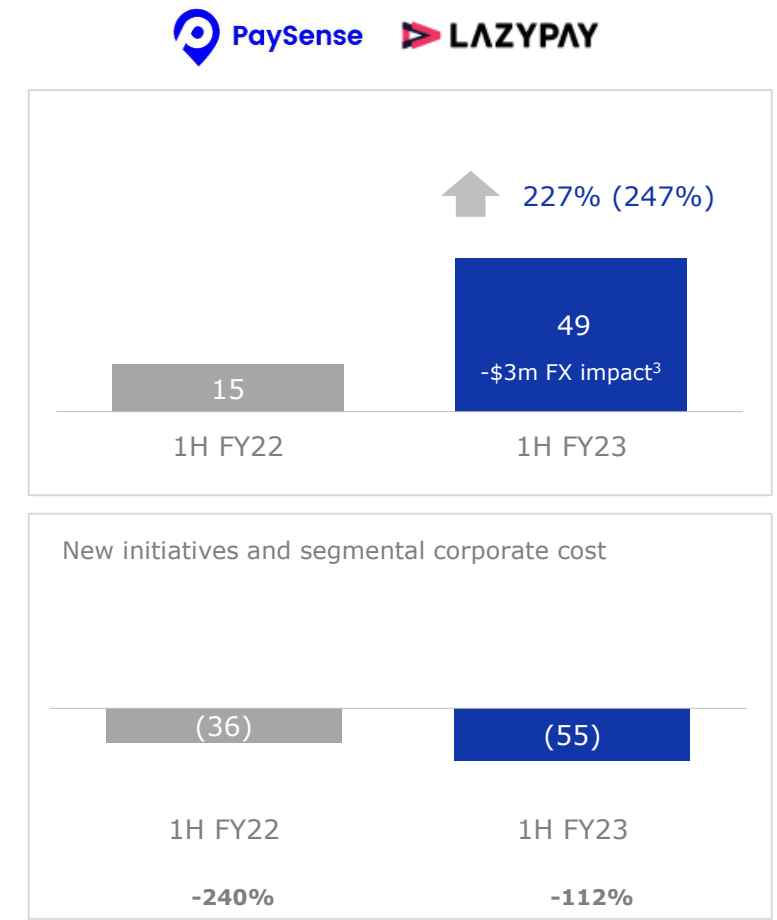
## Consolidated Payments & Fintech<sup>1</sup>



## Sustained Core Payments Growth



## Margin improvement from New initiatives<sup>3</sup>



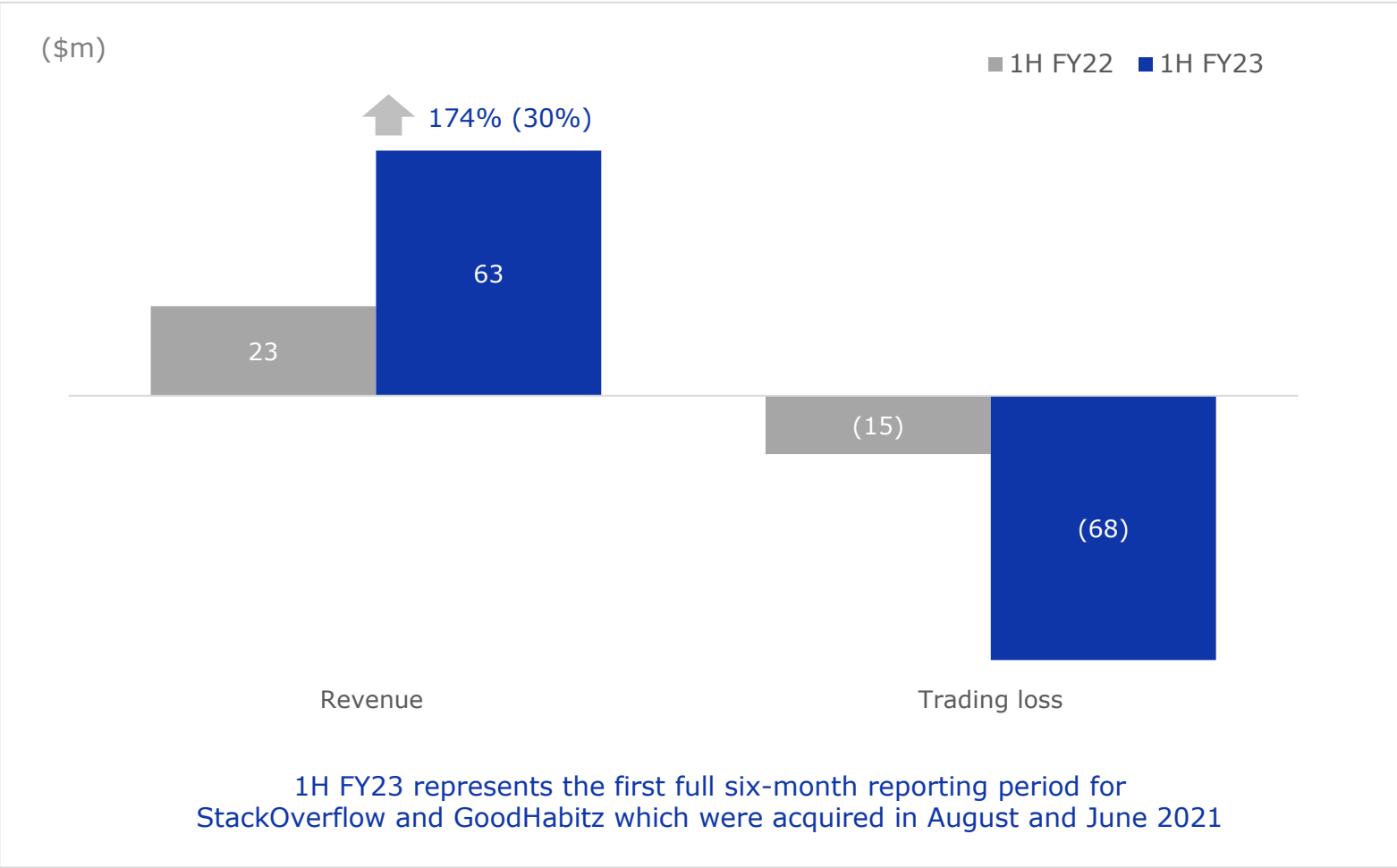
<sup>1</sup> Consolidated results of majority owned businesses. This excludes results from associates and joint ventures. Numbers in brackets represent YoY growth shown in local currency excluding M&A.

<sup>2</sup> Impact of YoY foreign exchange at constant currency of 1H FY22.

<sup>3</sup> Includes Credit and other initiatives.

# Strong Edtech revenue growth with investment focused on expansion

Consolidated<sup>1</sup> enterprise Edtech platforms, Stack Overflow and GoodHabitZ, invested in product enhancement and footprint expansion



Total bookings grew 53%, translating into 33% revenue growth driven by Stack Overflow for Teams. Teams contributed 49% of total revenues, compared to 32% in the prior year.



Revenue grew 27%. Geographic expansion drove trading losses higher. The business is now focusing on these existing markets driving operational optimisation to return to profitability.

<sup>1</sup> Consolidated results of majority owned businesses. This excludes results from joint venture and associates. Numbers in brackets represent YoY growth shown in local currency excluding M&A.

# We are optimizing the cost structure and accelerating profitability



## Optimisation of current operations

We are **improving unit economics** and **driving strong cost reductions** in our underlying businesses to optimise performance



## Focused incremental organic investment

Direct incremental investment in growth extensions will be disciplined and focused, no new initiatives for now  
We are driving **more balanced growth** with an **eye to a shorter path to profitability**



## Focus on cost

We are focused on **significant efficiency** and are examining all costs, with a focus on indirect expenditure



## Exiting underperforming businesses

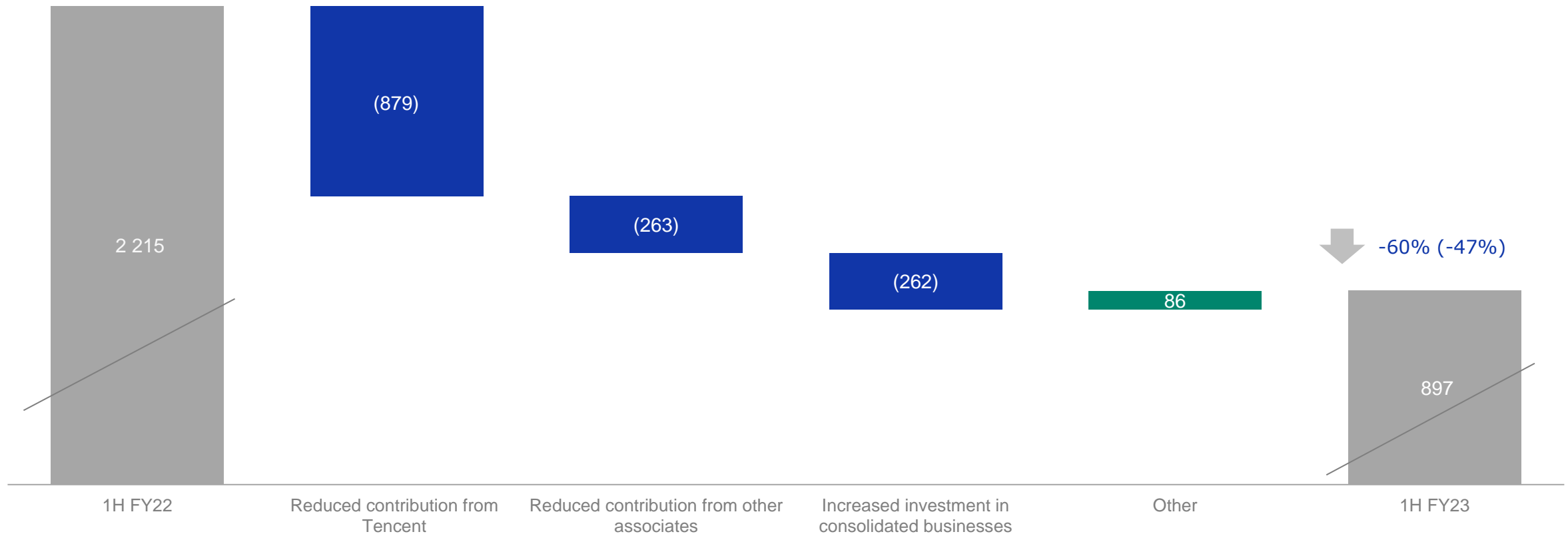
We are **drawing a line under businesses that will take too much time and resources to achieve profitability**.  
We closed iFood Colombia and OLX Autos in Peru and Ecuador to focus on optimising more successful operations

Our ambition is aggregate consolidated profitability in 1H FY2025

# Core HE impacted by reduced Tencent stake and increased investment

Core headline earnings reduced following lower contributions from Tencent and increased investment in Ecommerce

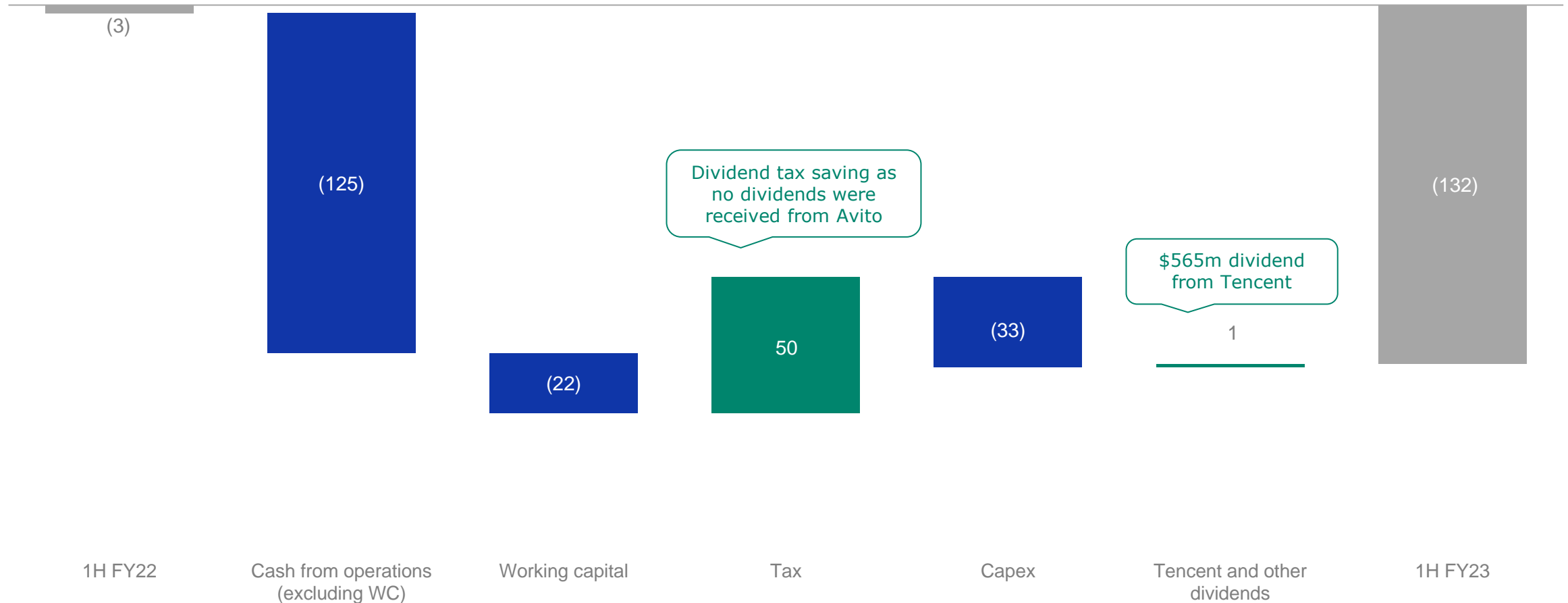
Incremental Core HE, YoY (\$m)





# FCF reflects a stable Tencent dividend offset by investment

Incremental FCF, YoY (\$m)<sup>1</sup>



<sup>1</sup> FCF (Free cash flow) from continuing operations is defined as EBITDA less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income. Cash flows relating to the Group's credit business were reclassified from financing to operating activities. Accordingly, FCF flow in the prior period has been adjusted for this change.

# A strong balance sheet is supportive in this environment

## Investment Grade

BBB (S&P) / Baa3 (Moody's)

## 12% LTV

Based on Gross Debt<sup>2</sup>

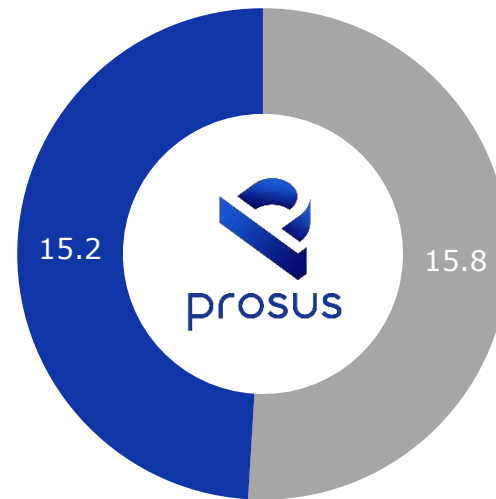
## 2.1X

Interest Cover<sup>3</sup>

## 3.2%

Cost of Debt (1H FY22:3.7%)

Net cash<sup>1</sup> \$0.6bn at 30 September 2022



■ Cash (\$bn) ■ Debt (\$bn)

\$14.6bn cash held centrally

## Since September 2022



Committed **€1.5bn<sup>4</sup>** to the acquisition of the remaining 33.3% stake in iFood



Sold Avito for net proceeds of **\$2.4bn** in October 2022



Expected distribution of Meituan shares in March 2023 from Tencent. Shares will be held for sale and we will evaluate market conditions, timing and pricing to optimise value

<sup>1</sup> Cash includes short-term cash investments, debt includes all interest-bearing debt and excludes all finance leases.

<sup>2</sup> Internal calculation for LTV: Gross debt / (Gross cash + listed assets + 50% unlisted assets) at 30 September 2022. Rating agencies use Net debt / cash for their calculations – Net LTV is 0%.

<sup>3</sup> Calculations for interest cover: (Dividends from investments and cash to HoldCo + interest received – HoldCo operating costs) / HoldCo interest for the last 12 months ended 30 September 2022.

<sup>4</sup> We committed €1.5bn, plus a contingent consideration of up to €300m. The transaction was approved by Just Eat Takeaway shareholders in November 2022 and has subsequently closed.

A night scene of a canal in Amsterdam. The water is dark, reflecting the warm lights from the buildings and street lamps. On the left, a bridge with a string of small lights arches over the canal. The buildings on the right are multi-story, with many windows, some of which are lit up. A street lamp with a warm glow is visible on the right side. The overall atmosphere is quiet and historic.

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## Closing remarks

Bob van Dijk

# Key Priorities for the remainder of the year and beyond






















- 1 We will continue the open-ended buyback to take advantage of the group's valuation discount to permanently increase shareholders' per share exposure to the NAV of our investments in Tencent and Ecommerce
- 2 We remain committed to investing in the growth of our businesses, while at the same time driving the overall portfolio to profitability and cash flow generation in the coming years.
- 3 We remain highly disciplined on M&A and preserving liquidity
- 4 We endeavour to build a simpler Group with a transparent, predictable and repeatable process of identifying, scaling and then crystalizing value across our portfolio in a manner which maximizes value for our shareholders
- 5 We will continue the integration of sustainable business practices throughout the Group

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## **Appendix**



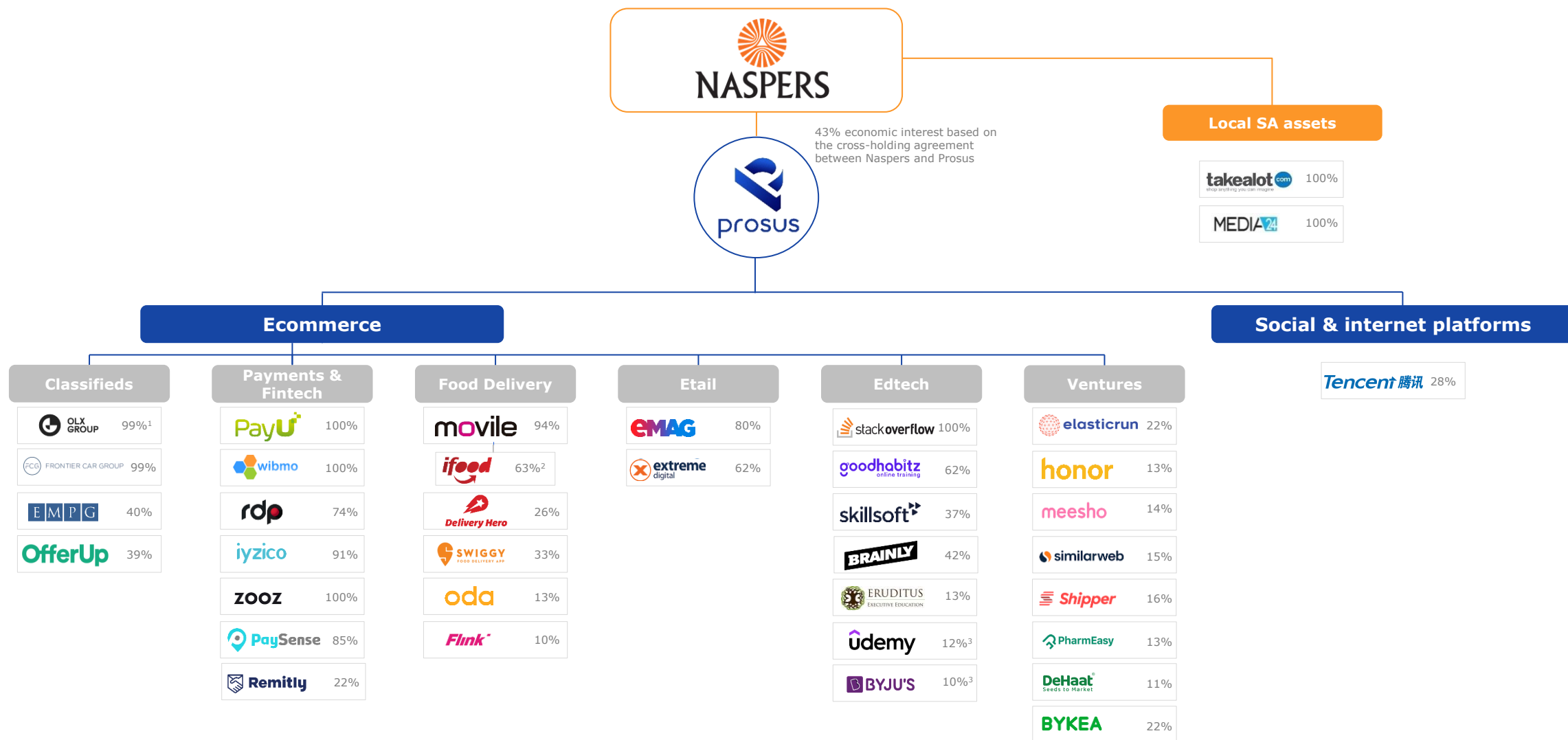
# Major businesses in the Group's Ecommerce portfolio

	Controlled and managed businesses	Associates and JV's	Investments
<b>Classifieds</b>	 	  	
<b>Food Delivery<sup>1</sup></b>		   	
<b>Payments &amp; Fintech<sup>1</sup></b>	  	   	
<b>Edtech<sup>1,2</sup></b>	 	   	  
Accounting:	100% consolidated	Equity accounted	FV through OCI

<sup>1</sup> The illustrated logos represent the major contributors in terms earnings or in terms of realising our strategy and may not represent the full list of investments within each respective portfolio.

<sup>2</sup> We stopped equity accounting BYJU's and Udemy in September 2022.

# Group portfolio



Organogram depicts effective interest percentage in major entities at 30 September 2022 for Prosus where applicable.

<sup>1</sup> OLX owns 50% of operations in Brazil.

<sup>2</sup> Mobile held 67% of iFood, before the close of the 33% minority buyout of iFood by Prosus which closed in November 2022.

<sup>3</sup> We stopped equity accounting BYJU'S and Udemy from September 2022, these assets will be recognised as FV Investments through OCI.

# Glossary and financial definitions

1P / 3P:	First party / Third Party	Consolidated Earnings:	Results of subsidiaries only, companies which the group controls
CAGR:	Cumulative Annualised Growth Rate	Economic Interest:	A non-IFRS measure representing the consolidated earnings plus the group's proportionate share of the associates and joint ventures
ESG:	Environmental, Social and Governance	FCF:	Earnings before interest, tax and depreciation and amortization less adjustments for non-cash items, working capital, taxation, capital expenditure, capital leases repaid and investment income
GMV:	Gross merchandise value	Core Headline earnings:	Core Headline Earnings is a non-IFRS measure and represent headline earnings for the period excluding certain non-operating items and is an appropriate indicator of the operating performance of the group
GPO:	Global Payment Operations	TP:	Trading profit/(loss) represents operating profit/loss, adjusted to exclude: (i) amortization of intangible assets recognized in business combinations and acquisitions, (ii) retention option expenses linked to business combinations; (iii) other losses/gains—net (iv) cash-settled share-based compensation expenses deemed to arise from shareholder transactions by virtue of employment; and (v) subsequent fair value remeasurement of cash-settled share-based compensation expenses, equity-settled share-based compensation expenses for group share option schemes as well as those deemed to arise on shareholder transactions (but not excluding share-based payment expenses for which the group has a cash cost on settlement with participants).
HoldCo:	Holding company		
IRR:	Internal rate of return		
K12:	Kindergarten to 12th grade		
LTV:	Loan to value		
M&A:	Mergers and acquisitions		
NAV:	Net Asset Value		
p.p:	Percentage points		
PSP:	Payment service provider		
TPV:	Total payment value		



For further information:

Visit our website: [www.prosus.com](http://www.prosus.com) or [www.naspers.com](http://www.naspers.com)

Email: **InvestorRelations@prosus.com**