Prosus N.V. (previously Myriad International Holdings 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 and consolidated financial statements for the year ended 31 March 2020.

Prosus is a subsidiary of Naspers Limited (“Naspers”), a company incorporated in South Africa and listed on the JSE Limited stock exchange in South Africa (“JSE”). On 11 September 2019, Prosus was listed on the Euronext Amsterdam stock exchange, with a secondary listing on the JSE.

The group is a global consumer internet group and one of the largest technology investors in the world. Operating and investing in countries and markets across the world with long-term growth potential, Prosus builds leading companies that empower people and enrich communities. The group operates and partners with several leading internet businesses across Asia, Central and Eastern Europe, the Middle East, the Americas and Africa in sectors including online classifieds, food delivery, payments and fintech, education, health, etail and social and internet platforms.

In terms of the Listings Requirements of the JSE in South Africa, South African listed entities with a primary listing are obliged to issue a trading statement to their shareholders to communicate anticipated changes to a company’s trading position that would be relevant to the upcoming financial results release. Trading statements are generally issued to provide shareholders with a range of outcomes in respect of key financial metrics as soon as a company has reasonable certainty in respect of those outcomes.

Prosus is a subsidiary of Naspers, and its financial results almost completely account for Naspers’ results. Based on Naspers’ anticipated year ended 31 March 2020 results, Naspers is required to issue a trading statement in terms of the JSE’s listing requirements. To ensure that shareholders of Prosus are provided simultaneously with equivalent information, Prosus is issuing this trading statement.

We ended the financial year facing into the global Covid-19 pandemic, with many of our markets entering lockdown in the last two weeks of March 2020. We continue to respond quickly to the evolving Covid-19 situation to ensure we safeguard our people, maintain our ability to serve our customers and protect our businesses for the long term.

During the year ended 31 March 2020, all key ecommerce segments made good progress against financial and strategic objectives. Classifieds again grew considerably faster than many of its peers and increased profits. Payments and Fintech have now reached profitability at their core while also investing to drive future growth. Food Delivery was a key investment area during the year as we seek to grow the market and our position in it by investing in technology and building out our first-party delivery capabilities, city and restaurant reach. Initial results are highly encouraging as, to date, this investment has driven significant order and revenue growth in our Food Delivery operations. The progress of our core ecommerce segments, which are growing fast and scaling well, gives us confidence in our ability to continue identifying opportunities to create significant value into the future. Tencent delivered a solid financial performance. Further details will be provided in the summarised consolidated financial results, due for release on 29 June 2020.

While we believe each of our segments will continue to benefit from secular growth trends, the global pandemic has negatively impacted some operations and we need to caution against the potential impacts of Covid-19 on the 31 March 2021 financial year. That said, it is important to note that the fundamentals of our businesses remain very strong and we believe that the we are well positioned to weather this unprecedented storm. We have sufficient liquidity to provide our businesses with the appropriate level of funding as well as invest in external opportunities that may present themselves during this period.

For the year ended 31 March 2020, the group’s earnings, headline earnings and core headline earnings are impacted by a number of discreet items that investors should be aware of.

Growth in **earnings per share** in the current period is expected to reduce as a consequence of:

* A gain of approximately US$600m recognised on the disposal of the group’s interest in MakeMyTrip Limited, compared to a gain of US$1.6bn in the prior period recognised on disposal of the group’s interest in Flipkart Limited. This negatively impacts the year-over-year comparison by approximately US$1bn,
* US$114m in donations in response to the Covid-19 in March 2020, as the group expensed its proportionate share of Covid-19 donations made by Tencent Holdings Limited (Tencent) up to end March 2020, and
* Our increased investment to build leadership in the group’s attractive and fast-growing food delivery segment;
* This is partially offset by expected increased contributions from associates, particularly Tencent, and consolidated trading profits from our classifieds and etail segments.

Growth in **headline earnings per share** is negatively impacted by:

* Fair-value gains on investments held by Tencent (classified as at fair value through profit and loss) of approximately US$549m, compared to gains of US$1.5bn recognised in the prior period.

Shareholders are reminded that the board considers core headline earnings an appropriate indicator of the operating performance of the group, as it adjusts for non-operational items. Core headline earnings per share from continuing operations for the current period is expected to increase by between 7 and 23 cents per share (between 4% and 12%). The abovementioned gains on disposals of investments, fair-value losses and Covid-19 donations have been excluded from core headline earnings. As such, growth in core headline earnings is expected to benefit by continued healthy growth from Tencent and growth in many of our established ecommerce business, however, this is expected to be offset by the additional investment to drive strong growth in the food delivery business.

The group has illustrated the anticipated changes in core headline earnings per share, earnings and headline earnings per share for the year ended 31 March 2019 as compared to 31 March 2020 (to be included in the summarised consolidated financial results for the year ended 31 March 2020) for both total operations and continuing operations in the tables below:

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| --- | --- | --- | --- |
| **Total operations** | **31 March 2019****US cents** | **31 March 2020****expected increase/(decrease)****US cents** | **Expected increase/(decrease)%** |
| Earnings per share (1)(2) | 221 |  5 – 21 | 2.1% – 9.5% |
| Headline earnings per share (1)(2) | 226 | (61) – (42) | (27.0%) – (18.6%) |
| Core headline earnings per share (1)(2) | 183 | 14 – 30 | 7.7% – 16.4% |

|  |  |  |  |
| --- | --- | --- | --- |
| **Continuing operations** | **31 March 2019****US cents** | **31 March 2020****expected increase/(decrease)****US cents** | **Expected increase/(decrease)%** |
| Earnings per share (1)(2) | 265 | (39) – (23) | (14.9%) – (8.5%) |
| Headline earnings\* per share (1)(2) | 234 | (69) – (50) | (29.5%) – (21.4%) |
| Core headline earnings\*\* per share (1)(2) | 190 | 7 – 23 | 3.7% – 12.1% |

*\* Headline earnings represent net profit for the period attributable to equity holders of the group, 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 1/2019, Headline Earnings, as issued by the South African Institute of Chartered Accountants, pursuant to 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 the company. 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) 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; (iii) fair-value adjustments on financial instruments (including put option liabilities) and unrealised currency translation differences, as these items obscure the group's underlying operating performance; (iv) one-off gains and losses (including acquisition-related costs) resulting from acquisitions and disposals of businesses as these items relate to changes in the composition of the group and are not reflective of its underlying operating performance; (v) the amortisation of intangible assets recognised in business combinations and acquisitions; and (vi) the donations due to Covid-19, as these expenses are not considered operational in nature. These adjustments are made to the earnings of businesses controlled by the group as well as the group's 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 A and N ordinary shares in issue during the respective periods.
2. Per share information for the comparative periods is based on the net number of shares issued for the year ended 31 March 2020 to permit comparability.

Financial information on which this trading statement is based has not been reviewed or reported on by the company’s auditors.

AMSTERDAM, THE NETHERLANDS

18 June 2020

Sponsor: Investec Bank Limited