



The power of technology is driving change in the world and Prosus is at the heart of this change.

Bob van Dijk
Chief executive

Improving everyday life

We use technology to improve daily life for billions of people. This creates sustainable value for our customers and communities, our many stakeholders and our group as we build companies that today serve over two billion customers. We believe there is much more to come.

Our approach is founded on a multigenerational record of innovation, adaptation and reinvention. We understand the opportunity and importance of solving everyday problems for customers. Equally, we understand that local entrepreneurs are often best placed to do this.

As such, we continually identify and back innovative, ambitious local entrepreneurs. We nurture and support the companies we invest in, because our experience proves this is the best way to build sustainable businesses. Entrepreneurs find this long-term approach attractive, along with access to our operating experience and global scale. These are important criteria in a fast-moving and competitive world where available funding has almost halved since peaking in September 2021.

By aligning technology and data with key customer needs, we are able to increase convenience, frequency of use, reliability and safety. This is a long-term game. It takes ongoing investment to build the end-to-end capabilities that enable closer and stronger relationships with customers across the ecosystems of our core segments.

However, it also requires a disciplined approach to capital allocation, grounded in future returns. Typically, we progressively grow our capital commitments as we learn and scale. But we are disciplined about divesting from assets that no longer meet our rigorous return expectations. A clear example is our decision to exit the OLX Autos business prior to year-end, as discussed below.

Since we are focused on capturing the value of future technological change, AI is integral to our growth, innovation, and competitiveness. AI is employed ethically and responsibly across the organisation for improving customer experience and operational efficiency. We have fully embraced the potential of generative AI (GenAI), both as a technology to make all our businesses better, and as a key factor in our investment decisions. Our central AI team, which we started about five years ago, is instrumental to be a leader in developing and responsibly deploying GenAI.

Progress on strategy this year

Our businesses continued to deliver strong growth while navigating a challenging and fast-changing environment. Despite widespread uncertainty throughout the review period, we have made good progress on our strategy to build valuable businesses across the group.

In 2022, growth expectations and valuations were under pressure as consumers adapted to higher inflation and interest rates. To address these challenges, we are reducing our cost base and we are taking further action to deliver long-term value to our shareholders.

In March 2023, we announced our exit from OLX Autos. This adjacency to our core classifieds business of OLX Group faced ongoing macroeconomic and market challenges. Higher cost of capital, high inflation and the reversal of pandemic trends resulted in a significant and persistent slowdown in the second-hand car market. While OLX Autos had built leading positions across many of its key markets given its strong technology platforms and local focus, pursuing a global growth strategy was no longer the right approach for our shareholders. We are exploring all options for this business, acknowledging that significant value exists in local markets.

The exit of OLX Autos will significantly improve the profitability profile of our Classifieds segment as a whole and supports our stated first half of FY25 ambition of a profitable Ecommerce segment.

That said, this turbulent environment has reduced the risk appetite for many investors and depressed market valuations, particularly in the tech and internet sectors. By mid-year, this had led to a very substantial widening in our discount to the sum of the group's asset value. To take advantage of this dislocation and generate substantial shareholder value, in June 2022, the group launched an open-ended multiyear share repurchase programme, funded by the daily sales of a limited number of Tencent shares and the concurrent repurchase of Prosus shares. This transaction locks in value immediately, while at the same time increasing the group's exposure to Tencent and its ecommerce portfolio on a per-share basis.

The recent groupwide initiative at corporate and in the segments to reduce headcount introduces risks. We rely on the expertise and knowledge of our people in the markets in which we operate but the reductions create capacity constraints that impact people's morale. We are working hard to adapt our operations to enhance their sustainability. We are focusing on core tasks so that our people have a sustainable workload. We are also changing our processes to ensure we manage our risks in this evolving legislative landscape. We remain committed to improving the engagement of our people and will maintain that focus in the coming financial year.

Performance

We detail our performance on pages 48 to 69, with a detailed financial review from page 22.

In summary, on an economic-interest basis, group revenue from continuing operations grew by 7% in local currency, excluding acquisitions and disposals, to US\$32.2bn. This was driven by our ecommerce businesses maintaining topline momentum. Consolidated revenue from continuing operations grew 10% (23%)¹ to US\$5.8bn. Trading profit declined to US\$3.4bn, reflecting a lower share of profits from Tencent and increased organic investment to scale ecommerce extensions. As such, core headline earnings decreased to US\$2.5bn.

Group revenue from continuing operations grew **7% to US\$32.2bn**

¹ Percentages in brackets represent growth in local currency, excluding mergers and acquisitions (M&A).

As a global consumer internet group and a leading long-term technology investor, we recognise the power of technology to create solutions for some of the world's most pressing needs.

We are cutting costs as we expect the operating environment to remain challenging for the foreseeable future. We are accelerating various paths to profitability, with direct incremental investment in areas where we identified the best opportunities to create future value, profitability and cash flow generation. We closed operations where we believe profitable growth cannot be achieved. This will improve both operating leverage and 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.

To summarise our results, beginning with the four components of our Ecommerce segment:

- » **Food Delivery's** 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 acquired the remaining 33.3% stake of iFood from Just Eat Takeaway for €1.5bn, plus a contingent consideration of up to €300m.
- » **Classifieds'** revenue grew strongly and the core Classifieds sustained growth and improved profitability, despite the impacts of a tough global economy and Russia's invasion of Ukraine, which significantly affected OLX Europe.
- » In **Payments and Fintech**, the business continued to show growth in the core payment service provider (PSP) business and in credit in India. India's payments business grew on the back of increased wallet share in existing merchants and further diversification of the revenue base, both of which contributed to the improved trading profit margin. Global Payments Operations (GPO) showed robust revenue growth but was impacted by currency translation, while a once-off loss provision due to a merchant that went bankrupt and higher merchant acquisition costs drove GPO into a trading loss. Credit continued to scale while improving its trading margin through operating leverage.

- » **Edtech** recorded 28% (18%) revenue growth. Our enterprise platforms, Stack Overflow and GoodHabit, 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 positioned to benefit from companies upskilling and reskilling their workforce in a fast-changing, technology-driven world.
- » In our **Etail** segment, eMAG had a challenging year as online demand subsided in the face of a resurgent post-pandemic offline economy. In addition, the war in Ukraine resulted in a broader macroeconomic slowdown across Central and Eastern Europe.
- » Our **Ventures** arm adopted a prudent approach. While investing less capital during the year, the team continues to build a healthy pipeline of prospects for coming years. Ventures remains our engine for growing into new segments and markets.

Responsible operator and investor

As a global consumer internet group and a leading long-term technology investor, we recognise the power of technology to create solutions for some of the world's most pressing needs. We view technology as the cornerstone of a successful transition to a green economy that is inclusive and leaves no one behind.

As such, we are creating sustainable value through strategies that improve material efficiency, driving a systemic transition to a circular economy and low-carbon growth.

We are embedding our groupwide climate transition plan by setting and achieving absolute reduction targets on our net-zero journey.

In line with our decarbonisation strategy, we are setting groupwide, multiyear, science-based greenhouse gas emissions reduction targets that will drive our climate transition plan.

The war in Ukraine

Russia's protracted war on Ukraine remains a human tragedy, with significant global, social and economic repercussions.

While our OLX business in Ukraine has proven its resilience, we continue to support our people in several ways, and with financial support for humanitarian initiatives in the country.

In our last report, we announced our exit from the Russian classifieds business, Avito. We completed this disposal and received 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. We also renounced our entire stake in VK, a social and internet platform in Russia.

Looking forward

We adapted our strategy to an uncertain macroeconomic environment to drive continued development of valuable, global, consumer internet businesses. The fundamentals of these businesses remain sound. We continue to have conviction in our platforms and are excited about opportunities ahead.

We are long-term investors and have invested through a number of economic downturns in volatile internet markets. We remain disciplined in our capital allocation, as investments now face a higher bar. We will continue to drive profitability, build scale and take action to manage expenses and free cash flow, even as we invest for growth. In the current environment, we maintain our preference for organic investment – focused on credit, and food and grocery delivery. We are building capabilities, expanding ecosystems and improving competitiveness to accelerate growth and deliver returns across our portfolio. This will expand the profit potential of our ecosystems over the medium term.

A healthy liquidity profile is helpful in uncertain times. Our ambition remains to manage the balance sheet within our investment-grade rating.

Finally, we remain committed to structural actions that unlock value for our shareholders over time. As part of this commitment, we will continue our open-ended repurchase programme as long as the discount remains elevated to structurally improve returns on investment.

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Chief executive

26 June 2023