



***Condensed consolidated
interim financial statements***

for the six months ended 30 September 2019

Commentary

On 25 March 2019, Naspers Limited (Naspers) announced its intention to list its international internet assets on Euronext Amsterdam. The new group, Prosus N.V. (Prosus or the company), listed on Euronext Amsterdam on 11 September 2019. This created the largest listed consumer internet company in Europe, Prosus N.V. (Prosus), comprising the international internet interests of Naspers outside of South Africa, including operations and investments in online classifieds, food delivery, payments and fintech, retail, travel, education, and social and internet platforms. Prosus also has a secondary, inward listing on the JSE Limited (JSE) in South Africa. Prosus is 73.84% owned by Naspers with a free float of 26.16%. As Europe's largest listed consumer internet company by asset value, Prosus gives global internet investors direct access to our portfolio of international internet assets through exposure to China, India and other high-growth markets, as well as to the global tech sector. At the end of the review period, the listing had already unlocked around US\$10bn of value for shareholders by reducing the discount to the combined net asset value of Prosus and Naspers.

Tencent delivered a good financial performance. A strong performance in areas such as payments and cloud bodes well for continued growth over the long term. Tencent's expanding ecosystem continues to drive very strong user engagement which is significantly ahead of local and international peers. This positions Tencent well to continue to offer a number of new products and services for its users. In ecommerce all key segments made good progress against financial and strategic objectives in the period, and we believe each segment will continue to benefit from sectoral growth trends. The Classifieds as well as Payments and Fintech segments have now reached profitability at their cores and continue to grow strongly while investing to drive future growth. Food Delivery was the most significant investment area in the period. We believe this industry fits well into our strategy as it targets a significant consumer need that can

be fundamentally transformed by technology. In addition, food delivery allows for strong local players, which suits our DNA. Encouragingly, investment in the period supported very strong revenue and order growth. Food Delivery will remain the largest investment area for the group this year, underscoring our confidence in the strong underlying unit economics of this business.

As a result of these initiatives, the 2020 financial year reflects a streamlined group, with virtually all revenues now generated from online activities.

Given the wide geographical span of our operations and significant investments to scale the ecommerce business in particular, reported earnings are materially impacted by foreign exchange movements and the effects of acquisitions and disposals. Where relevant in this report, adjustments have been made for the effects of foreign currencies and acquisitions and disposals to reflect underlying trends. These adjustments (pro forma financial information) are quoted in brackets after the equivalent metrics reported under International Financial Reporting Standards (IFRS). A reconciliation of pro forma financial information to the equivalent IFRS metrics is provided in other information in these condensed consolidated interim financial statements.

FINANCIAL REVIEW

Prosus delivered solid results for the six months ended 30 September 2019. Group revenue, measured on an economic-interest basis, was US\$9.9bn, reflecting growth of 12% (or 20% in local currency, adjusted for acquisitions and disposals). Measured similarly, and including the stepped-up investment in Food Delivery, group trading profit grew 5% year on year (or 7% in local currency, adjusted for acquisitions and disposals) to US\$1.9bn. Tencent grew revenues by a healthy 13% (18%) year on year. Driven by Classifieds, Retail (online retail), and Payments and Fintech, the ecommerce business posted a strong performance. Overall revenue growth in

Commentary (continued)

ecommerce, adjusted for acquisitions and disposals, grew a strong 28% in local currency led by a strong performance in the Food Delivery segment which grew orders 110% and revenues by 69% (69% in local currency, adjusted for acquisitions and disposals). On a nominal basis, revenue grew 4%. Tencent's profitability improved by 11% (16%) year on year. Trading losses in ecommerce rose to US\$416m, reflecting our investment in Food Delivery to grow the markets in which we operate and sustain our leading positions. Excluding this increased investment, ecommerce trading losses reduced by a healthy 26% or US\$46m.

Core headline earnings from continuing operations were US\$1.7bn – up 7% (10%) on the back of improving profitability in Tencent and the more established ecommerce businesses. Trading profits in the Classifieds business reduced marginally year on year due to our investment in convenient transactions. However, in local currency, excluding acquisitions and disposals, trading profits increased on improved performance by letgo and higher trading profits from Avito. Year-on-year growth will continue to improve throughout the year, driven by strong revenue growth from growth in listings and margin improvement. Classifieds' revenue from convenient transactions grew nearly fivefold from the prior year. Our other ecommerce assets also continued to scale, with Etail's trading losses more than halving. In contrast, the Payments and Fintech business's trading loss margin increased from 12% last year to 19% in the current year. This was driven by continued improvement in profitability in the core payment services provider (PSP) business, offset by the investment in the payments platform technology. Outside the core PSP business, our Payments and Fintech businesses continue to invest to build a credit offering, primarily in India, which we believe has significant growth potential.

We invested US\$374m to accelerate growth and scale in several existing and new businesses. Notably: through PayU, an investment of US\$66m

in Wibmo to expand our Indian footprint in payment security, mobile payment solutions and processing services; and US\$45m in Red Dot Payments, providing payment solutions across Asia. In Classifieds, we increased our exposure to the fast-growing Southeast Asian market with a stake in Carousell, one of the world's largest and fastest-growing classifieds marketplaces. Ventures invested US\$80m in Meesho Inc., a leading social commerce online marketplace in India, and another US\$25m in our education associate Brainly.

We had a strong net cash position of US\$5.4bn. This comprises US\$8.7bn of cash and cash equivalents (including short-term cash investments) and primarily reflects proceeds retained from the Flipkart disposal and sale of Tencent shares in the 2018 financial year. We had US\$3.2bn of interest-bearing debt, excluding capitalised leases. This resulted in net interest income of US\$16m. Following the announcement of the Just Eat offer (detailed below), Prosus secured a bridge loan facility that will be used to finance the cash consideration payable under this offer. Naspers is fully committed to its investment-grade rating and confident it will have sufficient capacity at its current ratings level to assume this additional debt to finance the offer. Prosus plans to replace the bridge loan facility with long-term funding through new debt capital and using existing cash resources.

The progress of our core segments, which are growing fast and scaling well, gives us confidence in our ability to continue identifying opportunities to unlock significant value.

Consolidated free cash inflow was US\$14m compared to the prior-year inflow of US\$96m, from continuing operations (thus excluding Video Entertainment). The increased investment in the Food Delivery business as well as negative working capital effects related primarily to merchant cash timing differences, primarily in the Payments and Fintech and Food Delivery businesses as well as transaction costs incurred

Commentary (continued)

in respect of our listing, was partially offset by lower cash-settled share-based payments expenses as well as increased dividend income from Tencent of US\$45m. Total dividend income from Tencent was US\$377m.

We adopted the new accounting standard IFRS 16 *Leases* in the current period on a prospective basis and, accordingly, comparative information has not been restated. Refer to note 2 for further details.

The company's external auditor has not reviewed or reported on forecasts included in these condensed consolidated interim financial statements.

The following segmental reviews are prepared on an economic-interest basis (which includes consolidated subsidiaries and a proportionate consolidation of associates and joint ventures), unless otherwise stated.

SEGMENTAL REVIEW

Internet

Internet revenues were US\$9.9bn, up 12% (20%). Internet trading profit rose 5% (7%), despite the increased investment in Food Delivery, as many ecommerce units improved their profitability and Tencent delivered a stable performance.

Ecommerce

Overall, ecommerce revenue increased 4% (28%) to US\$1.9bn with meaningful contributions from Classifieds, Payments and Fintech, Food Delivery and Etail.

Trading losses rose to US\$416m after the increased investment to capture the online food-delivery opportunity and additional investments in Payments and Fintech to expand its footprint and build its credit offering. Profitability in Classifieds reduced year on year due to the investment in convenience transactions, although, in local currency, excluding acquisitions and disposals, trading profits in Classifieds increased by 2%. Etail reported narrowing trading losses. Growth in

PayU India and Central and Eastern Europe (CEE) PSP businesses increased the trading loss margin from 12% last year to 19% this year. Trading losses in Food Delivery increased from US\$41m to US\$283m in the review period. Excluding the increased investment in Food Delivery, ecommerce trading losses reduced by a healthy 26% or US\$46m.

Revenues from our profitable ecommerce businesses totalled US\$1 001m, with trading profits of US\$213m. Compared to US\$940m and US\$195m last year, this reflects growth, in local currency, of 17% and 16% respectively.

Classifieds

Classifieds continued to deliver strong performance, with revenue growth of 48% (38%) to US\$587m. Key markets (Russia, Europe (especially Poland) and Brazil) all contributed to the acceleration, driven by ongoing growth across the key verticals of cars and real estate, with a growing contribution from our convenient transactions initiative, primarily in the cars vertical. Reaching a significant milestone of overall profitability in the prior financial year, the segment continues to build on that platform with trading profits of US\$37m in the first half of the year.

The segment continues to deepen its value proposition for customers, with convenient transactions in cars being extended to India and Poland and operated through joint ventures with Frontier Car Group. Aasaanjobs, which extends online recruitment for blue- and grey-collar workers in India, continues to grow steadily. Kiwijobs, operating in a similar space, was acquired in Poland. Convenient transactions, with revenues of US\$146m (US\$25m in the prior year), accounted for 25% of the segment's revenue for the review period.

An important initiative for the OLX Group in the current year is rolling out its global technology backbone, Panamera, to key markets. Panamera is a platform that leverages scale in engineering

Commentary (continued)

talent in tech hubs around the world and is designed to boost efficiency and provide a more dynamic platform for incremental value to our customers. Artificial intelligence/machine learning (AI/ML) models are being deployed across the platform, as pushing technology frontiers becomes increasingly essential to enhancing customer experience and long-term success. Most notably, while the central technology is deployed at a global level, and benefits from associated efficiencies, product innovation remains at a local level enabling customisation for individual markets. Avito increased revenue by 21% in local currency, reporting revenue of US\$193m in the review period. These results reflect the business's continued product innovation, new product launches, effective marketing campaigns and ongoing focus on significantly improving sales efficiency. These initiatives have enabled Avito to retain and attract customers and progressively improve monetisation. The Polish business again recorded strong year-on-year revenue growth of 20% to US\$95m, with car and job verticals being the leading platforms in the country.

In India, the business has grown daily average users almost 30% this year through a sustained focus on improving product engagement, tailoring this to the wants, needs and habits of the Indian consumer. In February 2019, the business benefited from successful migration to the Panamera platform. Additionally, convenient transaction businesses in jobs (Aasaanjobs) and cars (Cashmycar) have expanded the product ecosystem in an extremely fast-growing Indian internet user population.

In the US and Turkey, letgo transitioned from growing customers through a marketing-led strategy, to one focused on product performance and customer experience. This has positioned the business to meet longer-term growth goals. The letgo value proposition for customers is expanding through improved product

performance and enhanced convenience in payment and shipping solutions. This positions the business to achieve longer-term growth goals, despite a very competitive landscape.

In the first six months of the year, Classifieds expanded its exposure to the fast-growing Southeast Asian classifieds market by acquiring a 12% effective interest in Carousell. As part of the transaction, the OLX classifieds business in the Philippines was merged into the Carousell business.

As the business continues to enhance customer experience, Indonesia was migrated to the Panamera platform in August.

Payments and Fintech

PayU achieved revenue growth of 16% (20%) in the review period. It grew payment volumes processed by 24% (30%) to US\$18bn, driven by a 35% increase in transactions processed.

India remains the growth engine, with a 34% (35%) year-on-year increase in payments volumes. It accounted for 53% of total payment volumes processed in the review period. The shift to cashless payments, together with our continued focus on innovative solutions, has enabled the business to continue strengthening its merchant portfolio. Our acquisition of Wibmo uniquely positions us to enhance our payment ecosystems by partnering with leading banks for payment security and mobile payments, while improving success rates on transactions, both product attributes in clear demand from our merchant partners.

To scale the business further, strengthen its position outside India and increase our footprint in growth markets, we have undertaken both consolidation and geographical expansion initiatives. We acquired Red Dot Payments, Singapore's largest home-grown and trusted online payment solutions company that offers innovative, secure and customised payment

Commentary (continued)

solutions for all enterprise sizes across Asia and beyond. Additionally, by acquiring Iyzico, we have scaled our business in Turkey, a market with solid long-term potential for digital commerce. Building our presence in these high-growth markets creates a compelling product offering for large multinational merchants that can now transact in those markets through single application program interface (API) access to the PayU hub.

In the 2019 financial year, the core PSP offering of our Payments and Fintech businesses achieved profitability. As we continue to scale that part of the business through the initiatives described above, we continued investing in, as well as integrating acquisitions into, our portfolio businesses, which has had a short-term impact on profitability.

India is a key growth market for PayU, where the digital payments segment is expected to grow 10 to 12 times to US\$1.5tr to US\$1.8tr by the 2027 financial year. This makes India one of the fastest-growing digital payments markets in the world. PayU is taking advantage by leveraging its strong PSP platform through the smart use of data. We are creating new propositions and identifying additional opportunities to expand more deeply into the broader fintech ecosystem. By leveraging our common data and distribution core, we have already created a fully digital financial services provider to cater to this huge market opportunity. Credit is now a fully fledged business, with over two million consumer loans granted every month. Our goal is to scale the business and establish PayU as a leader in the consumer and small/medium-sized business credit space in India. India is an underserved credit market, with only 20% of the population estimated to be under credit bureau coverage. The digital lending volume in the market for the 2018 financial year was US\$75bn, which is expected to grow fivefold to US\$350bn by the 2023 financial year. This presents a significant opportunity which we

believe PayU is strongly positioned to capture with access to data through our payment platforms, our technology leadership and partnerships with financial institutions.

Food Delivery

The food-delivery industry continued to grow rapidly in the review period. We strongly believe in the potential of these markets, as we expect consumers to increase their spend on online food delivery, moving away from ordering directly by phone, in-home preparation and in-restaurant consumption. The food-delivery industry has evolved beyond simply connecting restaurants and customers and we believe the opportunity here is to disrupt and transform all aspects of the supply chain, from how food is sourced, prepared and ultimately consumed. This disruption is likely to have major societal impacts in nutrition, food wastage and employment. We believe the addressable market will continue to grow strongly, as technology and innovation drive further disruption by increasing convenience and reducing cost. Accordingly, we believe that investing in this space aligns with our overall strategy.

In October 2019, Prosus made an offer to acquire the entire share capital of Just Eat, supporting our investment in this segment and reflecting the significant opportunities we believe are available in food delivery. The offer is an important step in achieving Prosus's ambition to build the world's leading food-delivery business and a logical step for the long-standing, successful iFood investment partnership between Prosus and Just Eat in Latin America. With its support, Just Eat customers will ultimately benefit from greater choice and improved service delivery, driven by the combined group's global perspectives on product and technological innovation across the sector.

Commentary (continued)

The Food Delivery segment continued to grow rapidly in the period, with cumulative annualised gross merchandise value (GMV) growth of 81% year on year. Segment revenue grew 69% (69%), with strong contributions from the combined portfolio businesses. Trading losses increased to US\$283m, reflecting continued investments in growth by the respective businesses.

In Latin America, iFood posted solid revenue growth of 74% (78%) to US\$132m, on the back of continued expansion of its product offering and logistics businesses. iFood remains the clear leader in Brazil, and despite significant investment in the market from competitors, holds competitive positions in Mexico and Colombia. iFood processed over 21.3 million orders in September 2019 in Brazil, compared to 9.8 million in the same month last year, with a network of over 116 000 active restaurants.

In the review period, iFood continued to build its own delivery business, now accounting for over 20% of total orders, making the company the leading first-party (1P) and third-party (3P) platform in Brazil.

In India, Swiggy's revenue growth in local currency more than doubled to US\$124m, driven by its rapid expansion into new cities. It now operates across 500 cities and expanded its restaurant partners from 40 000 a year ago to over 130 000 currently. The company remains the clear market leader in India, with 1.5 times more market share than its closest competitor, based on mobile app (Android) daily average users.

For the six months ended 30 June 2019, Delivery Hero reported strong segmental revenue growth of 99% to €582m and order volume growth of 61% to 269 million. GMV grew 60% year on year, in constant currency, to €3 192m, primarily due to faster delivery times as well as customer acquisitions and increased order frequency, on the back of investing in product improvements and sustainable affordability measures, especially in early-stage markets. More

information on Delivery Hero's results is available at <https://ir.deliveryhero.com>.

We believe Prosus has the broadest global perspective of the food industry, achieved through our close involvement with iFood in Brazil, Swiggy in India, Delivery Hero's 41 worldwide markets, and indirectly through Meituan in China and Delivery Club in Russia. We believe this perspective is unlikely to be replicated.

Etail

Etail revenue, measured in local currency and adjusted for the disposal of Flipkart in August 2018, grew 13% year on year. On the same basis, trading losses reduced 38% as the business continued to scale and gain efficiency, supported by increased gross profit margins and improved cost control. Our Etail portfolio continued to focus on profitable growth in the review period.

Our leading business-to-consumer (B2C) platform in Central and Eastern Europe (CEE), eMAG, delivered a solid performance in the review period, mainly driven by its core market of Romania where GMV was up 15% in local currency. Performance was particularly pleasing across the 3P marketplace, which grew 30% in local currency. In Hungary, eMAG's second-largest market, GMV growth of 28%, in local currency was recorded. Both the retail and marketplace businesses contributed meaningfully to eMAG's overall results. In March 2019, eMAG Hungary and Extreme Digital, the two leading Hungarian online marketers, announced their merger, which will create one of the leading ecommerce companies in CEE able to compete with the biggest online retailers. The transaction was finalised in October 2019.

Travel

In April 2019, we announced the exchange of our 43% interest in MakeMyTrip, our equity-accounted online travel investment in India,

Commentary (continued)

for a 5.6% interest in Ctrip. The transaction closed at the end of August 2019, resulting in a gain of US\$599m. Our share of MakeMyTrip's reported revenues for the review period was US\$146m, up 4% (measured in local currency, adjusted for acquisitions and disposals). We include eight months of results for MakeMyTrip in our segmental results for the review period, representing our share of its earnings for the period up to disposal and a catch-up of the lag period applied in reporting its results. On a similar basis, trading losses in the Travel segment (measured in local currency, adjusted for acquisitions and disposals) increased 17% year on year. After the Ctrip transaction, our Travel segment will cease to exist and will not be reported on after this financial year. More information on MakeMyTrip's results is available at <http://investors.makemytrip.com>.

Tencent

Tencent grew group revenue 18% year on year to RMB174.3bn for its six months to 30 June 2019. Key drivers were payment-related services, digital-content subscriptions and sales, social advertising and smartphone games. Non-GAAP profit attributable to shareholders (Tencent's measure of normalised performance) grew 17% to RMB44.5bn.

Revenues from Fintech and business services increased by 40% to RMB44.7bn, reflecting continued strong growth in commercial payments and cloud services. Revenues from the online advertising business increased by 20% to RMB29.8bn, driven by higher advertising revenues from Weixin Moments, Mini Programs and QQ KanDian. This growth was amid a challenging macroeconomic environment and increased supply of short-video advertising inventories across the industry. Revenues from value-added services (VAS) increased 9% to RMB97.1bn, mainly driven by digital-content revenue growth from live broadcast and online

video subscription services as well as online games revenue growth from smartphone games.

Gross margin was 45.3%, down 3.3% on higher content and distribution costs, Fintech services costs, and ongoing evolution of the business mix.

Tencent sustained solid user growth and executed key initiatives in a challenging macroeconomic and business environment. Combined monthly active users of Weixin and WeChat grew 7.1% year on year to 1.13 billion, benefiting from wide adoption of Weixin Mini Programs and Weixin Pay. Fee-based VAS-registered subscriptions grew 9.7% to 169 million. The Weixin Mini Programs ecosystem has become more vibrant, attracting new developers and service providers. The number of medium-to-long-tail Weixin Mini Programs has more than doubled year on year, while functions have become more diversified.

Tencent has accelerated its innovation in games, releasing successful new titles in different genres, introducing new play modes and extending its popular season passes. It continued to strengthen the healthy gameplay system, which promotes balanced gameplay for young users. Honour of Kings continued to generate industry-leading revenues, while Peacekeeper Elite, launched in May 2019, has become one of the best-performing games in China, with over 50 million daily active users. PUBG Mobile is performing well in international markets, with over 50 million daily active users.

In Fintech, Tencent has widened merchant adoption of its mobile payment services, supporting rapid growth in average transaction and total payment volumes. Its wealth management platform, LiCaiTong, grew aggregated customer assets to over RMB800bn, indicating that Tencent's users are increasingly keeping their money within the Tencent ecosystem. More information on Tencent's results is available at www.tencent.com/en-us/ir.

Commentary (continued)

Mail.ru

Mail.ru grew total group revenue 22% year on year to RUB37.2bn for its six months to 30 June 2019. Non-GAAP EBITDA (Mail.ru's measure of normalised performance) grew 6% to RUB12.7bn.

Advertising revenue was up 18% to RUB16.3bn, driven by continued user and engagement growth as well as the Russian market's ongoing structural shift from traditional to online advertising. Online game revenue increased 38% to RUB10.4bn, driven by good performance in established and new titles. In recent years, Mail.ru has successfully internationalised its online game offering, with 69% of its Q2 2019 online games revenue derived from markets outside Russia.

Engagement in Mail.ru's platforms continued to rise in an increasingly competitive environment. Vkontakte delivered more than 10 billion messages daily in Q2 2019, up 53% year on year. Subscribers of the integrated BOOM music app grew to 2.5 million in July, from 2.1 million in March 2019.

Mail.ru is leveraging its leadership in the social and communications segment to build social ecommerce and online-to-offline (O2O) verticals that complement its user experience. The transformational AliExpress Russia joint venture between Mail.ru, Alibaba, MegaFon and Russian Direct Investment Fund, which integrates Mail.ru's cross-border ecommerce platform Pandao with Alibaba's AliExpress and Tmall services in Russia, received Russian regulatory approval in June 2019. In July 2019, Mail.ru announced a plan to form an O2O services platform with Sberbank, targeting Russia's fast-growing ride-hailing and food-delivery markets. Mail.ru will contribute its food-delivery business Delivery Club and 23% stake in Citymobil, Russia's second-largest taxi app, to the new entity.

As a long-term investor in Russian digital businesses (with significant investments in

Russian tech champions), we are monitoring the draft legislation in Russia concerning possible limits on foreign ownership of businesses that are defined as significant information resources. If the bill were to become law in its current form, some of our businesses in Russia could be affected, but it is still relatively early in the legislative process and we understand that changes to the draft are likely.

In its results for the nine months ended 30 September 2019, Mail.ru announced it had changed its estimates on the lifespan of in-game virtual items purchased by game players. As a result of Mail.ru refining its estimate of the period of satisfaction (based on its data on patterns of how such items are consumed by paying players), it has adjusted its revenue recognition in this regard prospectively. The impact of this change was an increase in revenue of RUB13.0bn. Accordingly, we have recognised US\$56m, being our share of this adjustment, in these results. More information on Mail.ru's results is available at <https://corp.mail.ru/en/investors/>.

RISKS

The risks and uncertainties pertaining to the Prosus group was published in the listing prospectus, which is available on the Prosus website. The listing prospectus describes certain risk categories and risks (including risk appetite) which could have a material adverse effect on Prosus's financial position and results. Those categories and risks remain valid and should be read in conjunction with these condensed consolidated interim financial statements. We do not believe that there has been a material change in those risks.

Additional risks not known to Prosus, or currently believed not to be material, could later turn out to have a material impact on Prosus's business, objectives, revenues, income, assets, liquidity or capital resources.

DIRECTORATE

The directorate of the company substantially mirrors that of its holding company, Naspers Limited. The board of directors is a one-tier board structure, comprising both executive and non-executive directors.

The executive directors, Bob van Dijk (chief executive) and Basil Sgourdos (chief financial officer) were appointed with effect from 16 May 2019.

The non-executive directors, namely Koos Bekker (chair), Emilie Choi, Hendrik du Toit, Craig Enestein, Don Eriksson, Rachel Jafta, Nolo Letele, Debra Meyer, Roberto Oliveira de Lima, Steve Pacak, Fred Phaswana (lead independent director), Mark Sorour, Cobus Stofberg and Ben van der Ross were appointed with effect from 14 August 2019.

Following the listing of Prosus, Manisha Girotra was appointed as an independent non-executive director with effect from 1 October 2019.

PROSPECTS

Over the remainder of the financial year, we will maintain our focus on driving profitability in more established areas such as the larger classifieds markets and the PSP business in the Payment and Fintech investment while investing in Food Delivery, as well as the convenient transaction model in Classifieds and credit in Payments which will drive long-term revenue and earnings growth. Our strong balance sheet provides a basis for driving growth across the portfolio and unlocking new opportunities that fit our criteria.

INDEPENDENT AUDITOR'S REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 September 2019 have been reviewed by PricewaterhouseCoopers Accountants N.V., our independent auditors. Their unqualified report is appended to these condensed consolidated interim financial statements.

RESPONSIBILITY STATEMENT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We have prepared the condensed consolidated interim financial statements of Prosus for the six months ended 30 September 2019, and the undertakings included in the consolidation taken as a whole, in accordance with IFRS-EU and additional Dutch disclosure requirements for interim financial statements. To the best of our knowledge:

1. The condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position as at 30 September 2019, and of the result of our consolidated operations for the six months ended 30 September 2019.
2. The condensed consolidated interim financial statements for the six months ended 30 September 2019 give a fair view of the information required pursuant to Article 5:25d, sections 8 and 9 of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht).

On behalf of the board



Koos Bekker
Chair



Bob van Dijk
Chief executive

Cape Town
22 November 2019

Condensed consolidated income statement

	Notes	Six months ended 30 September		Year ended 31 March 2019
		2019 US\$'m	2018 US\$'m	2019 US\$'m
CONTINUING OPERATIONS				
Revenue from contracts with customers	6	1 417	1 211	2 655
Cost of providing services and sale of goods		(869)	(682)	(1 600)
Selling, general and administration expenses		(806)	(623)	(1 437)
Other gains/(losses) – net	8	6	(33)	(40)
Operating loss		(252)	(127)	(422)
Interest income	7	118	128	265
Interest expense	7	(102)	(98)	(200)
Other finance income/(costs) – net	7	6	226	114
Share of equity-accounted results		2 271	2 102	3 409
Impairment of equity-accounted investments		(10)	(82)	(88)
Dilution losses on equity-accounted investments		(65)	(62)	(182)
Net gains on acquisitions and disposals	8	561	1 605	1 610
Profit before taxation	8	2 527	3 692	4 506
Taxation		(40)	(208)	(258)
Profit from continuing operations		2 487	3 484	4 248
Loss from discontinued operations	4	–	(738)	(738)
Profit for the period		2 487	2 746	3 510
Attributable to:				
Equity holders of the group		2 505	2 755	3 581
Non-controlling interests		(18)	(9)	(71)
		2 487	2 746	3 510
Per share information related to continuing operations⁽¹⁾				
Earnings per ordinary share (US cents)		154	214	265
Diluted earnings per ordinary share (US cents)		152	212	262
Headline earnings for the period (US\$'m)	5	1 614	2 820	3 806
Headline earnings per ordinary share (US cents)		99	173	234
Diluted headline earnings per ordinary share (US cents)		98	172	231
Core headline earnings for the period (US\$'m)	5	1 713	1 603	3 090
Core headline earnings per ordinary share (US cents)		105	99	190
Diluted core headline earnings per ordinary share (US cents)		104	97	187
Net number of ordinary shares issued ('000) ⁽¹⁾				
– weighted average for the period		1 625 871	1 625 871	1 625 871
– diluted weighted average		1 627 869	1 627 869	1 627 869

⁽¹⁾ Per share information for the comparative periods is based on the net number of shares issued for the six months ended 30 September 2019 to permit comparability. This is also applied as the actual change in shares issued represents a capitalisation without consideration (refer note 2).

Condensed consolidated statement of comprehensive income

	Six months ended 30 September		Year ended 31 March 2019
	2019 US\$'m	2018 US\$'m	US\$'m
Profit for the period	2 487	2 746	3 510
Total other comprehensive loss, net of tax, for the period⁽¹⁾	(980)	(1 268)	(105)
Translation of foreign operations	(1 111)	(1 413)	(1 033)
Net fair-value gains/(losses)	(67)	1	9
Cash flow hedges	-	(2)	(2)
Share of other comprehensive income and reserves of equity-accounted investment	198	144	919
Tax on other comprehensive income	-	2	2
Total comprehensive income for the period	1 507	1 478	3 405
Attributable to:			
Equity holders of the group	1 492	1 534	3 521
Non-controlling interests	15	(56)	(116)
	1 507	1 478	3 405

⁽¹⁾ These components of other comprehensive income may subsequently be reclassified to profit or loss except for net fair value losses of US\$66.5m (gains 2018: US\$0.6m and 31 March 2019: US\$8.5m) and gains of US\$140.3m (2018: US\$115.1m and 31 March 2019: US\$752.4m) included in the share of equity-accounted investments' direct reserve movement.

Condensed consolidated statement of financial position

	Notes	As at 30 September		As at
		2019 US\$m	2018 US\$m	31 March 2019 US\$m
ASSETS				
Non-current assets		24 934	19 603	23 021
Property, plant and equipment		340	109	143
Goodwill	9	2 121	2 023	2 035
Other intangible assets		794	796	794
Investments in associates		20 434	16 438	19 746
Investments in joint ventures		86	83	95
Other investments and loans		1 138	115	187
Other receivables		3	17	6
Derivative financial instruments		4	1	1
Deferred taxation		14	21	14
Current assets		9 610	12 498	9 970
Inventory		142	145	148
Trade receivables		137	133	135
Other receivables and loans		626	547	499
Derivative financial instruments		4	10	-
Short-term investments		6 196	8 591	7 037
Cash and cash equivalents		2 484	3 056	2 135
		9 589	12 482	9 954
Assets classified as held for sale	11	21	16	16
Total assets		34 544	32 101	32 991
EQUITY AND LIABILITIES				
Capital and reserves attributable to the group's equity holders		28 556	25 024	27 250
Share capital and premium		605	599	599
Other reserves		(1 320)	(1 977)	(207)
Retained earnings		29 271	26 402	26 858
Non-controlling interests		249	295	132
Total equity		28 805	25 319	27 382
Non-current liabilities		3 158	3 987	4 034
Capitalised lease liabilities		146	5	5
Liabilities - interest bearing		2 238	3 235	3 237
- non-interest bearing		1	2	2
Other non-current liabilities		599	492	581
Derivative financial instruments		-	79	33
Deferred taxation		174	174	176
Current liabilities		2 581	2 795	1 575
Current portion of long-term debt		1 062	32	22
Trade payables		239	210	244
Accrued expenses and other current liabilities		1 258	2 538	1 296
Derivative financial instruments		2	12	3
Bank overdrafts		8	1	8
		2 569	2 793	1 573
Liabilities classified as held for sale	11	12	2	2
Total equity and liabilities		34 544	32 101	32 991

Condensed consolidated statement of changes in equity

	Share capital and premium shares US\$'m	Foreign currency translation reserve US\$'m	Valuation reserve US\$'m	Existing control business combination reserve US\$'m	Share-based compensation reserve US\$'m	Retained earnings US\$'m	Shareholders' funds US\$'m	Non-controlling interests US\$'m	Total US\$'m
Balance at 1 April 2018	2 032	(642)	727	(2 070)	1 301	22 527	23 875	21	23 896
Total comprehensive income for the period	-	(1 341)	(58)	-	178	2 755	1 534	(56)	1 478
Profit for the period	-	-	-	-	-	2 755	2 755	(9)	2 746
Total other comprehensive loss for the period	-	(1 341)	(58)	-	178	-	(1 221)	(47)	(1 268)
Distribution of MultiChoice Africa and Irdeto ⁽¹⁾	(1 433)	-	-	56	(3)	982	(398)	278	(120)
Share-based compensation movement	-	-	-	-	14	-	14	-	14
Transactions with non-controlling shareholders	-	-	-	43	-	(44)	(1)	68	67
Direct retained earnings and other movements ⁽²⁾	-	-	(150)	-	(32)	182	-	-	-
Dividends	-	-	-	-	-	-	-	(16)	(16)
Balance at 30 September 2018	599	(1 983)	519	(1 971)	1 458	26 402	25 024	295	25 319
Balance at 1 April 2019	599	(1 448)	641	(1 087)	1 687	26 858	27 250	132	27 382
Total comprehensive income for the period	-	(1 105)	(100)	-	192	2 505	1 492	15	1 507
Profit for the period	-	-	-	-	-	2 505	2 505	(18)	2 487
Total other comprehensive loss for the period	-	(1 105)	(100)	-	192	-	(1 013)	33	(980)
Distribution ⁽³⁾	-	-	-	-	-	(215)	(215)	-	(215)
Share capital movement ⁽⁴⁾	6	-	-	-	-	-	6	-	6
Share-based compensation movements	-	-	-	-	40	-	40	(3)	37
Transactions with non-controlling shareholders	-	-	-	46	-	(63)	(17)	105	88
Direct retained earnings and other movements ⁽²⁾	-	-	(11)	(7)	(168)	186	-	-	-
Balance at 30 September 2019	605	(2 553)	530	(1 048)	1 751	29 271	28 556	249	28 805

⁽¹⁾ Relates to MultiChoice Africa and Irdeto which were disposed to Naspers, who subsequently distributed their Video Entertainment business to their shareholders in February 2019 through a listing on the JSE Limited stock exchange (refer to note 4).

⁽²⁾ Relates to the realisation of the fair-value reserve recognised through other comprehensive income of US\$10.6m (2018: US\$150.0m), the recycling of share-based compensation reserve of US\$167.9m (2018: US\$31.6m) on the vesting of share options and existing business combination reserve of US\$7.1m (2018: US\$nil).

⁽³⁾ Relates to the distributions as a result of common control transactions.

⁽⁴⁾ 1 185 996 011 N ordinary shares and 2 452 605 A ordinary shares were issued prior to the listing of Prosus on 11 September 2019. Pursuant to the listing the group issued 436 363 367 N ordinary shares (net of treasury shares) and 1 059 213 A ordinary shares.

Condensed consolidated statement of cash flows

	Note	Six months ended 30 September		Year ended
		2019 US\$'m	2018 US\$'m	31 March 2019 US\$'m
Cash flows from operating activities				
Cash utilised in operating activities		(255)	(250)	(372)
Interest income received		140	82	201
Dividends received from investments and equity-accounted investments		377	333	345
Interest costs paid		(97)	(119)	(215)
Taxation paid		(43)	(51)	(104)
Net cash generated from/(utilised in) operating activities		122	(5)	(145)
Cash flows from investing activities				
Acquisitions and disposals of tangible and intangible assets		(48)	(58)	(106)
Acquisitions of subsidiaries, associates and joint ventures	12	(298)	(309)	(1 397)
Disposals of subsidiaries, businesses, associates and joint ventures		6	1 783	1 821
Acquisition of short-term investments ⁽¹⁾		-	(8 591)	(8 591)
Maturity of short-term investments ⁽¹⁾		824	-	1 624
Cash movement in other investments and loans		(12)	(26)	(4)
Net cash generated from/(utilised in) investing activities		472	(7 201)	(6 653)
Cash flows from financing activities				
Proceeds from long- and short-term loans raised		15	46	62
Repayments of long- and short-term loans		(10)	(19)	(51)
Proceeds from related party loans		6	84	171
Repayments of related party loans		(37)	(285)	(551)
Additional investment in existing subsidiaries		(56)	(424)	(1 607)
Dividends paid to non-controlling interests		-	(16)	(16)
Dividend paid to holding company		(215)	-	-
Repayments of capitalised lease liabilities		(13)	(20)	(21)
Additional investment from non-controlling shareholders		105	15	56
Other movements resulting from financing activities		-	(2)	2
Net cash utilised in financing activities		(205)	(621)	(1 955)
Net movement in cash and cash equivalents				
Foreign exchange translation adjustments on cash and cash equivalents		(35)	(78)	(80)
Cash and cash equivalents at the beginning of the period		2 127	10 961	10 961
Cash and cash equivalents classified as held for sale		(5)	(1)	(1)
Cash and cash equivalents at the end of the period		2 476	3 055	2 127

⁽¹⁾ Relates to short-term cash investments with maturities of more than three months from date of acquisition.

Notes to the condensed consolidated interim financial statements

for the six months ended 30 September 2019

1. GENERAL INFORMATION

Prosus N.V. (Prosus or the group) (formerly Myriad International Holdings N.V.) is a limited liability company incorporated under Dutch law, with its registered head office located at Taurusavenue 105, 2132 LS Hoofddorp, The Netherlands, (registered in the Dutch commercial register under number 34099856). Prosus is a subsidiary of Naspers Limited (Naspers), a company incorporated in South Africa. On 11 September 2019, Prosus was listed on the Euronext Amsterdam stock exchange, with a secondary listing on the JSE Limited stock exchange in South Africa.

The Prosus 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 a number of leading internet businesses across the Americas, Africa, Central and Eastern Europe, and Asia in sectors including online classifieds, food delivery, payments and fintech, travel, education, health, and social and internet platforms. The condensed consolidated interim financial statements for the period ended 30 September 2019 have been authorised for issue by the board of directors on 22 November 2019.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

First-time consolidated financial statements of Prosus

Up to 11 September 2019, Prosus was exempt from preparing consolidated financial statements because it was an unlisted, wholly owned subsidiary of Naspers. As a consequence, Prosus was able to apply the consolidation exemption following Article 408 of the Dutch Civil Code and the requirements from this Article.

For purposes of the listing, Combined Carve-out Financial Statements were prepared for the combined Prosus group under IFRS as adopted by the European Union (IFRS-EU) for the year ended 31 March 2019 (including 2018 and 2017 as comparatives), and for the quarter ended 30 June 2019 (including 2018 comparatives), in accordance with the requirements of IAS 34 *Interim Financial Reporting* (IAS 34). The annual Combined Carve-out Financial Statements and the interim Combined Carve-out Financial Statements are hereinafter referred to as the Combined Carve-out Financial Statements. These Combined Carve-Out Financial Statements, which were published for the purpose of the listing of Prosus in the listing prospectus, are available, along with the listing prospectus itself, on the Prosus website.

For reporting for periods beginning on 1 April 2019, Prosus, as the legal parent of the group, prepared consolidated financial statements based on applicable Dutch and European Union law, including relevant comparative financial information, which are different in comparison with the Combined Carve-out Financial Statements. In the consolidated financial statements for the 2019 financial year, the income statement does not include certain corporate allocations which were included in the Combined Carve-out Financial Statements. Also, the consolidated financial statements include the assets and liabilities, income statement and cash flows of certain businesses of the Video Entertainment business until its disposal on 28 September 2018, which were excluded from the Combined Carve-out Financial Statements. A further explanation and reconciliation of these differences is included in the other information section of these consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Formation of the Prosus group

In preparation for the listing of the Prosus group, Naspers completed a series of corporate restructurings to form the group (comprising subsidiaries, associates and joint ventures) with Prosus as its legal parent. Historically, Prosus was an investment holding company, which held the Naspers international ecommerce and internet businesses, as well as its sub-Saharan African Video Entertainment business. Its former parent company, MIH Ming He Holdings Limited (Ming He), indirectly held Naspers's investment in Tencent Holdings Limited. The main restructurings are as follows:

- On 28 September 2018, Prosus distributed its interest in certain businesses of the Video Entertainment business to Ming He, which then distributed it to its parent, MIH Holdings Proprietary Limited (MIHH). Subsequent to this distribution, the Video Entertainment business was listed on the JSE Limited stock exchange.
- On 1 June 2019, through a capital contribution in kind in return for N and A ordinary shares, Prosus acquired the business of Ming He via the acquisition of MIH Services FZ LLC, various receivables to its intermediate parent MIHH and the shares and related activities in Ming He (the Ming He acquisition), as passed on to Prosus's subsidiary Myriad International Holdings Asia B.V. As a result, Prosus then indirectly held Naspers's investment in Tencent Holdings Limited.

In respect of the distribution of the Video Entertainment business, the company has distributed this business to its direct shareholder as a common control transaction at book value, which is in line with the group's accounting policies.

In respect of the Ming He acquisition, Prosus management considers this acquisition as a transaction under common control. Prosus management accounted for this transaction using the predecessor (book value) accounting method, where this book value is derived from the book value captured in the consolidated financial statements of its ultimate parent, Naspers. This transaction contributed US\$0.9m in trade and other receivables, US\$16.5bn investments in associates, US\$44.3m of cash and cash equivalents and US\$4.9m in liabilities as of 1 April 2018. It also applied the option of presenting comparative information if the relevant activities, assets and liabilities and cash flows had always been part of the Prosus group. This method allows a consistent presentation of prior-period financial information in these consolidated interim financial statements and aligns such information as presented in the parent's financial statements.

First-time adoption of International Financial Reporting Standards

Prosus existed as a company prior to 1 April 2018. It consists of Prosus and its direct and indirect subsidiaries, associated companies and joint ventures. Prosus did not previously prepare consolidated financial statements. As of the financial year ending 31 March 2020, Prosus will start preparing consolidated financial statements based on IFRS-EU. Therefore, these condensed consolidated interim financial statements have been prepared in accordance with IFRS 1 *First-Time Adoption of International Financial Reporting Standards* (IFRS 1). The transition date to IFRS is 1 April 2018. The condensed consolidated interim financial statements presented here are based on uniform IFRS-EU accounting policies. As consolidated financial statements were not previously required to be prepared for the Prosus group, the reconciliations with those envisaged pursuant to IFRS 1.53 are not required. Accordingly, the comparative consolidated statement of financial position as at 1 April 2018 will be presented as part of the consolidated financial statements for the year ending 31 March 2020.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

First-time adoption of International Financial Reporting Standards (continued)

As permitted under IFRS 1.18 and in conjunction with IFRS 1 Appendix D16a, Prosus has used the carrying amounts presented in the IFRS consolidated financial statements of Naspers. Such carrying amounts also represent the application of IFRS 3 *Business Combinations* retrospectively for acquisitions made by Prosus before the date of transition. Other than that, none of the exemptions provided for in IFRS 1 were used in preparing the consolidated financial statements of the Prosus group. The group has adopted IFRS 16 *Leases* with effect from 1 April 2019, consistent with the approach by Naspers and the requirements in IFRS 1 Appendix D16a. We refer to new accounting pronouncements set out below.

Information on the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with IFRS-EU, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the IFRS Interpretations Committee (IFRS IC) and the interpretations published by the Standing Interpretations Committee (SIC) and, as a minimum, contain the information required by IAS 34.

The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS-EU. The accounting policies used in preparing the condensed consolidated interim financial statements are consistent with the principal accounting policies set out on pages F-14 to F-31 in the Combined Carve-out Financial Statements, published in a listing prospectus of Prosus, except as set out below in respect of new accounting pronouncements.

The condensed consolidated interim financial statements presented here report earnings per share, diluted earnings per share, headline earnings per share and core headline earnings per share (collectively referred to as earnings per share) for the first time. These are calculated as the relationship of the number of ordinary shares of Prosus issued as at 30 September 2019, to the net profit, headline earnings and core headline earnings attributable to the shareholders of Prosus. Earnings per share are also reported for the prior reporting period, based on the same shares issued. This is applied as the actual change in shares issued (including redenomination) in the period only represents a capitalisation and/or share split without the receipt of any consideration for the shares issued. Pursuant to the listing the group issued 436 363 367 N ordinary shares (net of treasury shares) and 1 059 213 A ordinary shares to shareholders. As the Ming He acquisition is already reflected as from the transition date onwards, the actual share issuance is considered a capitalisation without consideration received.

The group's operating segments reflect the components of the group that are regularly reviewed by the chief operating decisionmaker as defined in note 35 "Segment Information" on page F-87 in the Combined Carve-out Financial Statements, published in the listing prospectus of Prosus. The group proportionately consolidates its share of the results of its associates and joint ventures in its operating segments.

New accounting pronouncements

The group has adopted all new and amended accounting pronouncements that are relevant to its operations and that are effective for financial years commencing 1 April 2019. The impact of adopting new accounting pronouncements is outlined below and includes, significantly, the first-time application of IFRS 16 *Leases* (IFRS 16) with effect from 1 April 2019. A number of other pronouncements were also effective from 1 April 2019 but did not have a significant effect on the group's condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

New accounting pronouncements (continued)

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases* (IAS 17) and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* (IFRIC 4) and outlines the principles for the recognition, measurement, presentation and disclosure of leases. In terms of IFRS 16, the group now recognises all leases (with limited exceptions) as right-of-use assets and obligations to make lease payments (lease obligations) in the statement of financial position whereas previously lease payments relating to arrangements classified as operating leases in terms of IAS 17 were expensed on a straight-line basis in the income statement.

In accordance with IFRS 16, lease payments are allocated between lease obligations and finance costs. The corresponding lease obligations, net of finance costs, are included in long-term liabilities or the current portion of long-term liabilities. The interest element of lease payments is charged to the income statement over the relevant lease term. Right-of-use assets are depreciated over the shorter of the relevant right-of-use asset's estimated useful life and the lease term, on a straight-line basis.

The group has applied IFRS 16 on a prospective basis with effect from 1 April 2019 and has therefore not restated the comparative information contained in these condensed consolidated interim financial statements. On transition to IFRS 16, lease liabilities were measured at the present value of remaining lease payments discounted at the incremental borrowing rate as at 1 April 2019. The right-of-use assets recognised on 1 April 2019 were measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments and onerous contracts provision. There was no adjustment to the group's opening balance to retained earnings on 1 April 2019.

The group has applied the following practical expedients:

- The group did not reassess whether contracts contained leases and accordingly the previous classifications applied to these contracts in terms of IAS 17 and IFRIC 4 were retained (ie the accounting for contracts not previously identified as leases was sustained).
- Operating leases of which the underlying assets were of low value were not recognised as right-of-use assets and obligations to make lease payments in the statement of financial position – the existing accounting for these leases was sustained (ie lease payments continue to be expensed on a straight-line basis for these leases).
- Where appropriate, the group applied a single incremental borrowing rate to a portfolio of leases and onerous contract provisions with reasonably similar characteristics.
- The group relied on its existing onerous lease contract assessments as an alternative to performing impairment reviews on right-of-use assets as at 1 April 2019 and recognised all existing provisions for onerous leases as adjustments to the relevant right-of-use assets as at 1 April 2019.
- Operating leases under which the lease terms end within 12 months (short-term leases) of 1 April 2019 are accounted for in terms of IAS 17 until the end of their lease terms (ie lease payments continue to be expensed on a straight-line basis for these leases).
- The group excluded any initial direct costs from the measurement of right-of-use assets as at 1 April 2019.
- The carrying amounts of leased assets and lease obligations relating to leases that were classified as finance leases in terms of IAS 17 were treated as the carrying amounts of the right-of-use assets and lease obligations for purposes of IFRS 16 immediately before the date of transition (ie as at 31 March 2019).
- The group applied hindsight in determining the lease terms for contracts that contain extension and termination options.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

New accounting pronouncements (continued)

IFRS 16 Leases (continued)

On transition to IFRS 16, the group recognised right-of-use assets of US\$193.6m and lease obligations of US\$186.2m. The difference related primarily to pre-existing onerous lease provisions and prepaid or accrued lease payments that were adjusted to the carrying value of the relevant underlying right-of-use assets. Apart from leases of assets of low value and short-term leases, lease obligations and right-of-use assets have been measured by discounting lease payments (including those arising under extension options where relevant) using the relevant lease's incremental borrowing rate as at 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 3.3%.

The group presents right-of-use assets in "Property, plant and equipment" and capitalised lease liabilities in the statement of financial position. Interest on lease liabilities is included in "Interest expense" in the income statement and included in the "Cash flows from operating activities" in the statement of cash flows.

The group's leasing arrangements relate primarily to office buildings, warehouse space, equipment and motor vehicles. Lease agreements are generally entered into for fixed periods of between two and 10 years, depending on the nature of the underlying asset being leased. Leasing arrangements may contain extension and/or termination options that are exercisable by the group. In determining the lease term for arrangements that contain extension and/or termination options the group considers all facts and circumstances that may create an economic incentive to exercise an extension and/or not exercise a termination option. The leases do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

In the Combined Carve-out Financial Statements for the year ended 31 March 2019, the group disclosed the operating lease commitments in terms of IAS 17 on an undiscounted basis. The impact on transition to IFRS 16 provides a reconciliation of the lease commitments disclosed under IAS 17 as at 31 March 2019 to the lease liability recognised on a discounted basis using the weighted average incremental borrowing rate as at 1 April 2019. The impact on the financial statements on transition to IFRS 16 is detailed below:

Lease liabilities recognised

	1 April 2019 US\$'m
Operating lease commitments under IAS 17	
Operating lease commitment at 31 March as disclosed ⁽¹⁾	181
Discounted using the incremental borrowing rate as at 1 April 2019	160
Recognition exemptions	(1)
Short-term leases	(1)
Extension and termination options reasonably certain to be exercised	27
Finance lease liabilities recognised as at 31 March 2019	8
Lease liabilities recognised as at 1 April 2019	194
Less: Current portion of lease liabilities	(41)
Non-current portion of lease liabilities	153

⁽¹⁾ The group disclosed these lease commitments on an undiscounted basis in the Combined Carve-out Financial Statements for the year ended 31 March 2019.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

3. SEGMENTAL REVIEW

	Revenue			
	Six months ended 30 September			Year ended 31 March 2019
	2019 US\$m	2018 US\$m	% change	2019 US\$m
Continuing operations				
Internet	9 925	8 881	12	18 340
<i>Ecommerce</i>	1 908	1 840	4	3 596
- Classifieds	587	396	48	857
- Payments and Fintech	199	171	16	360
- Food Delivery	306	181	69	377
- Etail	525	849	(38)	1 529
- Travel	146	137	7	234
- Other	145	106	37	239
Social and internet platforms	8 017	7 041	14	14 744
- Tencent	7 800	6 905	13	14 457
- Mail.ru	217	136	60	287
Corporate segment ⁽²⁾	-	-	-	-
Total economic interest from continuing operations	9 925	8 881	12	18 340
Less: Equity-accounted investments	(8 508)	(7 670)	(11)	(15 685)
Total consolidated from continuing operations	1 417	1 211	-	2 655
Total from discontinued operations	-	644	(100)	644
Consolidated⁽³⁾	1 417	1 855	(24)	3 299

⁽¹⁾ EBITDA refers to earnings before interest, taxation, depreciation and amortisation.

⁽²⁾ Subsequent to the listing of the Prosus group, corporate costs will be incurred and reported on in the corporate segment.

⁽³⁾ Includes the results of the Video Entertainment segment which has been classified as a discontinued operation (refer to note 4).

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

EBITDA ⁽¹⁾				Trading profit			
Six months ended 30 September		%	Year ended 31 March 2019 US\$'m	Six months ended 30 September		%	Year ended 31 March 2019 US\$'m
2019 US\$'m	2018 US\$'m			change	2019 US\$'m		
2 327	2 043	14	3 850	1 918	1 835	5	3 377
(355)	(193)	(84)	(519)	(416)	(220)	(89)	(575)
59	50	18	10	37	42	(12)	(6)
(35)	(22)	59	(39)	(38)	(24)	58	(43)
(273)	(39)	600	(162)	(283)	(41)	590	(171)
(1)	(74)	(99)	(87)	(15)	(83)	(82)	(101)
(19)	(17)	12	(36)	(21)	(19)	11	(37)
(86)	(91)	(5)	(205)	(96)	(95)	1	(217)
2 682	2 236	20	4 369	2 334	2 055	14	3 952
2 599	2 213	17	4 324	2 264	2 043	11	3 929
83	23	261	45	70	12	483	23
-	-	-	-	-	-	-	-
2 327	2 043	14	3 850	1 918	1 835	5	3 377
(2 459)	(2 101)	(17)	(4 115)	(2 094)	(1 909)	(10)	(3 683)
(132)	(58)	-	(265)	(176)	(74)	-	(306)
-	(106)	(100)	(112)	-	(154)	(100)	(155)
(132)	(164)	(20)	(377)	(176)	(228)	(23)	(461)

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

3. SEGMENTAL REVIEW (continued)

	Six months ended 30 September		Year ended 31 March 2019
	2019 US\$'m	2018 US\$'m	2019 US\$'m
Consolidated trading loss from continuing operations	(176)	(74)	(306)
Finance cost on capitalised lease liabilities	4	-	-
Amortisation of other intangible assets	(46)	(42)	(87)
Other gains/(losses) – net	6	(33)	(40)
Retention option expense	(9)	(5)	(11)
Share-based incentives calculated on a cash-settled basis ⁽¹⁾	(4)	38	45
Share-based incentives settled in Naspers Limited shares ⁽²⁾	(27)	(11)	(23)
Consolidated operating loss from continuing operations	(252)	(127)	(422)

⁽¹⁾ Represents the differential between share-based incentives measured on a cash-settled basis at the Prosus group level and the share-based incentives valued on an equity-settled basis at a Naspers group level. The CODM reviews share-based incentives on an equity-settled basis at both a Naspers and Prosus group level.

⁽²⁾ Refers to share-based incentives settled in equity instruments of the Naspers group, where the Prosus group has no obligation to settle the awards with participants, ie they are settled by Naspers.

4. LOSS FROM DISCONTINUED OPERATIONS

In September 2018, the group disposed of its sub-Saharan African Video Entertainment business, which was subsequently listed and distributed by the Naspers group to its shareholders in an unbundling transaction in February 2019. The segment offered digital satellite and digital terrestrial television services to subscribers as well as mobile and internet services through MultiChoice Africa in sub-Saharan Africa. Through Irdeto, the business provided digital content management and protection systems to customers globally to protect, manage and also monetise digital media on any platform. These businesses represented a separate line of business and were classified as the Video Entertainment segment. The results and cash flows of the group's Video Entertainment segment have been presented as discontinued operations in these condensed consolidated interim financial statements. Discontinued operations also includes the group's subscription video-on-demand service in Poland which was closed at the end of January 2019 and which formed part of the Video Entertainment segment.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

4. LOSS FROM DISCONTINUED OPERATIONS (continued)

The loss and cash flows from discontinued operations are detailed in the table below:

Income statement information of discontinued operations

	30 September 2018 US\$m	31 March 2019 US\$m
Revenue from contracts with customers ⁽¹⁾	644	644
Expenses ⁽¹⁾	(770)	(770)
Loss before tax	(126)	(126)
Taxation	(21)	(21)
Loss for the period	(147)	(147)
Loss on disposal of discontinued operations ⁽²⁾	(591)	(591)
Loss from discontinued operations	(738)	(738)
Loss from discontinued operations attributable to:		
Equity holders of the group	(722)	(722)
Non-controlling interests	(16)	(16)
	(738)	(738)

⁽¹⁾ Includes sales of goods and services of US\$82.6m and purchases of goods and services of US\$247.9m from MultiChoice South Africa group.

⁽²⁾ Relates to the realisation of foreign currency translation reserve losses of US\$591.1m on the distribution of discontinued operations.

	30 September 2018 US\$m	31 March 2019 US\$m
Revenue from contracts with customers		
Subscription revenue	463	463
Advertising revenue	12	12
Hardware sales and maintenance revenue	81	81
Technology revenue	81	81
Other revenue	7	7
Revenue from contracts with customers	644	644
Cash flow statement information of discontinued operations		
Net cash utilised in operating activities	(138)	(138)
Net cash utilised in investing activities	(7)	(7)
Net cash generated from financing activities	148	148
Cash generated by discontinued operations	3	3

Related party balances

The net asset value of the Video Entertainment business that was disposed on 28 September 2018 amounted to US\$119.3m. Included in this net asset value were the following related party balances with the MultiChoice South Africa group.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

4. LOSS FROM DISCONTINUED OPERATIONS (continued)

	30 September 2018 US\$m	31 March 2019 US\$m
Receivables		
MultiChoice South Africa Limited	19	-
DStv Media Sales Proprietary Limited	6	-
MultiChoice Botswana Proprietary Limited	5	-
MultiChoice Namibia Proprietary Limited	3	-
Electronic Media Network Proprietary Limited	2	-
	35	-
Payables		
MultiChoice South Africa Limited	13	-
Irdeto South Africa Proprietary Limited	1	-
Showmax South Africa Proprietary Limited	1	-
Electronic Media Network Proprietary Limited	3	-
DStv Media Sales Proprietary Limited	11	-
SuperSport International Proprietary Limited	40	-
MIH Treasury Services Proprietary Limited	83	-
	152	-
Per share information related to discontinued operations		
Loss per ordinary share (US cents)	(44)	(44)
Diluted loss per ordinary share (US cents)	(44)	(44)
Headline earnings for the period (US\$m)	(133)	(133)
Headline earnings per ordinary share (US cents)	(8)	(8)
Diluted headline earnings per ordinary share (US cents)	(8)	(8)
Core headline earnings for the period (US\$m)	(113)	(113)
Core headline earnings per ordinary share (US cents)	(7)	(7)
Diluted core headline earnings per ordinary share (US cents)	(7)	(7)
Net number of ordinary shares issued ('000) ⁽¹⁾		
- weighted average for the period	1 625 871	1 625 871
- diluted weighted average	1 627 869	1 627 869

⁽¹⁾ Per share information for the comparative periods is based on the net number of shares issued for the six months ended 30 September 2019 to permit comparability. This is applied as the actual change in shares issued represents a capitalisation without consideration (refer to note 2).

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

5. HEADLINE AND CORE HEADLINE EARNINGS

Headline earnings

Headline earnings represent net profit for the period attributable to equity holders of the group, excluding certain defined separately identifiable remeasurements relating to, among 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 4/2018, Headline Earnings, as issued by the South African Institute of Chartered Accountants, pursuant to the JSE Listings Requirements.

Core headline earnings

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; and (v) the amortisation of intangible assets recognised in business combinations and acquisitions, as these expenses are not considered operational in nature. These adjustments are made to the earnings of combined 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.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

5. HEADLINE AND CORE HEADLINE EARNINGS (continued)

A reconciliation of net profit attributable to shareholders to headline and core headline earnings is outlined below:

Calculation of headline and core headline earnings

	Six months ended 30 September		Year ended 31 March 2019
	2019 US\$'m	2018 US\$'m	2019 US\$'m
Net profit attributable to shareholders from continuing operations	2 505	3 475	4 304
<i>Adjusted for:</i>			
- impairment of goodwill and other intangible assets	-	-	5
- loss on sale of assets	-	1	1
- gain on loss of control	(17)	-	-
- gains on disposals of investments	(626)	(1 594)	(1 618)
- remeasurement of previously held interest	-	(10)	(7)
- dilution losses on equity-accounted investments	65	62	182
- remeasurements included in equity-accounted earnings	(420)	619	694
- impairment of equity-accounted investments	10	82	88
	1 517	2 635	3 649
Total tax effects of adjustments	44	182	178
Total adjustment for non-controlling interests	53	3	(21)
Headline earnings	1 614	2 820	3 806
<i>Adjusted for:</i>			
- equity-settled share-based payment expenses	281	189	514
- amortisation of other intangible assets	170	118	283
- fair-value adjustments and currency translation differences	(439)	(1 535)	(1 544)
- retention option expense	8	5	10
- transaction-related costs	79	6	21
Core headline earnings	1 713	1 603	3 090

The diluted earnings, headline earnings and core headline earnings per share figures presented on the face of the condensed consolidated income statement include a decrease of US\$26.2m (2018: US\$27.0m and 31 March 2019: US\$47.0m) relating to the future dilutive impact of potential ordinary shares issued by equity-accounted investees.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

5. HEADLINE AND CORE HEADLINE EARNINGS (continued)

Equity-accounted results

The group's equity-accounted investments contributed to the condensed consolidated interim financial statements as follows:

	Six months ended 30 September		Year ended 31 March
	2019 US\$'m	2018 US\$'m	2019 US\$'m
Share of equity-accounted results	2 271	2 102	3 409
- gains on acquisitions and disposals	(522)	(151)	(126)
- impairment of investments	140	773	799
Contribution to headline earnings	1 889	2 724	4 082
- amortisation of other intangible assets	141	91	235
- equity-settled share-based payment expenses	241	220	535
- fair-value adjustments and currency translation differences	(425)	(1 374)	(1 499)
Contribution to core headline earnings	1 846	1 661	3 353
Tencent	1 988	1 775	3 587
Mail.ru	60	9	15
MakeMyTrip	(13)	(27)	(49)
Delivery Hero	(35)	(24)	(55)
Swiggy	(106)	(14)	(52)
Other	(48)	(58)	(93)

The group applies an appropriate lag period in reporting the results of equity-accounted investments.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Reportable segment(s) where revenue is included	Six months ended 30 September		Year ended 31 March 2019 US\$'m
		2019 US\$'m	2018 US\$'m	
Online sale of goods revenue	Classifieds and Etail	564	498	1 193
Classifieds listings revenue	Classifieds	382	298	606
Payment transaction commissions and fees	Payments and Fintech	174	145	309
Mobile and other content revenue	Other Ecommerce	88	73	159
Food-delivery revenue	Food Delivery	129	74	159
Travel package revenue and commissions	Travel	-	27	27
Advertising revenue	Various	44	50	100
Comparison shopping commissions and fees	Other Ecommerce	18	20	45
Other revenue	Various	18	26	57
		1 417	1 211	2 655

Revenue is presented on an economic-interest basis (ie including the proportionate consolidation of the revenue of associates and joint ventures) in the group's segmental review and is accordingly not directly comparable to the above consolidated revenue figures.

7. FINANCE INCOME/(COSTS)

	Six months ended 30 September		Year ended 31 March 2019 US\$'m
	2019 US\$'m	2018 US\$'m	
Interest income	118	128	265
- loans and bank accounts	118	128	265
Interest expense	(102)	(98)	(200)
- loans and overdrafts	(96)	(96)	(196)
- other	(6)	(2)	(4)
Other finance income/(cost) - net	6	226	114
- net foreign exchange differences and fair-value adjustments on derivatives	(2)	(13)	61
- remeasurement of written put option liabilities	8	239	53

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

8. PROFIT BEFORE TAXATION

In addition to the items already detailed, profit before taxation has been determined after taking into account, inter alia, the following:

	Six months ended 30 September		Year ended 31 March 2019
	2019 US\$m	2018 US\$m	2019 US\$m
Depreciation of property, plant and equipment⁽¹⁾	37	12	25
Amortisation	49	46	95
- other intangible assets	46	42	87
- software	3	4	8
Impairment losses on financial assets measured at amortised cost	5	4	15
Net realisable value adjustments on inventory, net of reversals⁽²⁾	2	1	-
Other gains/(losses) – net	6	(33)	(40)
- loss on sale of assets	-	(1)	(1)
- impairment of goodwill and other intangible assets	-	-	(7)
- fair-value adjustments on financial instruments	-	(27)	(27)
- gain recognised on loss of significant influence	7	-	-
- other	(1)	(5)	(5)
Gains on acquisitions and disposals	561	1 605	1 610
- gains on disposal of investments	626	1 594	1 618
- gains recognised on loss of control transactions	17	-	-
- remeasurement of contingent consideration	-	3	3
- transaction-related costs	(82)	(2)	(18)
- remeasurement of previously held interest	-	10	7

⁽¹⁾ The increase in depreciation is as a result of the adoption of IFRS 16 Leases. Refer to note 2 for details of the group's adoption of new accounting pronouncements during the period.

⁽²⁾ Net realisable value writedowns relate primarily to general inventory writedowns in the Etail segment.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

9. GOODWILL

Movements in the group's goodwill for the period are detailed below:

	Six months ended 30 September		Year ended
	2019 US\$'m	2018 US\$'m	31 March 2019 US\$'m
Goodwill			
– cost	2 269	2 532	2 532
– accumulated impairment	(234)	(334)	(334)
Opening balance	2 035	2 198	2 198
– foreign currency translation effects	2	(222)	(224)
– acquisitions of subsidiaries and businesses	84	88	105
– disposals of subsidiaries and businesses	–	(28)	(25)
– transferred to assets classified as held for sale	–	(13)	(13)
– impairment ⁽¹⁾	–	–	(6)
Closing balance	2 121	2 023	2 035
– cost	2 209	2 248	2 269
– accumulated impairment	(88)	(225)	(234)

⁽¹⁾ Goodwill is tested for impairment annually on 31 December. No impairment triggers have been identified for the period ended on 30 September 2019.

10. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments relate to amounts for which the group has contracted, but that have not yet been recognised as obligations in the statement of financial position.

	Six months ended 30 September		Year ended
	2019 US\$'m	2018 US\$'m	31 March 2019 US\$'m
Commitments	162	125	210
– capital expenditure	6	3	6
– other service commitments	153	17	23
– short-term lease commitments ⁽¹⁾	3	105	181

⁽¹⁾ The decrease in short-term lease commitments is as a result of the adoption of IFRS 16 Leases. Refer to note 2 for details of the group's adoption of new accounting pronouncements during the period.

The group operates a number of businesses in jurisdictions where taxes are payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. The group has an uncertain tax position of US\$177.0m (2018: US\$nil and 31 March 2019: US\$177.0m) related to amounts receivable from tax authorities.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

11. ASSETS CLASSIFIED AS HELD FOR SALE

In May 2019 the group announced the sale of its 100% effective interest in its subsidiary BuscaPé Company Informação e Tecnologia Limitada (BuscaPé). Regulatory approval for this transaction was granted in October 2019 and accordingly, the assets and liabilities of BuscaPé have been classified as held sale as at 30 September 2019. The sale was concluded in October 2019.

In April 2019 the group concluded the contribution of its subsidiary Nrepreneur Connections Enterprises, Inc. (Sulit) to Carousell Private Limited (Carousell) for an equity interest in Carousell. Sulit was classified as held for sale as at 30 September 2018. Refer to note 12 for further information.

Assets and liabilities classified as held for sale are detailed in the table below:

	Six months ended 30 September		Year ended 31 March 2019
	2019 US\$'m	2018 US\$'m	2019 US\$'m
Assets	21	16	16
Goodwill and other intangible assets	2	13	13
Trade and other receivables	14	2	2
Cash and cash equivalents	5	1	1
Liabilities	12	2	2
Deferred taxation liabilities	1	-	-
Accrued expenses and other current liabilities	11	2	2

12. BUSINESS COMBINATIONS, OTHER ACQUISITIONS AND DISPOSALS

The following relates to the group's significant transactions related to business combinations and subsidiaries:

In July 2019 the group acquired the majority stake in Red Dot Payment Private Limited (Red Dot) in Southeast Asia for US\$45m. The company is an online payment company providing premium payment solutions and expertise to merchants across Asia Pacific. Following this investment the group has a 73% effective interest (66% fully diluted) in Red Dot. The transaction was accounted for as a business combination with an effective date of July 2019. The provisional purchase price allocation: intangible assets US\$8m; cash and deposits US\$14m; trade and other receivables US\$2m; trade and other liabilities US\$7m; and the balance of US\$28m to goodwill. The main intangible assets recognised in the business combination were customer relationships and technology.

The revenue and net results of Red Dot, had the acquisition taken place on 1 April 2019, were not significant to the group's income statement.

The main factor contributing to the goodwill recognised in the acquisition is Red Dot's market presence and engineering capabilities. The goodwill that arose is not expected to be deductible for income tax purposes.

In July 2019 the group invested US\$66m for a 100% effective and fully diluted interest in Wibmo, Inc. (Wibmo), a digital payment company providing payment security, mobile payment solutions and processing services in India. The transaction was accounted for as a business combination with an effective date of July 2019. The purchase price allocation: intangible assets US\$28m; property, plant and equipment US\$3m; cash and deposits US\$4m; trade and other receivables US\$9m; liabilities US\$14m; and the balance of US\$36m to goodwill. The main intangible assets recognised in the business combination were technology and customer relationships.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

12. BUSINESS COMBINATIONS, OTHER ACQUISITIONS AND DISPOSALS (continued)

The revenue and net results of Wibmo, had the acquisition taken place on 1 April 2019, were not significant to the group's income statement.

The main factor contributing to the goodwill recognised in the acquisition is Wibmo's market presence and engineering capabilities. The goodwill that arose is not expected to be deductible for income tax purposes.

The following relates to the group's significant transactions related to investments in its equity-accounted investees:

In April 2019 the group contributed 100% of the issued share capital of its subsidiary Ntreprenuer Connections Enterprises Inc. (Sulit) as well as cash with an aggregate value of US\$56m to Carousell Private Limited (Carousell) in exchange for a 12% (10% fully diluted) interest in Carousell, one of Asia's largest and fastest-growing classifieds marketplaces. The group recognised a gain on loss of control of US\$26m in "Gains on acquisitions and disposals" in the income statement. The companies will merge their operations in the Philippines. The group classified its interest in Carousell as an investment in an associate on account of its representation on the board of Carousell.

In July 2019 the group invested an additional US\$25m in Brainly Inc. (Brainly). Following this investment, the group holds a 43% effective interest (38% fully diluted) in Brainly. The group continues to account for its interest as an investment in an associate.

In August 2019 the group invested US\$80m in Meesho Inc. (Meesho), a leading social commerce online marketplace in India that enables independent resellers to build small businesses by connecting them with suppliers to curate a catalogue of goods and services to sell. Meesho also provides logistics and payment tools on their platform. Following this investment, the group holds a 12% effective interest (11% fully diluted) in Meesho. The group has accounted for its interest as an investment in an associate on account of its representation on the board of Meesho.

In August 2019 the group exchanged its 43% interest in its online travel associate MakeMyTrip Limited for a 6% effective interest in Ctrip.com International Limited (Ctrip), a well-known provider of online travel and related services headquartered in China. The group recognised a gain of US\$599m in "Gains on acquisitions and disposals" in the income statement. The group has classified its interest in Ctrip as an investment at fair value through other comprehensive income presented in "Investments and loans" in the statement of financial position.

13. FINANCIAL INSTRUMENTS

The group's activities expose it to a variety of financial risks such as market risk (including currency risk, fair-value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures as required in the annual financial statements and should be read in conjunction with the group's risk management information disclosed in the Combined Carve-out Financial Statements, published in the listing prospectus of Prosus for the year ended 31 March 2019. There have been no material changes in the group's credit, liquidity, market risks or key inputs used in measuring fair value since 31 March 2019.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

13. FINANCIAL INSTRUMENTS (continued)

The fair values of the group's financial instruments that are measured at fair value at each reporting period, are categorised as follows:

	Fair-value measurements at 30 September 2019 using:			
	Carrying value US\$'m	Quoted prices in active markets for identical assets or liabilities (level 1) US\$'m	Significant other observable inputs (level 2) US\$'m	Significant unobservable inputs (level 3) US\$'m
Assets				
Financial assets at fair value through other comprehensive income	942	879	3	60
Forward exchange contracts	4	–	4	–
Cross-currency interest rate swap	4	–	4	–
Liabilities				
Forward exchange contracts	2	–	2	–
Earn-out obligations	1	–	–	1

	Fair-value measurements at 31 March 2019 using:			
	Carrying value US\$'m	Quoted prices in active markets for identical assets or liabilities (level 1) US\$'m	Significant other observable inputs (level 2) US\$'m	Significant unobservable inputs (level 3) US\$'m
Assets				
Financial assets at fair value through other comprehensive income	47	–	3	44
Derivatives embedded in leases	1	–	–	1
Liabilities				
Forward exchange contracts	3	–	3	–
Earn-out obligations	6	–	–	6
Cross-currency interest rate swap	33	–	33	–

There have been no transfers between levels 1 or 2 during the reporting period, nor were there any significant changes to the valuation techniques and inputs used in measuring fair value.

For earn-out obligations, current forecasts of the extent to which management believes performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments are used.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

13. FINANCIAL INSTRUMENTS (continued)

Changes in these assumptions could affect the reported fair value of these financial instruments.

The fair value of level 2 financial instruments is determined with the use of exchange rates quoted in active markets and interest rate extracts from observable yield curves.

The group discloses the fair values of the following financial instruments, as their carrying values are not a reasonable approximation of their fair values:

Financial liabilities	30 September 2019		31 March 2019	
	Carrying value US\$'m	Fair value US\$'m	Carrying value US\$'m	Fair value US\$'m
Publicly traded bonds	3 200	3 476	3 200	3 350

The fair values of the publicly traded bonds have been determined with reference to the listed prices of the instruments as at the end of the reporting period.

14. RELATED PARTY TRANSACTIONS AND BALANCES

The group entered into various related party transactions in the ordinary course of business. There have been some changes in related party transactions and balances resulting from the formation of the Prosus group as described in note 2.

15. EVENTS AFTER THE REPORTING PERIOD

In May 2019 the group announced the sale of its 100% effective interest in its subsidiary BuscaPé Company Informação e Tecnologia Limitada (BuscaPé). The transaction received regulatory approval in October 2019. At 30 September 2019, BuscaPé was classified as a disposal group available for sale. On conclusion of the transaction, the group will recognise a loss of approximately US\$182m, primarily related to the recycling of the foreign exchange translation loss reserve.

In June 2019 the group signed an agreement to acquire a 79% effective interest (85% fully diluted) for approximately US\$131m in İyzi Ödeme ve Elektronik Para Hizmetleri Anonim Şirketi (Iyzico), a leading payment service provider in Turkey. The transaction is subject to regulatory approval. The group will account for the acquisition of its interest in Iyzico as a business combination and will classify the investment as an investment in a subsidiary.

In October 2019 the group acquired a 20.6% effective interest (19.4% fully diluted) for approximately US\$30m in NText Transportation Services Private Limited (ElasticRun), a software and technology platform for providing transportation and logistics services in India. The group will account for the acquisition of its interest as an investment in an associate.

Notes to the condensed consolidated interim financial statements

(continued) for the six months ended 30 September 2019

15. EVENTS AFTER THE REPORTING PERIOD (continued)

On 22 October 2019 the group announced a cash offer of approximately US\$6.0bn (£4.9bn) to acquire the entire issued and to be issued share capital of Just Eat plc (Just Eat). Just Eat operates a leading global hybrid marketplace for online food delivery, connecting over 27 million consumers with more than 107 000 restaurant partners across the United Kingdom, Australia, New Zealand, Canada, Denmark, France, Ireland, Italy, Mexico, Norway, Spain, Switzerland and Brazil. Pursuant to the announcement, Prosus has secured a bridge loan facility that will be used to finance the cash consideration payable under the offer. The transaction is subject to certain conditions, including regulatory approval in Spain and shareholders of Just Eat accepting the offer from Prosus over the competing bid from Takeaway.com N.V.

In October 2019 the group concluded the merger of its eMAG Hungary operations with the Hungarian operations of Extreme Digital, one of the leadingetailers in Hungary. The group contributed the operations of its subsidiary eMAG Hungary as well as cash. Following the merger, eMAG will become the majority shareholder, with an effective interest of 52% in the newly merged entity. The group will account for the acquisition of its interest in the merged entity as a business combination and will classify the investment as an investment in a subsidiary.

In November 2019 the group announced its intention to increase its ownership in online automotive marketplace, Frontier Car Group (FCG), and thereby become its largest shareholder, with a controlling stake. The group will invest up to US\$400m comprising a primary injection of capital into FCG and the contribution of the group's joint-venture shares in the Indian and Polish businesses, as well as the acquisition of shares held by other investors, founders and management, subject to a tender offer process. The transaction is expected to close in the second half of the financial year and is subject to various approvals. The group will account for the transaction as a business combination and will classify the investment as an investment in a subsidiary.

To: The Board of Directors of Prosus N.V.

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements for the six-month period ended 30 September 2019 of Prosus N.V., Hoofddorp, which comprise the condensed consolidated statement of financial position as at 30 September 2019, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the six-month period then ended and the notes to the condensed consolidated interim financial statements. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

SCOPE

We conducted our review in accordance with Dutch law including standard 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the six-month period ended 30 September 2019 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting* as adopted by the European Union.

Amsterdam, 22 November 2019

PricewaterhouseCoopers Accountants N.V.

Original has been signed by Fernand Izeboud RA

Other information to the condensed consolidated interim financial statements for the six months ended 30 September 2019

A. RECONCILIATION TO COMBINED CARVE-OUT FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

For purposes of the listing, Combined Carve-out Financial Statements were prepared for the combined Prosus group under IFRS as adopted by the European Union (IFRS-EU) for the years ended 31 March 2019, 2018 and 2017, and for the quarters ended 30 June 2019 and 2018, in accordance with the requirements of IAS 34 *Interim Financial Reporting* (IAS 34). The annual combined carve-out financial statements and the interim combined carve-out financial statements are hereinafter referred to as the Combined Carve-out Financial Statements. The Combined Carve-out Financial Statements, which were published for the purpose of the listing of Prosus in a listing prospectus, are available, along with the listing prospectus itself, on the Prosus website.

For reporting for periods beginning on 1 April 2019, Prosus as the legal parent of the group will prepare consolidated financial statements based on applicable Dutch and European Union law, including relevant comparative financial information, which will be different in comparison with these Combined Carve-out Financial Statements. In the consolidated financial statements for the 2020 financial year (including comparatives), the income statement does not include certain corporate allocations which were included in the Combined Carve-out Financial Statements using a range of allocation keys. These allocations were not necessarily indicative of the costs included in the historical corporate structure of the consolidated financial statements. Also, the consolidated financial statements include the assets and liabilities, income statement and cash flows of certain businesses of the Video Entertainment business until its disposal at 28 September 2018, which were excluded from the Combined Carve-out Financial Statements.

Below is a reconciliation to the information presented in the Combined Carve-out Financial Statements of Prosus for the year ended 31 March 2019.

A.1 Income statement reconciliation for the year ended 31 March 2019

	Combined Carve-Out Financial Statements US\$'m	Reconciling items US\$'m	Notes	Consolidated Financial Statements US\$'m
Operating loss	(418)	(4)	(a)	(422)
Profit from continuing operations	4 252	(4)		4 248
Loss from discontinued operations	-	(738)	(b)	(738)
Profit for the period	4 252	(742)		3 510
Attributable to:				
Equity holders of the group	4 307	(726)	(b)	3 581
Non-controlling interests	(55)	(16)	(b)	(71)
	4 252	(742)		3 510

Notes

- (a) Operating loss in the consolidated results includes legal costs that were incurred in respect of the liquidation of Showmax Poland B.V., but does not include certain corporate allocations which were included in the Combined Carve-out Financial Statements.
- (b) As noted above, following the disposal of the Video Entertainment business in September 2018, the results of the Video Entertainment business were classified as a discontinued operation. The Video Entertainment business had non-controlling shareholders that shared in the profits of the segment. Refer to note 4 for details of the loss from discontinued operations.

Other information to the condensed consolidated interim financial statements (continued) for the six months ended 30 September 2019

A. RECONCILIATION TO COMBINED CARVE-OUT FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

A.2 Statement of financial position reconciliation as at 31 March 2019

	Combined Carve-out Financial Statements US\$m	Reconciling items US\$m	Notes	Consolidated financial statements US\$m
Assets				
Non-current assets	22 881	140	(a)	23 021
Current assets	9 982	(12)	(a)	9 970
Total assets	32 863	128		32 991
Equity and liabilities				
Capital and reserves attributable to the group's equity holders				
	27 117	133	(b)	27 250
Net parent investment	27 345	(27 345)	(b)	-
Share capital and premium	-	599	(b)	599
Other reserves	(228)	21	(b)	(207)
Retained earnings	-	26 858	(b)	26 858
Non-controlling interests	132	-		132
Total equity	27 249	133	(b)	27 382
Non-current liabilities	4 034	-		4 034
Current liabilities	1 580	(5)	(a)	1 575
Total equity and liabilities	32 863	128		32 991

Notes

- (a) These reconciling items relate primarily to balances with various related parties, notably the Video Entertainment business, and were disclosed in the "Net parent investment" in equity in the Combined Carve-out Financial Statements, as these parties were not part of the combined Prosus group, but are part of the consolidated Prosus group.
- (b) The Combined Carve-out Financial Statements excluded the assets and liabilities, income statement and cash flows of the Video Entertainment business. The net parent investment included the net asset value contributions to and distributions from businesses that were under common control of Naspers Limited (the group's ultimate controlling parent), as they did not form part of the Combined Carve-out Financial Statements. In the consolidated financial statements the Video Entertainment business does form part of the Prosus group and accordingly the equity reserves have been reallocated to the appropriate line items in the statement of financial position and correctly reflect the composition of the Prosus group.

Other information to the condensed consolidated interim financial statements (continued) for the six months ended 30 September 2019

B. NON-IFRS FINANCIAL MEASURES AND ALTERNATIVE PERFORMANCE MEASURES

B.1 Growth in local currency, excluding acquisitions and disposals

The group applies certain adjustments to segmental revenue and trading profit reported in the condensed consolidated interim financial statements to present the growth in such metrics in local currency and excluding the effects of changes in the composition of the group. Such underlying adjustments provide a view of the company's underlying financial performance that management believes is more comparable between periods by removing the impact of changes in foreign exchange rates and changes in the composition of the group on its results. Such adjustments are referred to herein as "growth in local currency, excluding acquisitions and disposals". The group applies the following methodology in calculating growth in local currency, excluding acquisitions and disposals:

- Foreign exchange/constant currency adjustments have been calculated by adjusting the current period's results to the prior period's average foreign exchange rates, determined as the average of the monthly exchange rates for that period. The local currency financial information quoted is calculated as the constant currency results, arrived at using the methodology outlined above, compared to the prior period's actual IFRS results. The relevant average exchange rates (relative to the US dollar) used for the group's most significant functional currencies, were:

Currency (1FC = US\$)	Six months ended 30 September	
	2019	2018
South African rand	0.0685	0.0741
Euro	1.1119	1.1724
Chinese yuan renminbi	0.1439	0.1505
Brazilian real	0.2520	0.2612
Indian rupee	0.0143	0.0145
Polish zloty	0.2580	0.2728
Russian rouble	0.0154	0.0156
United Kingdom pound	1.2487	1.3228

- Adjustments made for changes in the composition of the group relate to acquisitions, mergers and disposals of subsidiaries and equity-accounted investments, as well as to changes in the group's shareholding in its equity-accounted investments. For acquisitions, adjustments are made to remove the revenue and trading profit/(loss) of the acquired entity from the current reporting period and, in subsequent reporting periods, to ensure that the current reporting period and the comparative reporting period contain revenue and trading profit/(loss) information relating to the same number of months. For mergers, adjustments are made to include a portion of the prior period's revenue and trading profit/(loss) of the entity acquired as a result of a merger. For disposals, adjustments are made to remove the revenue and trading profit/(loss) of the disposed entity from the previous reporting period to the extent that there is no comparable revenue or trading profit/(loss) information in the current period and, in subsequent reporting periods, to ensure that the previous reporting period does not contain revenue and trading profit/(loss) information relating to the disposed business.

Other information to the condensed consolidated interim financial statements (continued) for the six months ended 30 September 2019

B. NON-IFRS FINANCIAL MEASURES AND ALTERNATIVE PERFORMANCE MEASURES (continued)

B.1 Growth in local currency, excluding acquisitions and disposals (continued)

The following significant changes in the composition of the group during the respective reporting periods have been adjusted for in arriving at the pro forma financial information:

Six months ended 30 September 2019

Transaction	Basis of accounting	Reportable segment	Acquisition/ Disposal
Dilution of the group's interest in Tencent	Associate	Social and internet platforms	Disposal
Disposal of the group's interest in Flipkart	Associate	Ecommerce	Disposal
Disposal of the group's interest in Travel Boutique Online (TBO)	Subsidiary	Ecommerce	Disposal
Disposal of the group's interest in Uaprom	Subsidiary	Ecommerce	Disposal
Step up in the group's interest in Swiggy	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in Frontier Car Group	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in Aasaanjobs	Subsidiary	Ecommerce	Acquisition
Acquisition of the group's interest in Selency	Subsidiary	Ecommerce	Acquisition
Acquisition of the group's interest in BYJU'S	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in Honor	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in Zoot	Subsidiary	Ecommerce	Acquisition
Step up in the group's interest in Sympla	Subsidiary	Ecommerce	Disposal/ Acquisition
Acquisition of the group's interest in Wibmo	Subsidiary	Ecommerce	Acquisition

The net adjustment made for all acquisitions and disposals on continuing operations that took place during the period ended 30 September 2019 amounted to a negative adjustment of US\$213m on revenue and a positive adjustment of US\$34m on trading profit. These adjustments include a change in estimate related to Mail.ru's deferred revenue, which the group adjusted for as part of the lag period.

Other information to the condensed consolidated interim financial statements (continued) for the six months ended 30 September 2019

B. NON-IFRS FINANCIAL MEASURES AND ALTERNATIVE PERFORMANCE MEASURES (continued)

B.1 Growth in local currency, excluding acquisitions and disposals (continued)

The adjustments to the amounts, reported in terms of IFRS, that have been made in arriving at the pro forma financial information are presented in the table below:

	Period ended 30 September							
	2018	2019	2019	2019	2019	2019	2019	2019
	A	B	C	D	E	F ⁽²⁾	G ⁽³⁾	H ⁽⁴⁾
	Group composition disposal adjustment	Group composition acquisition adjustment	Foreign currency adjustment	Local currency growth	IFRS ⁽¹⁾	Local currency growth	IFRS	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	% change	% change
CONTINUING OPERATIONS								
Revenue								
Internet	8 881	(411)	198	(438)	1 695	9 925	20	12
<i>Ecommerce</i>	1 840	(396)	142	(79)	401	1 908	28	4
- Classifieds	396	(2)	55	(13)	151	587	38	48
- Payments and Fintech	171	(2)	8	(12)	34	199	20	16
- Food Delivery	181	(6)	21	(11)	121	306	69	69
- Retail	849	(352)	-	(38)	66	525	13	(38)
- Travel	137	(29)	34	-	4	146	4	7
- Other	106	(5)	24	(5)	25	145	25	37
<i>Social and internet platforms</i>	7 041	(15)	56	(359)	1 294	8 017	18	14
- Tencent	6 905	(13)	-	(357)	1 265	7 800	18	13
- Mail.ru	136	(2)	56	(2)	29	217	22	60
Corporate segment	-	-	-	-	-	-	-	-
Economic interest	8 881	(411)	198	(438)	1 695	9 925	20	12
DISCONTINUED OPERATIONS								
Video Entertainment	644	(644)	-	-	-	-	-	(100)
Group economic interest	9 525	(1 055)	198	(438)	1 695	9 925	20	4

⁽¹⁾ Figures presented on an economic-interest basis as per the segmental review.

⁽²⁾ $A + B + C + D + E$.

⁽³⁾ $[E / (A + B)] \times 100$.

⁽⁴⁾ $[(F/A) - 1] \times 100$.

Refer to the segmental review and note 2 for details of the group's adoption of new accounting pronouncements during the period.

Other information to the condensed consolidated interim financial statements (continued) for the six months ended 30 September 2019

B. NON-IFRS FINANCIAL MEASURES AND ALTERNATIVE PERFORMANCE MEASURES (continued)

B.1 Growth in local currency, excluding acquisitions and disposals (continued)

The adjustments to the amounts, reported in terms of IFRS, that have been made in arriving at the pro forma financial information are presented in the table below:

	Period ended 30 September							
	2018	2019		2019	2019		2019	2019
	A	B	C	D	E	F ⁽²⁾	G ⁽³⁾	H ⁽⁴⁾
	IFRS ⁽¹⁾ US\$'m	Group composition disposal adjustment US\$'m	Group composition acquisition adjustment US\$'m	Foreign currency adjustment US\$'m	Local currency growth US\$'m	IFRS ⁽¹⁾ US\$'m	Local currency growth % change	IFRS % change
CONTINUING OPERATIONS								
Trading profit								
Internet	1 835	52	(18)	(89)	138	1 918	7	5
<i>Ecommerce</i>	(220)	56	(74)	17	(195)	(416)	>(100)	(89)
- Classifieds	42	1	(12)	5	1	37	2	(12)
- Payments and Fintech	(24)	1	(9)	(1)	(5)	(38)	(22)	(58)
- Food Delivery	(41)	(4)	(46)	10	(202)	(283)	>(100)	>(100)
- Etail	(83)	57	-	1	10	(15)	38	82
- Travel	(19)	(4)	(2)	-	4	(21)	17	(11)
- Other	(95)	5	(5)	2	(3)	(96)	(3)	(1)
<i>Social and internet platforms</i>	2 055	(4)	56	(106)	333	2 334	16	14
- Tencent	2 043	(4)	-	(106)	331	2 264	16	11
- Mail.ru	12	-	56	-	2	70	17	>100
Corporate segment	-	-	-	-	-	-	-	-
Economic interest	1 835	52	(18)	(89)	138	1 918	7	5
DISCONTINUED OPERATIONS								
Video Entertainment	(154)	154	-	-	-	-	-	(100)
Group economic interest	1 681	206	(18)	(89)	138	1 918	7	14

⁽¹⁾ Figures presented on an economic-interest basis as per the segmental review.

⁽²⁾ $A + B + C + D + E$.

⁽³⁾ $[E/(A + B)] \times 100$.

⁽⁴⁾ $[(F/A) - 1] \times 100$.

Refer to the segmental review and note 2 for details of the group's adoption of new accounting pronouncements during the period.

Administration and corporate information

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Incorporated in the Netherlands
(Registration number: 34099856)
(Prosus)
Euronext Amsterdam and JSE share code: PRX ISIN: NL 0013654783

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IMPORTANT INFORMATION

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The key factors that could cause our actual results performance, or achievements to differ materially from those in the forward-looking statements include, among others, changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future acquisitions; changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; the occurrence of labour disruptions; and industrial action and the effects of both current and future litigation. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.



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