

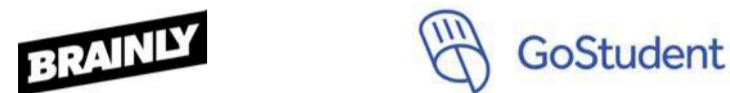
Edtech¹

Operational performance

Workforce/higher education



K-12 education



Key statistics

Revenue
US\$444m
 (FY23: -US\$545m)
 (19% YoY decline in US\$)
 (7% YoY growth in local currency, excluding M&A)

Number of employees
677

Trading loss
US\$80m
 (FY23: US\$258m)
 (-18% trading profit margin)

Adjusted EBITDA
-US\$68m
 (FY23: -US\$239m)
 (-15% EBITDA margin)

Strategic focus

- › Workforce/higher education models
- › K-12 education
- › US/India
- › AI advancements and AI-driven opportunities in the segment.

Stakeholder material matters

Employees
 › Talent retention. Employee wellbeing. Company culture.

Regulators
 › Timely reporting.

Investee/portfolio companies and associates²
 › ESG. Business performance. Efficient growth.

Workers, learners, educators
 › Data privacy. Community development.

Value drivers

- › Demand for continuous learning and higher levels of education
- › Demand for faster upskilling
- › Constraints facing traditional brick-and-mortar education systems.

Risks

- › Macroeconomic downturn and higher interest rates
- › New forms of competition for existing edtech providers
- › Disruption from enhancements and increased availability and functionalities of GenAI
- › Limitations in software development, research and product capabilities
- › Education is a highly regulated sector, and non-compliance can lead to penalties.

¹ 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. Segment 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. Numbers included in brackets represent the equivalent measure on the basis of growth in local currency, excluding acquisitions and disposals. For further explanation of the use of APMs, refer to 'About this report' in the governance section.

² **Associates:** Prosus holds 10-50% with a board seat, meaning it has significant influence.

SDG 9 SDG 17

Transforming education through technology

In the Edtech segment, the broad adoption of 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 action to improve trading profit and free cash flow performance given this revenue base.

The consolidated Edtech businesses grew revenue 10% (9%) to US\$148m while trading losses decreased by US\$33m to US\$98m.

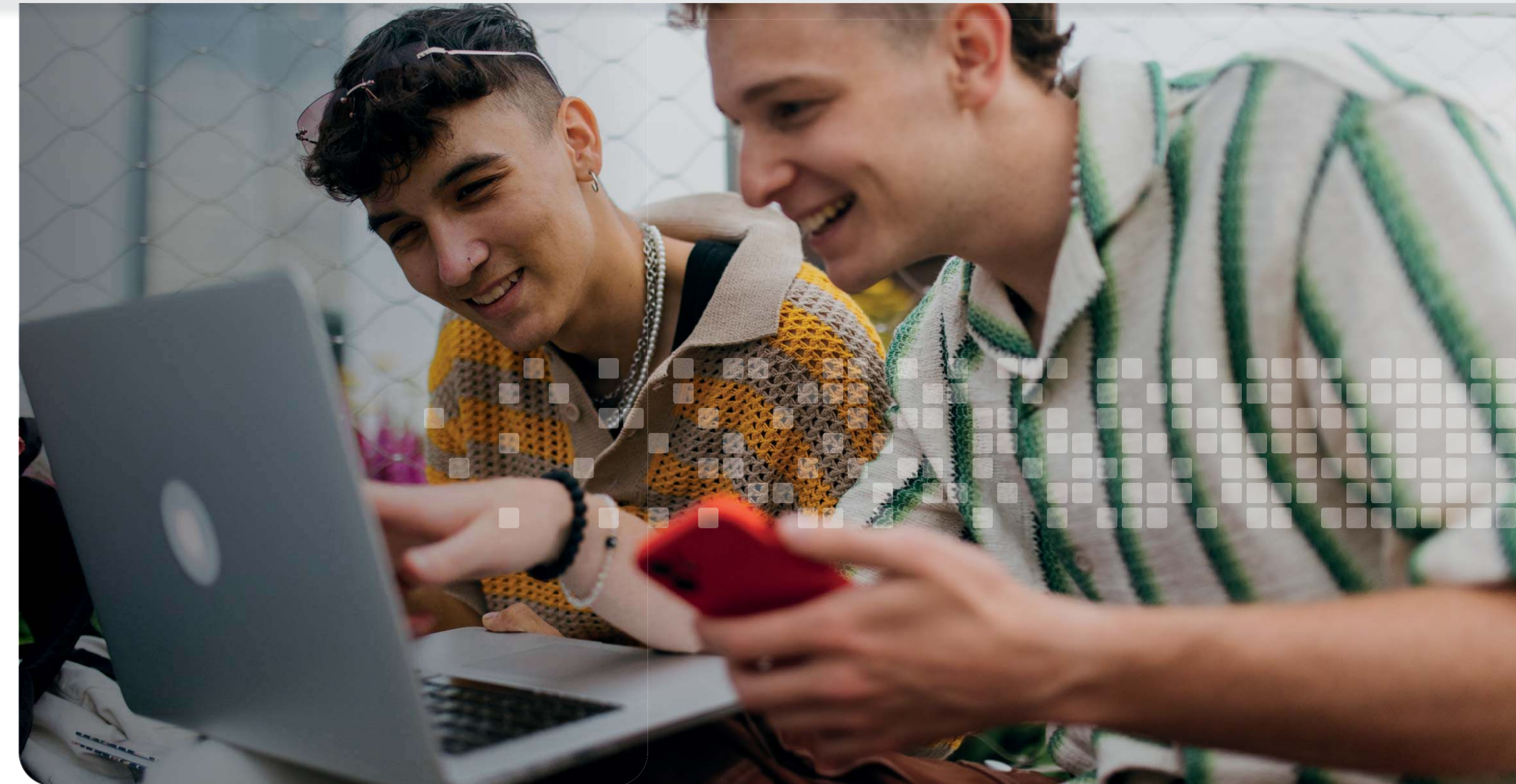
On an economic-interest basis, Edtech segment revenues grew 7% in local currency, excluding M&A, to US\$444m and trading losses reduced by US\$67m to -US\$80m.

The opportunity

Education accounts for 6% of global GDP. It is anticipated there will be 2 billion new learners by 2030, fuelled by:

- › The surge in the youth demographic in emerging markets like India and Brazil
- › A global commitment to elevate educational benchmarks
- › The urgent need to reconcile workforce competencies with the evolving prerequisites of a digital-centric economy.

At the same time, supply is contracting, driven by a teacher shortage and affordability gap, particularly in emerging markets. Digital offers a means to bridge the demand-supply gap and expand access to quality education. As technology advances, and new business models emerge, the barriers to edtech adoption will subside. For example, GenAI could cause a paradigm shift triggered by personalised learning pathways, real-time language translation and automated content generation.



Our portfolio

To date, we have invested over US\$3.9bn in 12 businesses. Our track record has been mixed, reflecting the impacts of GenAI, operational execution in some businesses, and investment selection. We are addressing this where possible, and have learnt valuable lessons along the way. The global edtech segment has performed reasonably and there is opportunity due to the impact that technology and changing needs will have. Selection and execution need to improve if we want to continue to invest in this segment.

Our strategy will focus on investing in edtech innovators that leverage AI to make quality education accessible and personalised, aligning with financial and social impact potential. With Prosus' commitment to AI, a specialised team and extensive experience, we aim to benefit from the edtech evolution.

We will focus on large addressable markets with favourable unit economics to address a problem and fill a need not supplied by traditional education offerings.

AI

With the introduction of GenAI, a set of capabilities in the making since 2017, interest in AI has accelerated. The large underlying opportunity for edtech is in personal tutors (also called assistants or co-pilots), digital agents that can enhance personalised learning, taking learners from starting point to the desired learning outcome in the style, speed, form and sequence most effective for each learner.

While this has been a stated goal of edtech for some time, the technology has matured sufficiently to be useful only in recent months. Tutors/co-pilots are a foundational challenge for edtech companies. With tutors, the education experience changes (1-on-1 short interaction with a virtual tutor instead of a video-based course). The implications are vast: technology platforms need to be redesigned, education material needs to be repurposed, courses can be of any length and are unique for every learner, etc. Here the main risk is disruption from new AI-natives that think of learning as an AI problem from day one, without any of the baggage of content, tools and organisations of the era of massive open online courses.

Edtech

The technology landscape is currently dominated by large traditional tech companies, which are both providers of GenAI core building blocks (eg training and hosting large language models or LLMs) and suppliers of an increasing number of applications based on GenAI, such as co-pilots embedded in regular applications. While they are not direct competitors to edtech, they are lowering the barriers for creating sophisticated applications for education, indirectly fostering a range of new entrants to the field.

Many of our edtech companies, some in partnership with the Prosus AI team, have already launched or are soon deploying GenAI technologies in their platforms to enhance the learning experience for their users. This includes exploring GenAI applications in K-12 education, such as AI tutors and personalised learning paths and recognising the shift in workforce skilling platforms. There is a burgeoning need to reskill the workforce with AI-ready skills and leverage AI to improve learning experiences. Our portfolio businesses are actively working on enabling these capabilities, aiming to equip individuals and organisations with the necessary tools and knowledge to thrive in an AI-integrated future. For Stack Overflow, we believe GenAI will be an important evolution in how developers will work and learn in future, enabling them to be more efficient and better maintain their 'flow state'. The developer community can play a crucial role in how AI accelerates, ultimately helping with the quality of GenAI offerings.

Stack Overflow

Stack Overflow's mission is to empower the world to develop technology through collective knowledge.

Stack Overflow grew revenue 4% (4%) to US\$98m, driven by growth in the Teams product. The growing adoption of GenAI, which impacts user behaviour, along with continued lower marketing spend, negatively impacted the business. Total bookings grew 7%, driven by new offerings such as OverflowAPI.

OverflowAPI enables AI/LLM providers to leverage Stack Overflow's public data asset into their AI capabilities. In March, Stack Overflow announced its first API partnership with Google Cloud, which will deliver new GenAI-powered capabilities to developers through Stack Overflow's platform and Google products. Recently, the company signed a similar partnership with OpenAI. It also launched OverflowAI in May 2024, which consists of an 'add-on' bundle of AI-assisted features that target longstanding pain points for Teams customers. The company has focused on reducing costs across all areas of the business and progressing towards profitability, leading to a reduction of US\$28m in trading losses to US\$57m.

GoodHabitz

GoodHabitz is a fast-growing European provider of online training for corporates and small and medium-sized enterprises, offering over 2 000 courses in 22 languages to more than 2 700 enterprise customers. It continues

to expand beyond its home market of the Netherlands and is now operational in 15 countries.


GoodHabitz grew revenue 25% (20%) to US\$50m. This was driven by growth in new business and upselling across its core markets, particularly in the Netherlands, with annual recurring revenue growing 15% to US\$55m. Trading losses improved to US\$8m, driven by cost-reduction initiatives.

Skillssoft

Skillssoft is a global leader in digital workplace learning that listed on the New York Stock Exchange in 2021 (SKIL.N).

Skillssoft offers extensive cloud-based content spanning leadership, business, technology and compliance. Its client base is centred on large, blue-chip enterprises, representing some 60% of Fortune 1000 companies and its services are used by a community of over 90 million learners globally across +150 countries.

Skillssoft's revenue remained largely flat while its adjusted EBITDA margin improved by 1 percentage point to 19%. The company recorded a 2% decline in bookings, primarily from instructor-led training, and partially offset by content and platform sector growth of 2% YoY. Prosus holds 37.9% of Skillssoft at the end of the reporting period.

 [More information on Skillssoft is available at investor.skillssoft.com.](https://investor.skillssoft.com)

Eruditus

Eruditus provides executive education and short, private online courses partnering with over 80 leading universities across the globe. It makes high-quality education more accessible by offering over 700 programmes to global audience covering the US, Latin America, Asia, the Middle East/North Africa region, and Europe.

Brainly

Brainly is one of the world's leading AI learning platforms, with around 15 million daily users, including students, parents and teachers across the world. Students use Brainly to strengthen their skills in core subjects such as math, history, science and social studies. The platform allows them to interact with an AI tutor and live subject-matter experts, and create AI-generated test-prep study sessions.

BYJU'S

In the current financial year, the group wrote off the fair value of its 9.6% effective interest in BYJU'S, due to the decrease in value for equity investors. A fair value loss of US\$493m was recognised in other comprehensive income in the current year.

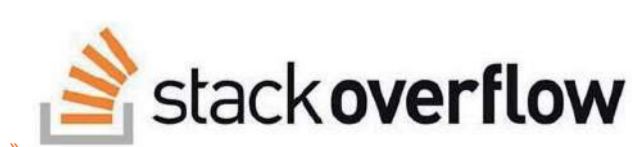


Looking forward

We will continue to play an active role in helping our portfolio businesses grow and innovate so that more people around the world can enjoy the benefits of tech-enabled learning. We will also look for additional opportunities to expand and strengthen our Edtech segment.

In Edtech, as in all our core segments, we are interested in real improvement for people's everyday lives, long-term impact and sustainable value creation – fundamentally changing the world of learning for the better.

Focusing on workforce skilling



Around **660 million** pageviews monthly



Around **+90 million** learners across the world



+2 700 enterprise customers

