Chief financial officer's review

Decisive management actions in the previous review period led to consolidated profitability in the second half of the financial year, confirming our stated commitment to stakeholders.

Basil Sgourdos
Chief financial officer

Operational review

In presenting and discussing our performance, we use certain alternative performance measures not defined by IFRS, referred to as non-IFRS-EU financial measures, alternative performance measures or APMs. Such measures include economic-interest-basis information; trading profit; adjusted EBITDA; headline earnings; core headline earnings; and growth in local currency, excluding acquisitions and disposals. Segmental reviews in this report are prepared showing revenue on an economic-interest basis (which includes consolidated subsidiaries and a proportionate share of associated companies and joint ventures), unless otherwise stated.

Unless otherwise stated, the growth rates discussed further in this report compare FY24 to FY23. For further explanation of the use of APMs, refer to 'About this report' in the governance section.

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

We are pleased to report that the group has achieved consolidated Ecommerce profitability in the second half of the financial year and is also profitable for the full year ended 31 March 2024 (FY24). This is significantly ahead of our commitment to achieve consolidated Ecommerce profitability in the first half of the financial year ending 2025. Our work continues to focus on delivering sustained, profitable growth, which we believe will highlight the value of our businesses over time.

For the 12 months to 31 March 2024, the group intensified its focus on profitable growth in its core growth assets, and in driving improvements in underperforming investments. Consolidated revenue from continuing operations grew 11% (19%) to US$5.5bn, driven by strong performances at OLX and iFood. Ecommerce consolidated trading profit from continuing operations improved by a sizeable US$451m (US$429m) to US$38m in FY24 as growth, scale and cost reduction positively impacted results. Trading losses for the group have reduced by US$446m to US$118m in FY24, underlining our accelerating profitability path.

Core headline earnings, our measure of after-tax operating performance, were US$5.0bn – an increase of 84% (109%).

While we continue to seek long-term growth opportunities, external investment (M&A and minority investment) was limited to US$571m, meaningfully off the US$6.3bn peak in 2022 as we maintained discipline in a challenging investment landscape. Historically the group had achieved some investing success over a sustained period of time. But in the last two years, our internal rate of return (IRR) has been far below target. Steps have been taken to learn from our errors and address this underperformance, including by more actively engaging with our major operating companies and investments, flattening our overall organisation to get closer to our businesses and redesigning the investment team, investment process and incentives. Enhancing our knowledge, expertise and capability is the group's DNA, and when we have conviction in our ideas, we will increase our deployment of capital.

We have created additional value for our shareholders by continuing the open-ended share-repurchase programme. Since its inception in June 2022, this programme has reduced the free-float share count by 21% and generated US$30bn of value for shareholders. From the programme's launch to 31 March 2024, the combined holding company discount of Naspers and Prosus has reduced by some 21 percentage points. Over the same period, Prosus has repurchased 318 170 126 Prosus ordinary shares, with a total value of US$17.1bn, leading to 8.2% accretion in net asset value (NAV) per share. Naspers funds its open-ended share-repurchase programme with regular sales of Prosus shares. By 31 March 2024, Naspers had sold 113 092 796 Prosus ordinary shares N and bought back 34 793 336 Naspers N ordinary shares to the value of US$5.7bn.

In September 2023, we simplified our structure by removing the cross-holding structure, with overwhelming shareholder support. Stronger performance of our operating businesses, better investments, and our open-ended share-repurchase programme are important contributors to long-term value creation and shareholder returns. The group remains committed to these goals.

Chief financial officer's review

iFood continues to deliver strong performance which underlines its position as one of the best food-delivery businesses globally. iFood's core restaurant food-delivery businesses generated a strong increase in trading profit of US$137m year on year (YoY). Progress has been made in developing growth extensions further and the management team at iFood see significant potential in their lending, grocery and meal vouchers business. This strong ecosystem is central to iFood's long-term potential.

Our Classifieds businesses accelerated profitability markedly, driven by strong revenue growth and effective cost-control measures, particularly in OLX Europe. During the year, we concluded deals or closed most of OLX Autos, the automobile transaction business.

PayU continued to grow well in its core PSP (payment service provider) business. Strong revenue growth and improved profitability were driven by improved operating leverage and effective cost control, despite regulatory hurdles in India. The sale of GPO, announced in August 2023, is progressing and expected to close in the second half of calendar 2024.

In the Edtech segment, the broad adoption of generative artificial intelligence (GenAI) tools and challenging macroeconomic conditions have affected our businesses, particularly Stack Overflow. Revenue growth has been more modest than anticipated, and we have taken significant action to improve trading profit and free cash flow performance given this revenue base. Stack Overflow has leveraged the group's inhouse AI capabilities to improve its AI value proposition with positive early results. GoodHabitz is benefiting from its investments in product enhancements and a more measured international rollout programme.

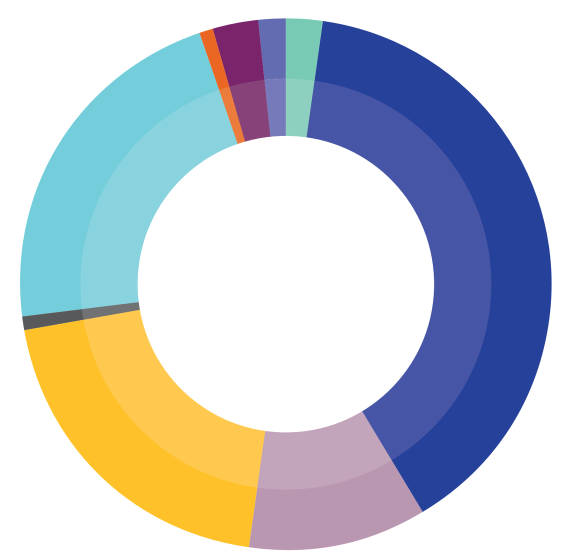
Financial revenue

Revenue

Our total revenue increased by US$520m, or 11%, from US$4 947m in the year ended 31 March 2023 to US$5 467m in the year ended 31 March 2024, primarily due to Classifieds and Food Delivery and, to a lesser extent, Payments and Fintech as well as Etail.

We operate in countries and markets across the world, resulting in significant exposure to foreign exchange volatility. This can have an impact on reported revenues and costs as they are generally denominated in local currency. The financial performance of our businesses is accounted for in the group in their respective functional currencies and translated to US dollars.

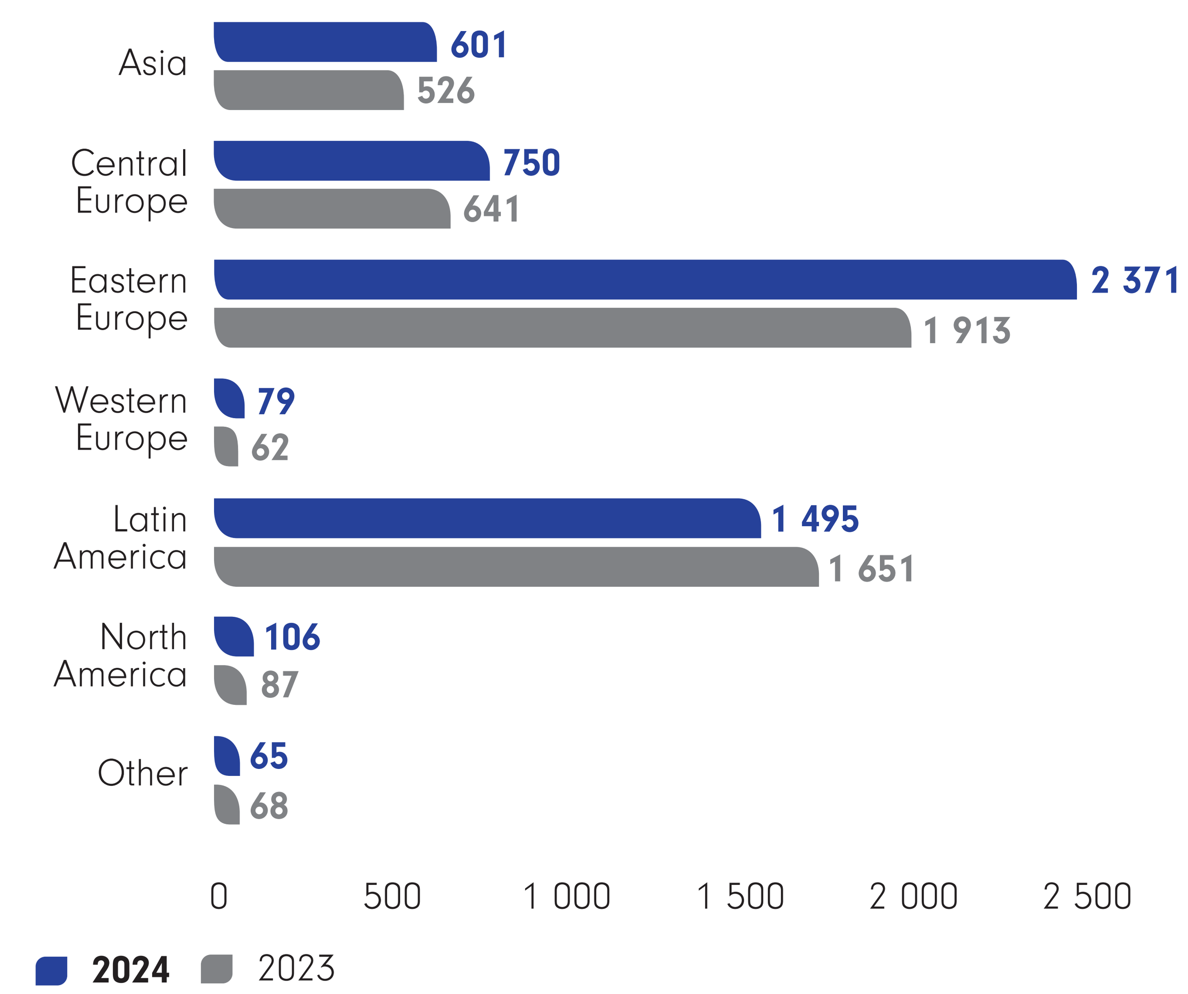
Total revenue for the year ended 31 March 2024 (US$'m)



Revenue from interest income	134
Online sale of goods revenue	2 130
Classifieds listings revenue	592
Payment transaction commissions and fees	1 098
Mobile and other content revenue	43
Food-delivery revenue	1 192
Advertising revenue	40
Educational revenue	148
Other revenue	90

Online sales of goods revenue represented 39% and 38% of our total revenue in the years ended 31 March 2024 and 31 March 2023 respectively.

Revenue by geographic market (US$'m)



Group revenue, measured on an economic-interest basis, was US$31.7bn, an improvement of 1% (12%). This was driven by a healthy 13% (17%) increase in Ecommerce segment revenues.

Costs of providing services and sale of goods

The costs of providing services and sale of goods decreased by US$65m, or 2%, from US$3 310m for the year ended 31 March 2023 to US$3 245m for the year ended 31 March 2024.

Platform/website hosting, warehousing costs and costs of goods sold on those platforms increased by US$139m, from US$1 718m in the year ended 31 March 2023 to US$1 857m in the year ended 31 March 2024.

Delivery service costs decreased from US$734m in the year ended 31 March 2023 to US$370m in the year ended 31 March 2024. This decrease primarily related to the Food Delivery business as a result of the change in business model of its logistics business.

Payment facilitation transaction costs increased by US$169m from US$693m in the year ended 31 March 2023 to US$862m in the year ended 31 March 2024. The increase primarily related to the Payments and Fintech business, particularly in India, where increased transaction volumes with merchants resulted in increased transaction processing costs. In addition, following the growth in the Food Delivery business, payments facilitation costs increased accordingly.

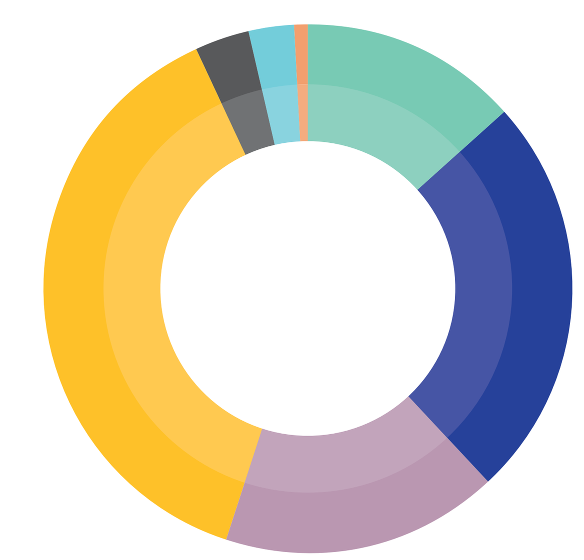
Selling, general and administrative costs

Selling, general and administrative costs increased by US$365m, or 18%, from US$2 023m in the year ended 31 March 2023 to US$2 388m in the year ended 31 March 2024.

General business administrative cost increased by US$25m from US$450m in the year ended 31 March 2023 to US$475m in the year ended 31 March 2024, primarily due to cost increases across all the segments as they scale.

Staff costs increased by US$289m, or 25%, from US$1 175m in the year ended 31 March 2023 to US$1 464m in the year ended 31 March 2024, primarily due to an increase in share-based compensation costs.

Number of employees for the year ended 31 March 2024



Classifieds	2 811
Food Delivery	5 215
Payments and Fintech	3 553
Etail	8 041
Edtech	677
Other Ecommerce	585
Corporate	166

Chief financial officer's review

Total permanent staff decreased from 22 634 at 31 March 2023 to 21 048 at 31 March 2024. Staff decreased particularly in the Payment and Fintech, Classifieds and Food Delivery segments. For further information regarding headcount, refer to the section on 'Our people' on page 54.

Share-based compensation costs increased by US$304m due to changes in valuation assumptions, including share prices and volatility, as well as the impacts of allocations made and vesting of options.

Depreciation and amortisation

Depreciation and amortisation in selling, general and administration expenses increased by US$1m, or 1%, from US$169m in the year ended 31 March 2023 to US$170m in the year ended 31 March 2024.

Finance income/(costs) – net

Net finance income increased by US$561m from a cost of US$133m in the year ended 31 March 2023 to a finance income of US$428m in the year ended 31 March 2024.

Interest expense increased by US$4m, or 1%, from US$553m in the year ended 31 March 2023 to US$557m in the year ended 31 March 2024.

Interest income increased by US$437m, or 92%, from US$475m in the year ended 31 March 2023 to US$912m in the year ended 31 March 2024, due to increased cash balances on hand.

Interest expense relates primarily to interest on the publicly traded bonds. Interest income includes interest earned on bank accounts and short-term investments.

Other finance income increased from a finance loss of US$55m for the year ended 31 March 2023 to an income of US$73m for the year ended 31 March 2024. This relates primarily to fair value gains of derivative instruments, which include forward exchange contracts offset by foreign exchange differences related to the foreign exchange impacts on the translation of assets and liabilities.

Share of equity-accounted results

Our equity-accounted results in equity-accounted companies decreased by US$2 364m, or 46%, from US$5 174m in the year ended 31 March 2023 to US$2 810m in the year ended 31 March 2024. This is driven primarily by Tencent's decreased gains on acquisitions and disposals of US$5.8bn offset by a decrease in impairment losses of US$1.3bn and increased contribution from its associates of US$638m. A further positive offset to the lower gains on asset disposals is Tencent's strong increase in profitability by US$1.1bn to US$6.2bn.

Impairments

An impairment on assets of US$645m was recognised in the year ended 31 March 2023 compared to US$374m in the year ended 31 March 2024. An impairment of US$372m was recognised on Stack Overflow in the current year.

An impairment on equity-accounted investments of US$1 742m was recognised in the year ended 31 March 2023 compared to US$483m in the year ended 31 March 2024. The current year includes the impairment of US$255m on Delivery Hero.

Gain on partial disposal and dilutions of equity-accounted investments

A gain on partial disposal of Tencent shares of US$5 053m was recognised in the year ended 31 March 2024 compared to US$7 622m in the year ended 31 March 2023.

Dilution losses of US$252m were recognised in the year ended 31 March 2023 compared to dilution losses of US$238m in the year ended 31 March 2024.

Net gains on acquisitions and disposals

Net gains on acquisitions and disposals of US$54m were recognised in the year ended 31 March 2023, compared to net losses of US$3m in the year ended 31 March 2024.

Taxation

Our tax expense increased by US$119m, or >100%, from US$42m in the year ended 31 March 2023 to a tax expense of US$161m in the year ended 31 March 2024, due to increased profits from our continuing operations.

Profit from discontinued operations

In March 2023, we announced the decision to exit the OLX Autos business unit. All the operations of this business are presented as discontinued operations as they have been disposed of, 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 31 March 2024.

Losses from discontinued operations during the year amounted to US$270m related to the Autos business unit. This includes impairment losses of US$137m related to the operation classified as held for sale as at 31 March 2024.

Core headline earnings

Core headline earnings from continuing operations were US$5.0bn – an increase of 84% (109%) or US$2.3bn. This was mainly driven by the improved profitability of our Ecommerce consolidated businesses and equity-accounted investments, particularly Tencent, as well as higher net interest income during the year.

Share capital

At 31 March 2024, the company had 2 577 417 975 ordinary shares N, 6 446 739 ordinary shares A1 and 2 869 537 584 ordinary shares B in issue. Details are reflected in note 23 of the consolidated financial statements and note 9 of the company financial statements.

Cash and debt position

The group's balance sheet is strong, with US$16.0bn cash on hand (including short-term investments). We remain committed to managing our balance sheet within its investment-grade rating; therefore, not all the cash on the balance sheet is available to the group. At 31 March 2024 our estimate is that US$8.0bn is available for new investment.

The group's free cash inflow was US$422m, a sizeable improvement from the prior year free cash outflow of US$382m. This was due to increased profitability in Food Delivery and Classifieds as well as better working capital management in the Etail segments and Payments and Fintech. Excluding OLX Autos, free cash inflow was US$524m. Tencent remains a meaningful contributor to our cash flow via an increasing dividend, which was US$759m for the financial year ended 2024. The group has also received its dividend for the financial year ending 2025 amounting to US$1.0bn.

Basil Sgourdos
Chief financial officer

22 June 2024