

18 August 2020

Questions submitted for the annual general meeting



1. INTRODUCTION

In accordance with the notice of the annual general meeting, from the date of publication of the notice of the virtual annual general meeting until 15 August 2020, at 14:00 CET, shareholders could submit written questions about the items on the agenda. We set out below the questions (possibly combined), and responses to the questions. For these questions and for general information please refer to the company by email on investorrelations@prosus.com.

De Vereniging van Effectenbezitters (VEB) and Anthony Wilmot (Monotix Software)

2. Questions

2.1. **Prosus did not succeed in two major M&A cases lately, Just Eat and eBay's classified ads business. What was the board's evaluation on these outcomes?**

- Although we listed just last year in Amsterdam, we have a long track record of successfully investing in the consumer internet space by following a tried and tested playbook. We are disciplined investors and, as such, we do not view the outcomes of these cases as negative.
- When we review investment decisions and decide whether or not to deploy capital:
 - size is not the driving factor - return is – and we have a long history of being disciplined about our return expectations;
 - our overarching strategy is to build global market leading platforms that leverage scale to drive innovation – we do this organically and we do this through M&A;
 - when this is done through M&A, we do so only if we believe we can add significant value through our ability to expand opportunities, accelerate innovation and drive synergies; and
 - the combination of organic growth and M&A allows us to maximise our capital structure and enhance long-term equity gains.
- There was a clear rationale for evaluating both deals and we used the same capital allocation process and priorities that have driven our success to date.
- In the case of Just Eat, we were not prepared to overpay for that asset, particularly as we knew it would require significant investment. Remaining disciplined on capital allocation is critical for both our long-term growth and generating meaningful returns on our capital. We have one of the fastest growing food delivery portfolios in the world, which continues to generate significant organic returns.
- In the case of eBay classifieds, in the end, the auction was not the straight sale outlined at the start. We submitted a competitive bid to acquire the business, but eBay had a change of heart to remain in classifieds by becoming the largest shareholder in Adevinta and contributing eBay Classifieds Group (eCG) to the deal.
- While the combination with OLX Group would have given further scale to what we are doing already, organically, OLX is performing very strongly. In FY20 it was the fastest growing global classifieds business in the world by revenue, and it is also growing profitability. With close to 300 million users every month, Martin Scheepbouwer and his team are expanding the business model beyond traditional classifieds to provide more services and convenience around the trading experience. So, we have much to be excited about moving forward.
- Looking ahead, we are focused on growth in our three core segments of food delivery, payments and fintech, and classifieds. We will continue to explore M&A opportunities both large and small that allow us to maximise our capital structure and enhance long-term returns.

2.2. **What are the strategic consequences for the Group and the Food Delivery and Classifieds segments, respectively given limited possibilities for consolidation in some critical markets?**

- We have been invested in food delivery for approximately 4 years and have had exceptional returns so far. We have built a deep base of expertise; we know how to utilise capital in the space and how to help companies invest in the right way. The future prospects for iFood and our investments in Swiggy and Delivery Hero were not contingent on the proposed transaction with Just Eat. With close

to \$5bn in net cash, if we identify further opportunities to enhance these businesses, we will evaluate them in the same disciplined way.

- In the same way, the outlook for OLX Group is not contingent on any deal with eBay classifieds which actually operates in different markets. We love the classifieds business model as, by solving fundamental customer problems, we can also monetise and be profitable at scale. We will continue to evaluate the classifieds landscape and be open to transactions where we believe they make strategic sense and can generate material synergies.

De Vereniging van Effectenbezitters (VEB)

2.3. **Do shareholders have to take into account any delay in Prosus' growth targets because of the mentioned setbacks in M&A?**

- No. Our budgets, growth and return expectations are based on organic growth with M&A opportunities evaluated as they arise. In both cases we walked away as the required purchase price was incompatible with these expectations.
- Looking ahead, we are focused on growth in our three core segments of food delivery, payments and fintech, and classifieds. We have an extremely attractive and fast-growing portfolio of food delivery businesses and the sector has significant runway ahead. In classifieds, we continue to pursue growth by building out our convenient transactions ecosystem and innovating through data science and machine learning to encourage millions more to trade on our platforms. And of course, we continue to identify new waves of growth through our ventures team.

2.4. **At Prosus, the Audit Committee and not the board appoints the head of group audit. Prosus explains this non-compliance with the Dutch Corporate Governance Code by stating that 'the audit committee, whose members are financially literate and have business as well as financial acumen, are well placed to do so.'**

Is it correct that no board decision is required for appointment and dismissal of the head internal audit at Prosus?

- Yes.
- In this case, we deviate from the Dutch Corporate Governance Codes. As noted in our annual report, the board has delegated certain powers to the audit committee, including overseeing the internal audit function. The board believes that the audit committee, whose members are financially literate and have business as well as financial acumen, are well placed to do so. Therefore, the audit committee, and not the board, appoints the group head of internal audit.

2.5. **Could you give some further explanation and background for not complying with best practice 1.3.1, taking into account that practically all audit committee of Dutch listed companies have the mentioned expertise and nevertheless do comply?**

- Prosus has a unitary board structure. In addition, the Prosus audit committee comprises independent directors only. We believe that the independence of the audit committee, together with the fact that the members of the audit committee have the necessary financial literacy and business experience as well as financial acumen, mean that the audit committee is well placed to have this oversight.

2.6. **Question for the auditor: does the auditor see any disadvantages of this deviation from standard practice, in general, and where it concerns his audit?**

- [\[This will be dealt with in the meeting by PricewaterhouseCoopers Accountants N.V.'s Fernand Izeboud\].](#)

2.7. **Prosus is not complying with best practice 2.1.9. regarding the independence of the chair of the board. Prosus mentions that Prosus and its shareholders can benefit from the industry knowledge and experience of Mr. Koos Bekker, being a former chief executive of Naspers. We could not find any mention that Bekker also has a current position as director at Tencent.**

Can you give some background why the board position of Koos Bekker at Tencent isn't

mentioned in the Annual Report of Prosus 2020?

- We have not provided an exhaustive list of directorships of each of the directors in the annual report. We excluded any directorships within the Naspers and Prosus group (including associates). However, we will amend for next year.

2.8. Can you elaborate on the procedures in place to avoid possible conflicts of interest and the dealing with price-sensitive information in respect of Prosus and Tencent?

- This issue is dealt with in the Prosus Code of Business Ethics and Conduct.
- All material non-public information about the group must be dealt with in accordance with applicable laws, regulations, stock exchange rules as well as the group's policies.
- Prosus's representatives who have access to material non-public information about the group may not use or distribute that information for trading purposes in Prosus securities, or securities in any other listed subsidiary, joint venture or associate (including Tencent), or for any other purpose, except the conduct of the group's business, in accordance with applicable laws, regulations, stock market rules and group policies.

2.9. Prosus believes in pay for performance. Amongst the targets for the remuneration of the CEO and CFO are earnings, including as well as excluding Tencent. Can you give some background in what direct ways Prosus influences the performance of Tencent?

- The financial results of Tencent are reflected in the financial results of Prosus, on an economic ownership basis.
- In addition, executive directors are responsible for capital allocation decisions across the entire group. In other words, they must consider on an ongoing basis whether it is in the best interest of Prosus shareholders for the group to buy, sell or hold Tencent shares.
- It is therefore appropriate that executive directors are held accountable and incentivised, through our remuneration plans, for the performance of the group including and excluding Tencent's contribution, as shareholders are similarly exposed to Tencent's performance through their ownership of Prosus shares.
- It is noted that performance-related pay for executive directors is heavily weighted towards the longer term. The short-term incentive (STI), at target, for the CEO and CFO respectively represented 9% and 14% of total target compensation in the financial year ending 31 March 2020.
- Within the STI plan, core headline earnings (COHE) including Tencent accounted for 15% of the total STI opportunity for the CEO and 12.5% for the CFO. Similarly, COHE excluding Tencent accounted for 15% and 12.5% respectively.

2.10. Can you elaborate on how Prosus fulfills its obligations [as] a shareholder in terms of active ownership, as referred to in the Shareholders Rights Directive (SRD II)?

- The board is clear that good governance is essential to the long-term sustainability of our business, and that for the group to succeed, we need both good governance and excellent execution – it's not one or the other. So, when we talk about active ownership, we consider sustainability.
- Prosus is both an operator and an investor but not in the sense of an institutional investor as envisaged by SRD II. However, we look to:
 - ✓ Building long-term value – where we back excellent entrepreneurs to provide solutions for consumer needs at scale.
 - ✓ Ensuring good governance as we execute our strategy. The board has set a strong governance framework to be applied across the group with committees with clear mandates and policies, which have been supplemented by guidelines. The implementation is monitored through internal audit and a management governance committee with oversight by the board's audit and risk committees. We also take account of the fact that a one-size-fits all approach to our majority owned businesses is not appropriate and that governance needs to be fit for purpose given the differing sizes and levels of maturity of our majority owned businesses, the various jurisdictions in which they operate and the accompanying risks and opportunities.
 - ✓ Attracting and retaining the very best people and paying for performance aligned with

stakeholder outcomes.

- ✓ Engaging our key stakeholders where we aim to build constructive relationships.
- ✓ Building sustainable businesses. The board considers economic, social and environmental protection to be global imperatives, presenting both opportunities and risks. We are working on refining and evolving our sustainability strategy in line with the United Nations Sustainable Development Goals (SDGs).
- We approach sustainability from two perspectives, being an investor and operator
 - First from a responsible investing perspective – how do our ESG policies apply to our investee companies? For our minority interests, we typically have board seats and our board members carry our philosophy to those boards.
 - And secondly, as a group how do we integrate ESG into our overall strategy to drive better business outcomes? Over the last year we have worked to understand our impact through the businesses we invest in and operate. We support the United Nation's SDGs. As we continue to refine and evolve our sustainability strategy, we will continue to work to identify and focus on the SDGs where we can make the biggest positive difference. From a group perspective this includes SDGs 5 (gender equality), 8 (decent work and economic growth) and 9 (industry, innovation infrastructure). Our business specific contributions are to the SDGs 3 (Good health and well-being), 4 (quality education), 12 (responsible consumption and production), 13 (climate action) and 17 (partnership for the goals).
 - In our annual report we disclose several actions taken by the operating companies in driving sustainable development. The board and management remain committed to building on these and adding further initiatives in the years ahead. Sustainable development is important to our long-term success and we remain committed to making further progress here.

2.11. Is Prosus planning changes in its governance structure and practices on a short term?

- Prosus regularly evaluates its governance structures and practices keeping abreast of international best practice and governance guidelines.
- In terms of board and committee composition, several changes have been made over the past years at a Naspers level which are reflected at Prosus. The last three board appointments were all female, focused on enhancing the skills of the board and also on increasing geographic diversity.
- The composition of board committees has also been changed substantially in recent years.

Stichting SRB (C.M.A. Stevense, voorzitter)

3. Questions

3.1. There is a significant undervaluation of the stake in Tencent.

(a) What measures do you intend to reverse this undervaluation?

- We are committed long-term investors in Tencent: we believe Tencent is investing in extremely interesting and valuable industries, including fintech, international gaming and smart industries, which illustrates the massive opportunity set for the company. We are strong believers in Tencent's management team, who continuously innovate and respond well to competition through that innovation. We remain close to Tencent's management team.
- Management is committed to maximising the value of Prosus and there are several additional things we are working on to do just that.
- We look at everything through the long-term lens – it is how we invest; it is how we create value; and it is how we measure ourselves.
- If we look at this broadly there are factors which require a **structural** solve and there are factors which are more of a **strategic and operational** nature which need to be addressed.
- On the **structural** side: Naspers's overweight position on the JSE plays a significant role in the discount of the Naspers market capitalisation to the sum of the parts valuation. The listing of Prosus on the Euronext was a step in lowering the weighting on the JSE, which it did achieve to some extent. This has crept into the 25% levels again with the recent market movements. A widening of the discount at Naspers does have some impact on the Prosus discount as well.
- Management has been working on identifying potential further structural action. This is an objective

set for the CFO as part of his short-term incentive as outlined in the remuneration report. Work continues and should we be able to identify additional steps we will discuss this with shareholders.

- On the **strategic and operational side**, we believe that a continued focus on creating a valuable business in classifieds, payments and fintech, and food, coupled with communicating our investment case to new investors will also help in narrowing the discount. The segments are undervalued by the buy-side compared to our internal net asset value (NAV) and analyst consensus.
- As long as we continue to create value in our portfolio and add to that value year on year, we will have significant optionality in how we can unlock that value over time

JP Maurel and Stichting SRB (C.M.A. Stevense, voorzitter)

- 3.2. **The recent announcement of President Trump's Executive Order referring Tencent's WeChat – what are the financial consequences for Tencent?/ U.S. President Trump has banned all transactions with Asia-Pacific WeChat, which would allow the Chinese Communist Party to access Americans' personal information. The decree is vague(ly formulated) but there is a chance that WeChat will be banned in September.**
- To what extent do you take into account a ban?**
 - Is stored information accessible to the Chinese Communist Party?**
 - If not, can Tencent come up with crystal-clear evidence?**
 - Do you take into account that the American part of WeChat is being sold to an American company?**
- Tencent is a separate, publicly listed company and detailed questions of this nature should be directed to the Tencent investor relations team.
 - Tencent recently publicly stated that it is reviewing the potential consequences of the Executive Order (EO) to develop a fuller understanding of its impact on the group as unfortunately it was not clearly drafted.

Stichting SRB (C.M.A. Stevense, voorzitter)

- 3.3. **Tencent Music and Universal Music Group want to start a joint music label in China.**
- Does President Trump's plans also adversely affect this?**
 - Are the extensions of Tencent Music's licensing agreements at risk?**
 - What are the financial consequences if Tencent Music can no longer offer the users the music of Universal.**
 - Does this also affect the availability of Universal's music on the karaoke platform WeSing?**
 - What is the duration and what are the financial details of the deal?**
- Tencent is a separate publicly listed company and detailed questions of this nature should be directed to the Tencent investor relations team.
 - See also comments provided in response to question 3.4 below.
- 3.4. **There is confusion about the scope of President Trump's decree. It's vaguely defined.**
- Is the statement by a civil servant correct that this is only about the use of WeChat and WeChat Pay?**
 - Are Tencent's business relationships with U.S. corporate giants being pressured?**
- Tencent is reviewing the potential consequences of the Executive Order (EO) to develop a fuller understanding of its impact on the group as unfortunately it was not clearly drafted. Tencent has

made a short statutory announcement to this effect and will make further announcements as and when appropriate.

3.5. **PayU invests an additional \$85 million into Remitly, a provider of remittances and financial services for immigrants because the corona pandemic has created additional demand for digital remittances.**

a. Is Remitly not at extra risk because of its focus on immigrants?

- PayU led a recent US\$85m investment into Remitly to both invest in the business as well as increase its stake. This is the 4th investment made since our initial involvement in 2017.
- Remitly is a digital-only remittances provider, playing an increasingly important role in helping immigrants wishing to send money to their home countries. Its customers are mostly US-based and the company has built a strong presence in the outbound corridors to India, Mexico and the Philippines.
- The prospects for Remitly remain strong and the Covid-19 pandemic has increased demand for digital remittance services in particular due to the closures of cash agents in some cities due to Covid-19 lockdowns.

3.6. **One of the holdings is Delivery Hero.**

a. What is Delivery Hero's business strategy.

b. Which market segment does Delivery Hero want to serve.

c. What is Delivery Hero's growth strategy.

- Delivery Hero is a fast-growing public listed company in the food delivery space. As such we need to be mindful of leaving all questions related to their strategy to that company.

3.7. **OLX invested € 57.5 million in Grupo ZAP in March (databases and sites for the real estate market). Grupo ZAP is a good addition to that joint venture to facilitate the buying, renting and selling of homes through digitals means.**

a. What is Grupo ZAP's perspective on market position and returns?

b. What is Grupo ZAP's strategy?

c. Does it want to become a global player or a regional player?

d. Has the Brazilian Competition Authority requested further information?

e. Is the Brazilian Competition Authority on track with the application?

f. Do you still expect to be able to complete the deal in the second half of 2020.

- OLX Brazil is a leader in online classifieds in Brazil, a large and fast-growing market.
- In April OLX announced the proposed acquisition of Grupo ZAP for R\$2.9bn. We expect the deal to complete before year end although exact timing will depend on approval from Brazil's Antitrust Agency (CADE). OLX Brazil is a 50:50 joint venture with Adevinta.
- Once closed, we expect the acquisition will improve OLX Brazil's position in the fast-growing real estate segment by enhancing the user experience due to the complementary nature of the OLX and Grupo ZAP platforms. The combination of scale in traffic, properties, product and technology, promises to accelerate innovation and ultimately build a better and more customised range of services for consumers, brokers and agents, and other advertisers.
- Combining with OLX will accelerate Grupo Zap's strong trajectory by helping to boost the digital real estate market. Combined, OLX will offer users more than 12 million listings from more than 40,000 real estate agencies.

3.8. **Because of the lockdown, companies have started to work from home as much as possible.**

a. Did you incur extra costs to enable employees to work from home as much as possible.

b. Did this require additional investments?

- During the Covid-19 pandemic we have focused on safeguarding our people, maintaining our ability to serve our customers, and protecting our businesses for the long term. The health and wellbeing of our people and our impact on the communities we serve remains our priority.
- Employee wellness is critical to organisational sustainability and we care for our people through various initiatives, recognising that a healthy and resilient workforce is key to supporting the changes our business is navigating.
- In February 2020, we restricted business travel and implemented a work-from-home policy for office-based employees, in many cases before it was mandated by the relevant governments.
- Some of our teams are required to attend their place of work because their jobs involve providing an essential service to our customers, for example retail warehouse workers and food-delivery drivers. We implemented a variety of measures for these teams designed to safeguard both them and our customers as we deliver the products and services they need. Extra costs were incurred, for example ensuring that frontline workers had the right Personal Protective Equipment (PPE), creating special funds for food delivery drivers who needed to quarantine, and permitting employees who are in at-risk categories for the virus to stay at home, whether their job could be performed from home or not.
- The majority of our workers are usually office-based, and we already had extensive video-conferencing and remote working capability, so the costs involved in making the transition were not significant. That said, we have been attuned to our employees' needs in respect of working from home and have provided additional equipment and support where needed.
- In some countries, initially strict lockdowns (now lifted) restricted our ability to serve customers. Although in some cases this meant that we did not have work for some of our frontline workers, we maintained their employment and did not make any redundancies as a result of Covid-19. We did not accept any state-sponsored aid during this time e.g. furlough payments.
- We launched a global Employee Assistance Programme at the outset of the pandemic, allowing all of our people around the world to access psychological support, financial and legal advice in their own language, at no expense. This has been well received.
- We have also been able to utilise our (already online) learning platform to deliver content to our people to further support them as they adapt to the new realities, and to avoid any interruption to their own professional development during this time.
- We donated INR100crore (US\$13.1m) to the Indian government's response to the crisis via the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund. In addition, at local level, many of our companies have made meaningful contributions. Across the group, we continue to identify ways in which our technological expertise, global networks and resources can be used to support the fight against this virus.
- For more information regarding the impacts of Covid-19 on our businesses, refer to the "Responding to Covid-19" section of our annual report

Anthony Wilmot (Monotix Software) and Stichting SRB (C.M.A. Stevense, voorzitter)

3.9. Has the company made use of any governmental aid available as a result of Covid-19?/ The [Dutch] government has rigged several measures to support business.

a. Did you use of do use the NOW scheme?

b. Have you requested a postponement of VAT?

- We have not made use of any Covid-19 support measures in the Netherlands. We have not accessed the NOW scheme nor have we requested a postponement of VAT. (For additional detail, please see our answer to question 3.8 above.)

3.10. In your division that facilitates the online sale of goods, sales are declining. People buy less online.

a. What is the cause of this? (we only hear reports that people are buying more and more online).

- The impacts of the pandemic have impacted our businesses differently depending on the different business models and their geographical location.
- Our retail business in [Eastern Europe](#), eMag, has performed very well throughout the pandemic and indeed is growing revenue very strongly
- In Romania, ecommerce was allowed to operate, and eMAG held up very well in all categories as consumers stayed at home shifting their purchasing online. This enabled eMag to accelerate growth in FY20 where organic revenue growth reached 16% and trading profit increased 35%. Within Romania, the 3P marketplace accelerated growth to 26% in local currency.
- In our classifieds businesses:

Core classifieds:

- ✓ At the core we saw a large drop in traffic to our properties at the onset of Covid-19-related lockdowns, which of course varies by market but for the most part was down approximately 30% compared to pre-Covid-19 traffic. Hardest hit were markets with hard lockdowns, like India and Poland. The primary reason is that initially during lockdowns the underlying activity of key verticals – autos, property and jobs reduced as consumers stayed at home.
- ✓ Recovery started toward the end of April 2020 as markets relaxed restrictions, while traffic broadly increased to above pre-Covid-19 levels in May 2020. India stabilised to the end of April 2020 and started recovering in May 2020 but was still down due to the extension of the hard lockdown which delayed the recovery. Avito held up quite well through April 2020 during the hard lockdown.
- ✓ Revenue trends will lag KPIs as we provided discounted fees and listing extensions in many of our markets, which directly influenced revenues while ensuring our listing and hence user traffic remained stable as far as possible.
- ✓ We expect car and property verticals will see a meaningful hit initially as that is not where people spend money in times of crisis. Furthermore, unprecedented levels of uncertainty result in people holding onto cars and property until such time as the future becomes clearer.

Transactions:

- ✓ Transactions have been harder hit and most of our inspection centres were closed at the height of the pandemic resulting in an immediate drop of any transactions.
- ✓ Inspection centres have started opening up as markets have relaxed restrictions with about half open in in May 2020 and the majority is now open.
- ✓ Transactions will take time to get back up and running at full speed, but we are ensuring we have everything in place to be ready for that, which will help us grow strongly.
- ✓ The largest impact will be felt in Q1 and Q2. We have implemented cost saving measures, including limiting marketing investment, which is a meaningful cost in our business. Our focus is to ensure stability and invest to solidify our competitive positions while holding onto our profitable trajectory.

3.11. Have the consequences [of Covid-19] remained small in Payments and Fintech?

Is the situation in India still not deteriorating?

- Following the country entering a full lockdown on 25 March due to Covid-19, transaction volume dropped initially by approximately 50% before beginning to recover. As restrictions have been relaxed, volumes have recovered to (and higher than) pre-Covid-19 levels. At this stage, social distancing in the current environment is contributing to an online payment being a preferred payment method, which is beneficial.
- Outside of India, our businesses saw significant volume upside as ecommerce was allowed to continue to operate, and this has continued with positive month-on-month trends.
- PayU continues to benefit across its markets worldwide from large secular trends showing more consumers are moving and transacting online, and more online transactions are consummated through alternative forms of payment rather than cash.
- We remain cautiously optimistic that the current environment will continue to be beneficial to our payment platform as more offline merchants accelerate their online moves, while keeping in mind

that the medium-term impacts of a global recession remain an unknown factor.

- In our credit business, we are not issuing personal loans at the moment due to the Reserve Bank of India's moratorium. Borrowers do not need to pay during this moratorium. As such, we are trading cautiously to ascertain credit quality and waiting for the market to stabilise.

3.12. Food delivery is facing greater demand.

- Can one meet the demand in the meantime?**
- Do you notice that meal delivery is becoming more prominent in many countries?**
- If so, can you back this up with return figures?**
- Does the online store segment meet expectations?**

- The effects of Covid-19 on the food delivery industry have varied significantly by country, largely due to differences in governments' responses, i.e. implementation of lockdowns, to the crisis.
- In general, food delivery's cost structure is very flexible and can be adapted quickly to changing circumstances. Generally, our food delivery businesses' variable costs average 70%-80% of sales.
- We have seen average order values increase across the board as consumers scale their basket sizes during lockdown periods, which is related to more family-size orders coming through.
- In the longer-term, the group believes that it is likely that the current environment may drive a structural shift in global consumption patterns in favour of food delivery.
- iFood:
 - ✓ Food delivery is deemed an essential service in Brazil.
 - ✓ Restaurant supply is up as small restaurants and high-end restaurants alike are looking to iFood for a solution to keep their doors open during lockdown.
 - ✓ iFood has continued to see an upward trend in orders, even with less marketing.
 - ✓ Frequency of orders per user has increased, which has driven better unit economics.
 - ✓ We see an upward trend in delivery fees and average order value boost from "family size" orders, continue to increase total revenue per order.
 - ✓ The entire market is seeing growth.
- Swiggy:
 - ✓ Food delivery was a permitted essential service in India on a national level, but regional governments implemented stricter measures in most cases.
 - ✓ Even though demand has generally been solid, the stricter lockdown measures caused restaurant supply limitations for several reasons, including many migrant workers returning to their home villages, which has also created shortages of drivers.
 - ✓ The business has been materially impacted by this as orders dropped significantly. However, Swiggy has implemented cost saving measures including limiting marketing spend. The lower order volumes along with cost savings will ensure cash burn does not expand while Covid-19 impacts Swiggy.
 - ✓ Separately, Swiggy is working on building out its offerings in grocery and dairy delivery and it is seeing meaningful growth in orders, albeit from a small base.
 - ✓ Swiggy is an associate, which is accounted for on a lagged basis. So, any Covid-19 related impact will only be visible from June 2020.
- Delivery Hero is a public company. Based on its public disclosures, Delivery Hero's business appears to be growing well.

3.13. Prosus Ventures invests in the Shipper logistics platform in Indonesia.

- Please elaborate on the financial details such as expected returns, market position, paid goodwill.**
- What percentage of the purchase price is goodwill?**

c. What are the growth targets.

- In June, Prosus Ventures led Series A funding in Shipper, an Indonesian technology-enabled logistics platform, to expand its business in Indonesia. Shipper offers a one-stop logistics solution in the high-potential Indonesian logistics market.
- The investment is consistent with Ventures strategy to partner with businesses that are solving big societal needs with technology, in a uniquely local way. Shipper has identified a significant need in the market, matched it with a local technology-enabled solution to ultimately benefit consumers and make the logistics of shipping for businesses cost-effective and hassle-free. We are excited to partner with Shipper to transform the logistics of ecommerce for Indonesia.
- We do not disclose specific details regarding ownership, expected returns or financial metrics such as goodwill.

JP Maurel and Stichting SRB (C.M.A. Stevense, voorzitter)

3.14. As the Covid-19 pandemic seems to continue, what will the impact be on the group's cash, debt and liquidity be?/ Globally, Corona infections are on the rise again. This means that companies remain in great uncertainty.

- a. In view of the very uncertain time we are in and facing in the context of Corona, have you done a stress test to get a picture of the debt and liquidity, cash flow and cash for the interest obligations and debt repayments and crisis robustness of the business model.**
- b. If so, did you apply several scenarios.**
- c. In the worst-case scenario, will the continuity of the company be ensured?**
- d. Which far-reaching measures could possibly be needed?**
- e. Will Prosus continue to comply with the banking covenants in this scenario?**
- f. In what scenario is there a serious liquidity shortage, or even a deficit?**
- g. How vulnerable are you in case of a possible severe recession or depression?**

- In the context of Covid-19, several scenarios were analysed to determine the group's resilience and ability to maintain operations and liquidity.
- Covid-19 is having some impact near-term but is expected to provide some structural benefit in the medium-term and accelerate growth.
- We believe that we have sufficient liquidity to run the company and we have the ability to invest in our businesses and other potential opportunities that may present themselves during this period.
- We can deploy cash where needed and maintain sufficient liquidity to respond to M&A opportunities and service debt, whilst maintaining our investment grade rating. We have significant financial flexibility to fund our growth strategy:
 - ✓ Approximately US\$4.5bn net cash,
 - ✓ Approximately US\$10bn cash;
 - ✓ Undrawn US\$2.5bn RCF. We recently exercised an extension option to extend the maturity date of our RCF to April 2025; all lenders in our facility agreed to extend their commitments to 2025;
 - ✓ Prosus recently raised more than US\$2 billion in debt comprising its longest dated US dollar offering to date, priced on 27 July 2020, and its debut euro notes offering, priced on 28 July 2020. These issuances consist of US\$1.00 billion 4.027% notes due 2050, EUR500 million 1.593% notes due 2028 and EUR500 million 2.031% notes due 2032, in each case to be issued under its Global Medium-Term Note Programme (the "Bonds"). The current favourable market backdrop enabled Prosus to diversify its funding sources by establishing a position in the euro bond market, while at the same time extending the duration of the company's financing curve to 30 years in the US dollar market. The offerings attracted strong investor demand, with US dollar notes more than seven times subscribed and the euro debut notes more than eleven times subscribed on the eight year notes and twelve times subscribed on the twelve year notes, allowing pricing of the Bonds at rates that reduce the company's average funding cost, while at the same time extending the blended maturity profile of its outstanding notes to almost 12 years;

✓Over US\$200bn in assets.

- We have no material debt maturities arising before 2025.

Stichting SRB (C.M.A. Stevense, voorzitter)

3.15. **Mr Fred Phaswana left the company on 1 April 2014.**

a. What is the reason why Mr Fred Phaswana left?

- Prosus's non-executive director and lead independent director, Fred Phaswana, retired from the board with effect from 1 April 2020. We are extremely grateful for the excellent contributions of Mr Phaswana over the years.
- Mr Phaswana retired under Prosus's directors' policy, which stipulates that any director who reaches the age of seventy-five (75) shall vacate his office at the end of the financial year in which that director turns that age.
- Mr Phaswana's retirement is also in terms of the board rotation plan published on the company website (www.prosus.com)

3.16. **Agenda item 9**

Can the board tell us how Mrs Xu was identified? How intensive and careful has the process been to make a balanced judgement.

- Have you started looking for yourself, have you used a headhunter or did you engage an executive search agency.**
- What was the assignment to the headhunter.**
- Did you have a list of people, how big was it, how was the procedure to find good candidates?**
- Has a shortlist of candidates been drawn up subsequently?**
- Have these been discussed in a committee?**
- Has this led to the selection of a limited number of candidates?**
- Has each member of the Board then had a separate discussion with these candidates?**

- The Prosus board is responsible for nominations to appoint directors, such nominations to be approved by shareholders.
- The nomination committee assists with the process and makes recommendations to the board. The standard process was followed in relation to the proposed appointment of Ms Ying Xu.
- The nomination committee annually reviews the composition of the board in respect of required expertise and diversity. Board members are expected to assist with the identification and nomination of potential candidates. The nomination committee often seeks the services of an executive search agency to assist.
- In preparing a shortlist of candidates, the following factors, amongst others, were considered:
 - candidate is not disqualified in terms of the Dutch Civil Code
 - qualifications
 - number of existing directorships
 - expertise and ability to add value to the board
 - track record which exhibits integrity and independence
 - collective knowledge, skills and experience required by the board
 - diversity of the board as a whole
 - whether the candidate meets the appropriate fit and proper criteria taking into account the board profile and board diversity policy.

- In the case of the appointment of Ms Xu, a global executive search firm was commissioned to assist the nomination committee to find a director with experience of China and consumer internet, and relevant qualifications. Some 140 profiles were considered, and after various screening rounds, the nomination committee compiled a shortlist which was discussed before a decision to recommend that Ms Xu be nominated by the board was taken.
- Background and reference checks (a "fit and proper" clearance) were performed by an independent third-party service provider appointed by Prosus and independent of the candidate.
- One-on-one interviews were conducted between Ms Xu with the chair of the board, the chair of the nomination committee and the chief executive.
- The nomination committee met with Ms Xu prior to recommendation to the board.
- In line with our practice for appointing non-executive directors, Ms Xu was required to:
 - ✓ provide details of professional commitments and a statement that confirms that she has sufficient time available to fulfil the responsibilities of a member of the board; and
 - ✓ demonstrate that she understands what is expected of her and confirm that she is willing to make the necessary commitments and will have available the time required to discharge their responsibilities.

3.17. **Agenda item 9**

We would like to hear some more detailed information about the research carried out by Mrs Xu; into the background and organisational aspects of Prosus.

- a. **How careful was the journey you went through?**
 - b. **How were the discussions with the members of the board**
 - c. **Did you look at the past, but also at the future prospects, strategy and expectations of the board.**
 - d. **How extensively have these been discussed.**
 - e. **What do you think you can add to the value creation of Prosus?**
 - f. **Did you meet the accountant?**
 - g. **We would like to hear from you an extensive motivation why Prosus is such an interesting company that it motivates her to nominate herself for a position in the board.**
- The conversation regarding the potential directorship of Prosus started in May 2019. A series of meetings were arranged for me with Prosus senior management and board members, including the head of talent, chief people officer, chief executive, chair, chair of the nomination committee, and then all members of the nomination committee. These meetings and my own research via public information were an exciting process of learning about a successful company with impressive history and a great future. Along with gaining more knowledge of the company, my understanding of a "global consumer internet group" deepens. The Tencent investment has been doubtlessly visionary, in the meanwhile continuous investments in the strategic sectors have formed clear focuses of the group in line with the mission of building leading companies that empower people and enrich communities.
 - With this information in hand, I strongly believe that the board and management have the capacity, passion and dedication to take Prosus to an even higher level of success. I have been in the consumer industry for the past 16 years, witnessing and being deeply involved in the transformation of the industry driven by technology and digitalisation. I view the directorship an honourable opportunity being part of a healthy fast-growing company, and adding value through exchanges of experience and practices among companies globally.
 - In addition to meeting all Prosus board members, I also met the chief financial officer and a number of management staff. The solid performance has further convinced me that Prosus is a company thriving for long-term sustainable value, with entrepreneurial spirit to invest, innovate and grow.

3.18. **Agenda item 10**

- a. **We would like to hear, in an extended motivation, from Mr Eriksson why Prosus is such an interesting company that it motivates him to nominate himself for reappointment to the board for a new term.**

- b. We would like to hear, in an extended motivation, from Mr Sorour why Prosus is such an interesting company that it motivates him to nominate himself for reappointment to the board for a new term.
 - c. We would like to hear, in an extended motivation, from Mrs Choi why Prosus is such an interesting company that it motivates her to nominate herself reappointment to the board for a new term.
 - d. We would like to hear, in an extended motivation, from Mrs Girotra why Prosus is such an interesting company that it motivates her to nominate herself reappointment to the board for a new term.
 - e. We would like to hear, in an extended motivation, from Mr [Prof] Jafta why Prosus is such an interesting company that it motivates him [her] to nominate himself [herself] reappointment to the board for a new term.
- **Don Eriksson**

"It is not often one gets an opportunity to serve as an independent non-executive director of a leading and successful group of companies such as Prosus. I feel privileged to have been approached to stand for re-election to Prosus, a group of companies that believes in and practices good corporate governance. With this background and my business experience as set out in page 77 of the Prosus Annual Report, I believe I can continue to contribute to and add value to Prosus as it develops into one of the leading technology companies in the World".
 - **Mark Sorour**

"I'm excited and completely convinced of the engineering talent, the product and services relevance and the direction of the group in addressing the communities it serves around the world. Having built relevant knowledge and experience over more than two decades as the former chief investment officer of the group, it's hugely stimulating and a source of great satisfaction to me personally to have the privilege of serving on the Prosus board; and in doing so provide helpful counsel to the executive and contribute along with my fellow board directors in helping to guide and build out Prosus to reach its true potential for all stakeholders."
 - **Emilie Choi**

"Being on the Board of Prosus is a win/win for me. On the one hand, as a technologist working in Silicon Valley, I have the opportunity to contribute my own unique insights about technology trends, compensation benchmarks, and the like to this board, which therefore drives value to Prosus. On the other hand, I get exposure to one of the most interesting investing/operating companies in the global technology space. Prosus touches so many compelling parts of the landscape, from classifieds to education to food delivery. Most importantly, Prosus is willing to take larger global bets that Silicon Valley companies often have trouble getting early exposure and access to (e.g. Swiggy, Flipkart)".
 - **Manisha Girotra**

Prosus has an interesting approach backing local entrepreneurs to build companies that can address big societal needs. Since I joined the board, I have seen the focus the group has on India as a market and the support, as an active investor, that Prosus brings to local entrepreneurs to help them innovate and build their businesses to scale. I am particularly drawn to the payments and credit operations, where I can use my years of experience and local knowledge to contribute to the strategy as PayU expands its operations. My background and qualifications also add to the knowledge and skills set of the group's audit committee. I am very enthusiastic about the journey that Prosus is on and the contribution that I can make, hence my willingness to continue to be a director of this exciting group.
 - **Rachel Jafta**

"Several factors underlie my motivation to make myself available for re-election. These are the key ones:

 - That Prosus is able to use advanced technologies to help solve big societal needs, some at basic needs level, such as food and education, resonates with me;
 - I am excited about the progress Prosus has made in the ESG space and I would like to be part of the journey to take sustainability efforts to the next level;

- I believe in the power of entrepreneurship to spur economic development. Prosus has a proven track record in backing local entrepreneurs to reach the scale to make meaningful contributions in their countries and beyond;
- I believe my training and expertise (My PhD is in Economics of Technological Change and my latest research publications in Technology and Entrepreneurship) enable me to make valuable contributions to the board's deliberations".