Building leading companies

Mumbai, India

Annual report 2020

...that improve people's lives

Welcome to the annual report of Prosus, the newly Euronext-listed global consumer internet group.

Listed in September 2019, Prosus has a parent with more than a hundred years of experience and success to draw on.

We are dedicated to building value by improving people's daily lives around the world through innovative technology. We have built our business around this aim and see a lot more that we can do and achieve for all our stakeholders.

From revolutionising the world of food to opening up quick, easy ways for people to pay for things, access credit, buy and sell, learn, look after their health and more – we know that technology can make a positive difference to people's lives and we are enabling this around the world in exciting high-growth segments and countries.

This report sets out our progress so far in our first year and our plans going forward.

Bob van Dijk
Chief executive

"We back and build great technology companies that help people improve their daily lives in some of the most exciting markets on the planet."

Contents

23%[1]
growth in group revenues to US$21.5bn

9%
increase in core headline earnings to US$3.4bn

16%[1]
growth in trading profit to US$3.8bn

[1] On an economic-interest basis. Growth in local currency, excluding acquisitions and disposals.

Prosus is a top 10 global consumer internet company and Europe's largest listed consumer internet company.

We focus on building great consumer internet companies by successfully identifying and partnering with local tech entrepreneurs to make everyday life better for billions of people.

We are putting artificial intelligence and machine learning at the heart of our business. We are building on our strengths as a highly collaborative, inclusive, learning organisation. And we take seriously our responsibility for building a sustainable world for everyone.

From India to Russia, Central and Eastern Europe and Brazil – well over a billion people around the world currently benefit from the businesses we back. Helping our businesses grow and achieve greater scale increases the positive impact we deliver around the world, generating greater value for all our stakeholders.

> "Prosus is a strategic investor and operator. We support exceptional companies and entrepreneurs for the long term."
>
> Bob van Dijk
> Chief executive

We focus on countries and markets with long-term growth potential and operate or partner with leading consumer internet businesses across Central and Eastern Europe, the Americas, Asia, Middle East and Africa in sectors that include online classifieds, payments and fintech, food delivery, education, health, etail, and social and internet platforms.

Every day hundreds of millions of people use the products and services of companies we have invested in, acquired or built, including OLX, Avito, Frontier Car Group, iFood, Swiggy, PayU, PaySense, Red Dot, eMAG, Udemy, BYJU'S, Brainly, Codecademy and Honor.

Similarly, hundreds of millions of people have made the platforms of our listed associates part of their daily lives: Tencent (www.tencent.com; SEHK 00700), Mail.ru (www.corp.mail.ru; LSE: MAIL), and Delivery Hero (www.deliveryhero.com; Xetra: DHER).

Today, Prosus companies, joint ventures and associates help improve the lives of around one fifth of the world's population. We actively search for new opportunities to partner with exceptional entrepreneurs who are using technology to address big societal needs.

Prosus is listed on Euronext Amsterdam and has a secondary listing on the JSE Limited's stock exchange. It also has American Depository Receipts (ADR), which trade on an over-the-counter basis in the United States (US).

Group overview

Contents

We partner with entrepreneurs to empower people and enrich communities

About this report

This annual report assesses our performance for the financial year ended 31 March 2020. We aim to provide a picture of our progress and impact on society.

Our purpose

From India to Russia, Central and Eastern Europe, the Middle East, Africa and Brazil – well over a billion people around the world use some service we provide. Billions more are within our reach.

Chief executive's review

Read more on page 23

Who we are

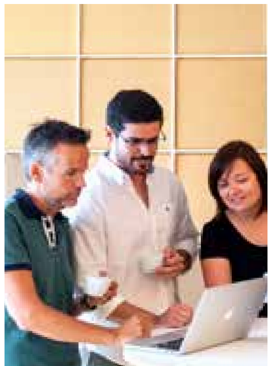
We are a global consumer internet group and one of the largest technology investors in the world. We are committed to investing in entrepreneurs and technologies that improve people's daily lives.

Group overview

Read more on page 13

Our approach

We think global but often back local teams. We rigorously manage our assets and capital allocation for growth. We understand the importance of making a positive impact on society.



Business model

Read more on page 19

Managed on strong foundations

We understand the risks we take and try to manage these to minimise their impact on our businesses. Our strong governance is integral to the way we think and make decisions.

Governance

Read more on page 79

Creating a positive impact

Delivering performance and value for all our stakeholders.

Value creation

Read more on page 20

Sustainability

We are committed to operating as a sustainable business that makes a lasting positive contribution to the world. We focus our efforts where we can make the greatest impact and to this end we are working on refining and evolving our sustainability strategy.

Sustainability

Read more on page 60

Reporting

In line with best practice for integrated reporting, we report on the six capitals that together provide a true picture of value across the group.

This way of telling a comprehensive, connected story fits well with our holistic view of value and our focus on creating sustainable value for long-term good.

- Financial
- Human
- Manufactured
- Intellectual
- Social and relationship
- Natural
- Chief executive's STI achievements

About this report continued

How it all fits together
We measure our performance by evaluating how we create value for our key stakeholders, taking account of the six capitals[1], as well as progress against our strategy, and by regularly measuring returns on invested capital. We understand the risks we take and manage these to minimise their impact on our business and results.

We pursue growth by building leading companies that empower people and enrich communities.

Listing information
Prosus has a primary listing on Euronext Amsterdam (AEX:PRX) and a secondary listing on the JSE Limited's stock exchange (XJSE:PRX), and is majority owned by Naspers. It also has American Depository Receipts (ADRs) which trade on an over-the-counter (OTC) basis in the United States (US). International investors are therefore able to buy and sell Prosus securities on Euronext Amsterdam, JSE (details on page 2) and the OTC market. Prosus also has bonds listed on the Euronext Dublin (ISE).

Scope and boundary of reporting
Financial and non-financial reporting
This report constitutes the annual report as defined in terms of Dutch law and extends beyond financial reporting. It reflects on non-financial performance, opportunities, risks and outcomes attributable to or associated with key stakeholders who have a significant influence on our ability to create value.

It includes the financial performance of Prosus and its subsidiaries, joint ventures and associates (the group). The scope of reporting on non-financial performance is indicated in this report. Group reporting standards are continually being developed to make disclosure meaningful and measurable for stakeholders. Given the highly competitive environment in which we operate, this report mostly excludes financial targets or forward-looking statements other than as explained on page 5.

Where relevant, we have adjusted amounts and percentages for the effects of foreign currency, as well as acquisitions and disposals. Such adjustments (pro forma financial information) are quoted in brackets after the equivalent metrics reported under International Financial Reporting Standards as adopted by the European Union (IFRS-EU). Refer to "Other information – Non-IFRS financial measures and alternative performance indicators" on page 230 for a reconciliation of these metrics with the equivalent amounts reported under IFRS-EU. Financial commentary and segmental reviews are prepared on an economic-interest basis (which includes consolidated subsidiaries and a proportionate share of associated companies and joint ventures), unless otherwise stated.

The legislation and frameworks that inform our reporting
This annual report was prepared against local and global standards, including:

- Framework of the International Integrated Reporting Council (IIRC): this principles-based approach promotes the concept of the six capitals[1], which considers material inputs and resources required to create and sustain value in the long term. We describe key components of the Prosus value chain (business model) that creates and sustains value for our stakeholders.
- We support the United Nations' Sustainable Development Goals (SDGs) and, like many other businesses, we have identified which of those goals our business aligns with. We discuss this alignment and our activities in support of the SDGs in this report.
- Dutch law (including the Dutch Civil Code *(Burgerlijk Wetboek)*.
- Dutch Corporate Governance Code, 2016.
- IFRS-EU.

Materiality and material matters
We apply the principle of materiality in assessing what information to include in our annual report. This report focuses particularly on those issues, opportunities and challenges that impact materially on the group as well as on its ability to be a sustainable business that delivers value to key stakeholders, including our shareholders.

Forward-looking statements
This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995 concerning our financial condition, results of operations and businesses. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates", or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. These forward-looking statements and other statements contained in this report regarding matters that are not historical facts involve predictions.

No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing us and our subsidiaries. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements.

There are a number of factors that could affect our future operations and could cause those results to differ materially from those expressed in the forward-looking statements including (without limitation): (a) changes to IFRS and associated interpretations, applications and practices as they apply to past, present and future periods; (b) ongoing and future acquisitions, changes to domestic and international business and market conditions such as exchange rate and interest rate movements; (c) changes in domestic and international regulatory and legislative environments; (d) changes to domestic and international operational, social, economic and political conditions; (e) labour disruptions and industrial action; and (f) the effects of both current and future litigation. The forward-looking statements contained in the report speak only as of the date of the report. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of the report or to reflect the occurrence of unanticipated events. We cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements.

[1] As identified in the framework of the International Integrated Reporting Council: financial, human, intellectual, manufacturing, social and relationship and natural capitals.

Directors' report

for the year ended 31 March 2020

General information

Prosus N.V. (Prosus or the group) (formerly Myriad International Holdings N.V.) is a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law, with its registered head office located at Symphony Offices, Gustav Mahlerplein 5, 1082 MS Amsterdam, 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's 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 several leading internet businesses across Asia, Central and Eastern Europe, the Middle East, Americas and Africa in sectors including online classifieds, food delivery, payments and fintech, education, health, etail, and social and internet platforms.

This directors' report, within the meaning of article 391 of Book 2 of the Dutch Civil Code (article 391), includes the following:

- Operating review:
  - Financial review
  - Segmental review

The section operating review, including the financial review and segmental review, provides information on the developments and the results for the year ended 31 March 2020, as well as providing information on cash flow and net debt. The directors' report provides a true and fair view of the group.

The other components of the directors' report, as required by article 391 can be found in the following sections of this annual report:

- Group overview:
  - Chief executive's review
  - Delivering sustainable value through the year
  - Capital allocation strategy
- Performance review:
  - Performance
  - Managing risks and opportunities
- Governance:
  - Governance for a sustainable business
  - Remuneration report
- Focusing on sustainability
- Consolidated financial statements:
  - Note 18 *Share capital and premium – capital management*
  - Note 40 *Financial risk management*
  - Note 43 *Subsequent events*

Details of the voting overview and protection structure can be found on page 245.

On 29 June 2020, the board of directors authorised the annual report for issue. The annual report as presented in this report is subject to adoption by the annual general meeting of shareholders.

Given the wide geographical span of our operations and significant investments in ecommerce 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) as adopted by the European Union (IFRS-EU). A reconciliation of pro forma financial information to the equivalent IFRS-EU metrics is provided in "Other information – Non-IFRS financial measures and alternative performance indicators" of this annual report.

Operating review

The past financial year has seen the Prosus group transform as we executed several significant strategic initiatives, which we believe will unlock value over time. Operationally, the group ended the year in a position of significant strength, with accelerating revenue growth in its ecommerce (online commerce) portfolio, improved profitability and substantial net cash position with sufficient liquidity. Underpinning these results, Tencent continued to report resilience in an uncertain macro environment.

Most recently, the onset of a global pandemic has had a marked impact on the daily lives of people globally and the economy at large. While the impact is likely to persist for some time, we are confident to weather the storm. The group's focus is on safety, plus leveraging its financial flexibility to continue building a business that grows strongly, generates high rates of return and provides employment for thousands over the long term.

In ecommerce, all key segments made progress against financial and strategic objectives. The Classifieds as well as Payments and Fintech segments have now reached profitability at their core and continue to grow profits, while investing to drive growth. Classifieds is expanding considerably faster than many of its peers. Food Delivery was the most significant investment area, as we grow the market and our position in it by investing in technology. We are also focusing on building first-party delivery capabilities, city and restaurant reach.

To date, this investment has driven order and revenue growth in our Food Delivery operations ahead of global peers. We believe Food Delivery fits our strategy, as it addresses a major consumer need that can be fundamentally transformed by technology. The progress of our core ecommerce segments, which are scaling well, builds confidence in our ability of identifying opportunities to create value.

Tencent delivered a solid financial performance, particularly in fintech and business services. Its expanding ecosystem drives strong user engagement, ahead of local and international peers. This positions Tencent to offer new products and services to users. We continue to benefit from the close relationship and partnerships we have established in some of our markets.

We ended the financial year facing the global Covid-19 pandemic, with many of our markets locking down in March 2020. Our priority was the wellbeing of our 20 000+ people and the communities we serve around the world. As a global company operating in numerous local markets we take our responsibility seriously. We are helping our people and communities navigate this crisis. We donated INR100crore (US$13.1m) to the Indian government's response to the crisis via the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund. In addition, at local level, many of our companies have made meaningful contributions. Across the group, we continue to identify ways in which our technological expertise, global networks and resources can be used to support the fight against this virus. For more information regarding the impacts of Covid-19 on our businesses, refer to the "Responding to Covid-19" section of this annual report.

We will continue to respond quickly to the evolving situation to safeguard our people, maintain our ability to serve our customers and protect our businesses. While we believe each of our segments will continue to benefit from secular growth trends, the global pandemic has affected operations and we need to draw attention to its potential impacts on 2021's financial year. That said, we believe the fundamentals of our businesses remain strong. We have sufficient liquidity to run the company and the ability to invest in opportunities that may arise during this period.

Under IFRS-EU, the group accounts for its associate and joint venture investments under the equity method. Throughout the financial review below, references to "total revenue" or "total trading profit" therefore exclude the group's share of revenue or trading profit from investments in associated companies and joint ventures. The group, however, proportionately consolidates its share of the results of its associated companies and joint ventures in its reportable segments (referred to as economic interest). This is considered to provide additional information on the economic reality of these investments and corresponds to the manner in which the chief operating decisionmaker (CODM) assesses segmental performance.

For further information, see "Other information – Non-IFRS financial measures and alternative performance indicators".

Directors' report continued

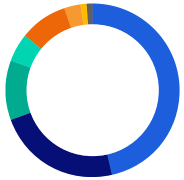
Financial review

Revenue

Our total revenue increased by US$675m, or 25%, from US$2 655m in the year ended 31 March 2019 to US$3 330m in the year ended 31 March 2020, primarily due to Classifieds, Food Delivery, Etail and, to a lesser extent, Payments and Fintech. This increase was partially offset by the Travel business (Tek Travel Private Limited (TBO) that was disposed of during the year ended 31 March 2019).

We operate in countries and markets across the world, resulting in significant exposure to foreign exchange volatility. This can have an impact on reported revenues and costs as they are generally denominated in local currency. The financial performance of our businesses is accounted for in the group in their respective functional currencies and translated to US dollar. The weakening of certain currencies against the US dollar in the year ended 31 March 2020 negatively affected our year-on-year performance by US$155m, or 6%, through the translation impact, specifically in the Classifieds, Payments and Fintech, Food Delivery and Etail businesses. Revenue growth expressed in local currency, excluding acquisitions and disposals, of 26% was achieved in the year ended 31 March 2020.

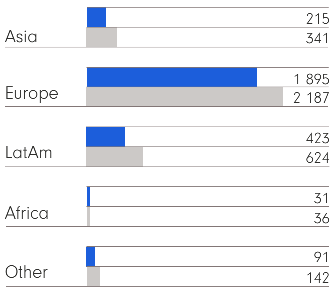
TOTAL REVENUE IN THE YEAR ENDED 31 MARCH 2020 (US$'m)



- Online sales of goods revenue
- Classifieds listings revenue
- Payment transaction commissions and fees
- Mobile and other content revenue
- Food-delivery revenue
- Advertising revenue
- Comparison shopping commissions and fees
- Other revenue

Online sales of goods revenue represented 46% and 45% of our total revenue in the year ended 31 March 2020 and the year ended 31 March 2019 respectively.

REVENUE BY GEOGRAPHIC MARKET (US$'m)



Group revenue, measured on an economic-interest basis, was US$21.5bn, reflecting growth of 17% (23%) from continuing operations. Driven by Classifieds, Etail, and Payments and Fintech, the Ecommerce business posted strong performance. Overall revenue growth in Ecommerce, adjusted for acquisitions and disposals, grew 33% in local currency, a 7% acceleration year on year. This was led by the Food Delivery segment, which grew orders 102% and revenues by 99% (105%), and strong growth in Classifieds, up 49% (37%).

Costs of providing services and sale of goods

The costs of providing services and sale of goods increased by US$577m, or 36%, from US$1 600m for the year ended 31 March 2019 to US$2 177m for the year ended 31 March 2020. With the growth of our Classified's convenient transactions business, the costs of providing services and sales of goods includes the full cost of the items sold compared to the inclusion of takerates only that are used in traditional classifieds businesses.

Platform/website hosting and warehousing costs increased by US$523m, from US$1 299m in the year ended 31 March 2019 to US$1 822m in the year ended 31 March 2020. This increase primarily related to warehousing and logistic costs at eMAG, which increased due to the continued warehouse expansion and continued improvements to its supply chain and platform. Further, following the merger of the eMAG Hungary operations with Extreme Digital, platform and website costs also increased. In addition, website hosting costs in the Classifieds business increased as it continued to roll out their global platform across regions as well as results of the acquisition of the Frontier Car Group and Aasaanjobs. iFood in our Food Delivery business undertook activities to improve their platform and website to enhance their offering and customer and merchant experience.

Payment facilitation transaction costs increased by US$57m from US$201m in the year ended 31 March 2019 to US$258m in the year ended 31 March 2020. The increase primarily related to the Payments and Fintech business, particularly in India, where the increased transaction volumes with merchants resulted in increased transaction processing costs.

Marketing costs targeted to specific campaigns to promote services increased by US$5m from US$83m in the year ended 31 March 2019 to US$88m in the year ended 31 March 2020. These costs were primarily incurred by iFood in support of its investment strategy to capture a larger food market opportunity.

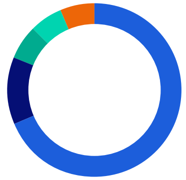
Selling, general and administrative costs

Selling, general and administrative costs increased by US$325m, or 23%, from US$1 437m in the year ended 31 March 2019 to US$1 762m in the year ended 31 March 2020.

Marketing costs decreased by US$3m from US$221m in the year ended 31 March 2019 to US$218m in the year ended 31 March 2020, primarily due to the disposal of our online comparison-shopping business, BuscaPé, during the year. Certain businesses scaled back on marketing within the Classifieds segment, while others in the Payments and Fintech business, specifically in India, increased their marketing spend in pursuit of their strategic growth objectives. In addition, with the merger of eMAG Hungary and Extreme Digital, marketing costs in the Etail segment increased.

Staff costs increased by US$233m, or 30%, from US$772m in the year ended 31 March 2019 to US$1 005m in the year ended 31 March 2020, primarily due to an increase in permanent staff to support the rapid pace of business expansion as well as increased salaries, wages and bonuses resulting from annual increases.

TOTAL PERMANENT STAFF HEADCOUNT AT 31 MARCH 2020 (%)



- Classifieds
- Payments and Fintech
- Food Delivery
- Etail
- Other ecommerce
- Corporate

Directors' report continued

Total permanent staff increased from 15 078 at 31 March 2019 to 20 524 at 31 March 2020. Staff increased particularly in Classifieds and Payments and Fintech segments as the businesses build out their offerings as well as through acquisitions of classifieds verticals and payment solutions. Further, iFood increased staffing as the business continues to scale and includes first-party employees as this part of the business has expanded. Headcount is expected to continue to expand in line with the expansion of our businesses, both organically and through acquisitions. For further information regarding headcount, refer to the section on "Our people" on page 67.

Retention option expenses increased by US$50m as a result of acquisitions of businesses during the year, specifically in the Classifieds and Payments and Fintech businesses. Share-based compensation costs increased by US$40m due to changes in valuation assumptions, including share prices and volatility, as well as the impacts of allocations made and vesting of options. In addition, following our listing, share incentive schemes holding Naspers shares received Prosus shares pursuant to the listing terms and conditions. This was accounted for as a modification and resulted in an additional charge of US$27m.

Depreciation and amortisation
Depreciation and amortisation in selling, general and administration expenses increased by US$63m, or 53%, from US$120m in the year ended 31 March 2019 to US$183m in the year ended 31 March 2020. The increase in depreciation expenses primarily related to the capitalisation of leases, in terms of IFRS 16 *Leases*, which were previously classified as operating leases. These capitalised leases related primarily to the eMAG warehouses and Classified's and Payments and Fintech office buildings.

Finance income/(costs), net
Net finance income decreased by US$87m from an income of US$179m in the year ended 31 March 2019 to an income of US$92m in the year ended 31 March 2020. Net interest income decreased by US$87m from net interest income of US$65m in the year ended 31 March 2019 to net interest expense of US$22m in the year ended 31 March 2020. Interest expense increased by US$23m, or 12%, from US$200m in the year ended 31 March 2019 to US$223m in the year ended 31 March 2020, which includes a US$16m charge related to the early settlement of our July 2020 bond by exercising the make-whole call option. Interest income decreased by US$64m, or 24%, from US$265m in the year ended 31 March 2019 to US$201m in the year ended 31 March 2020, due to a drop in US dollar interest rates and lower average cash balances. Interest expense relates primarily to interest on the publicly traded bonds. Interest income includes interest earned on bank accounts and short-term investments.

Other finance income of US$114m was stable for the year ended 31 March 2019 and the year ended 31 March 2020. The remeasurement gain of written put option liabilities amounted to US$53m for both FY20 and FY2019. Foreign exchange differences related to the foreign exchange impacts on the translation of assets and liabilities as well as forward exchange contracts and the cross-currency interest rate swap remained stable at a gain of US$61m.

Share of equity-accounted results
Our equity-accounted results in equity-accounted companies increased by US$521m, or 15%, from US$3 409m in the year ended 31 March 2019 to US$3 930m in the year ended 31 March 2020. This growth was driven by Tencent, Mail.ru and Delivery Hero, which reported improved profitability during the period. Delivery Hero's improved profitability resulted from gains recognised on the disposal of its investments during the period. The disposal of Flipkart in May 2018 further supported the growth as losses were recognised for only part of the prior period, with no losses reported in the year ended 31 March 2020. This growth was partly offset by increased losses from Swiggy, as their results were reported for the full year to 31 March 2020.

Net gains on acquisitions and disposals
Gains on acquisitions and disposals of US$434m were recognised in the year ended 31 March 2020, compared to US$1 610m in the year ended 31 March 2019. In the year ended 31 March 2020, a profit on the sale of investments of US$447m was recognised. This related primarily to the contribution of our MakeMyTrip investment in exchange for an interest in Trip.com (formerly Ctrip) (US$599m gain), the disposal of our investment in Sulit (US$26m gain) as part of the Carousell transaction, offset partly by a loss of US$178m, related primarily to the realisation of foreign exchange translation reserves on the disposal of our investment in BuscaPé.

Gains on loss of control transactions recognised of US$17m in the year ended 31 March 2020 related to our investment in In Loco, where we did not participate in a funding round resulting in us losing control in the investment.

Acquisition and disposal-related costs increased from US$18m in the year ended 31 March 2019 to US$103m in the year ended 31 March 2020. The increase primarily relates to stamp duties incurred in Hong Kong to restructure Ming He as part of our reorganisation pursuant to the listing of the company as well as transaction costs incurred in respect thereof.

Taxation
Taxes decreased by US$183m from US$258m in the year ended 31 March 2019 to US$75m in the year ended 31 March 2020. Current tax expense decreased by US$162m, primarily due to the prior-period inclusion of a once-off tax payable amount of US$177m related to a disposal of a business, which was partly offset by the improved profitability of certain of the businesses, in particular Avito, as well as certain of the Payments and Fintech businesses. In addition, deferred tax income increased by US$21m from US$6m in the year ended 31 March 2019 to US$27m in the year ended 31 March 2020. The balance primarily relates to Avito and Payments and Fintech which reduced their deferred tax liabilities.

Profit from discontinued operations
On 28 September 2018, we disposed of our sub-Saharan Video Entertainment business, which was subsequently listed and distributed by the Naspers group to its shareholders in an unbundling transaction in February 2019. These businesses contributed a loss of US$147m. A loss of US$591m was recognised on the disposal.

Core headline earnings
Core headline earnings from continuing operations were US$3.4bn – up 9% (13% in local currency). Improving profitability in Tencent and the more established ecommerce businesses were partially offset by the additional investment in the Food Delivery business. Refer to "Other information – Non-IFRS financial measures and alternative performance indicators" of this report for a reconciliation of non-IFRS financial measures.

Share capital
As part of the preparation for and the listing of the company, several alterations to the share capital were made during the year ended 31 March 2020:

- Internal restructuring:
  - On 16 May 2019, the company converted 1 717 777 ordinary shares with a par value of US$100 each to 1 100 000 000 N ordinary shares of €0.05 each.
  - On 13 June 2019, the company issued a further 85 996 011 N ordinary shares of €0.05 each and 2 452 605 A ordinary shares of €0.05 each.
- On listing, additional shares issues followed:
  - 16 254 001 N ordinary shares of €0.05 each on 14 September 2019.
  - 422 402 058 N ordinary shares of €0.05 each and 1 059 213 A ordinary shares of €0.05 each on 16 September 2019.

At 31 March 2020, the company had 1 624 652 070 N ordinary shares and 3 511 818 A ordinary shares in issue. Details are reflected in note 32 of the consolidated annual financial statements and note 8 of the company annual financial statements.

Invested capital
Across the group, we invested US$1.3bn to expand our ecosystem and reach. Notably: through PayU, an investment of US$66m in Wibmo to expand our Indian footprint in payment security, mobile payment solutions and processing services; an investment of US$163m in PaySense broadens our ecosystem in India as we now start to offer consumer credit; an investment of US$199m in Iyzico, a leading payment service provider in Turkey, and US$48m in Red Dot Payment (Red Dot), providing payment solutions in Singapore and expanding across Southeast Asia. In Classifieds, we acquired a controlling stake in Frontier Car Group for US$320m and the contribution of certain subsidiaries, expanding our transactions business. Ventures invested US$81m in Meesho Inc., a leading social commerce online marketplace in India, continuing our successful track record of identifying Indian opportunities with the potential to become large businesses. We are also increasing our exposure to the edtech (educational technology) businesses by investing a further US$25m and US$44m in our education associates Brainly and Udemy respectively. In the Food Delivery business, we invested a further US$100m in our associate Swiggy.

Directors' report continued

Cash and debt position
At year end, we had a solid net cash position of US$4.5bn, comprising US$8.0bn of cash and cash equivalents (including short-term cash investments), net of US$3.5bn of interest-bearing debt (excluding capitalised lease liabilities). We also have an undrawn US$2.5bn revolving credit facility. In December 2019, we established a US$6bn global medium-term note programme. In terms of this programme, we may periodically issue notes denominated in any currency, with a maximum outstanding aggregate nominal amount of US$6bn. The notes trade on the Euronext Dublin stock exchange. Under the programme, in January 2020, we successfully issued US$1.250bn 3.68% notes due in 2030. The purpose of this offering was to raise proceeds to redeem the US$1.0bn 6.00% notes due in July 2020. The principal and interest accrued to the maturity date of these notes were repaid in February 2020. The group has no debt maturities due until 2025.

Consolidated free cash outflow was US$338m, compared to the prior-year outflow of US$102m from continuing operations (excluding the Video Entertainment segment). This change reflects increased investment in the Food Delivery business, as well as negative working-capital effects related primarily to merchant cash timing differences of US$28m and transaction costs of unbundling MultiChoice Group and listing Prosus of around US$85m. Dividend income received from Tencent increased US$35m to US$377m. Cash extractions from our profitable Classifieds businesses continued to grow, increasing US$70m to US$305m. The pandemic may have a short-term impact on that trajectory but the positive trend is expected to return.

Segmental review
Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the CODM in order to allocate resources to the segments and to assess their performance. The CODM has been identified as our executive directors, who make strategic decisions. We have the same governance structure as our ultimate controlling parent, Naspers. We have the same board and management oversight, including the same individuals comprising the CODM. Accordingly, the CODM for Naspers is the same CODM for the Prosus group.

Internet
Internet revenues were US$21.5bn, up 17% (23%). Internet trading profit rose 12% (16%), even as we increased investment across the portfolio and particularly in Food Delivery, as many ecommerce units improved their profitability. Tencent delivered a solid performance.

Ecommerce
Overall, ecommerce revenue increased 19% (33%) to US$4.3bn, a 7% acceleration year on year. This was led by contributions from classifieds, payments and fintech, food delivery and etail.

Trading losses rose to US$918m after 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. Excluding these and acquisitions and disposals, ecommerce trading losses reduced by 28% or US$78m in local currency, excluding acquisitions and disposals. Our investments in the food-delivery business have already started delivering meaningful scale, evidenced by continued strong growth in orders and revenue.

Classifieds continued to invest in convenient transactions, resulting in increased trading losses in that business as it scales. However, overall profitability in Classifieds improved year on year due primarily to continued revenue growth and strong margins at Avito, Central and Eastern Europe, and reduced losses in letgo. Overall, Classifieds' trading profit increased 1 100% in local currency, excluding acquisitions and disposals. Etail reported narrowing trading losses. Growth in PayU's core payment service provider (PSP) businesses reduced the trading profit margin from 2% last year to 1% this year.

Revenues from our profitable ecommerce businesses totalled US$2.3bn, with trading profits of US$402m. Compared to US$2.0bn and US$407m last year, this reflects growth in local currency of 18% and 12% respectively.

Classifieds
Building on the momentum from the previous financial year when the core business became profitable, Classifieds delivered healthy results while expanding its business model. This is one of the fastest-growing classifieds businesses globally, with accelerating revenue growth of 49% (37%) to US$1.3bn. Its businesses generated trading profits of US$34m, driven by strong revenue growth in listings and margin improvement.

Convenient transaction revenue was US$393m, compared to US$103m in the prior year, growing 282% (164%) and contributing 31% of overall Classifieds' revenue for the year. We are investing to improve the value proposition for our customers by deepening our relationships with partners and the breadth of our offering in autos. Larger markets in Russia and Europe drive growth, with strength in autos and real estate verticals, where leading market positions combine with operational execution to drive monetisation and successful financial outcomes.

In Russia, Avito has maintained good momentum, recording revenues of RUB25.7bn, or year-on-year growth of 22%. Avito delivered a trading profit margin of 51%, with autos and real estate revenue growing 38% and 21% year on year, respectively. Poland remains the cornerstone, growing revenues 16% (21%) to US$185m and recording a trading profit margin of 58%. Autos, real estate and business services all performed above expectations.

In the convenient transactions business, CashMyCar in India grew revenue 229% in local currency to US$78m, by expanding to over 70 inspection centres and more than 21 000 transactions at the end of the period.

OLX Brazil, our joint venture with Adevinta, improved its financial performance with year-on-year revenue growth of 10% (20%), due to vertical strength.

Competition in general classifieds increased steadily. In 2020, we expanded our ecosystem and offering, while anchoring our competitive advantage where possible. This has allowed us to enhance our localised footprint.

In December 2019, Classifieds increased its shareholding to a majority in Frontier Car Group, enabling synergies and a presence in 10 developing countries globally, with more than 450 inspection centres and over 89 000 transactions for the financial year. In Russia, the acquisition of MaxPoster in January 2020 (focused on providing business solutions to car dealers) deepens product offerings across the autos category.

On 3 March 2020, OLX Brazil reached an agreement to acquire Grupo Zap, which includes two leading Brazilian real estate verticals: Zap and VivaReal. The transaction is subject to approval by the Brazilian competition authorities and is expected to close in the second half of 2020.

This investment will be financed equally by the joint venture partners.

On 24 March 2020, we announced the merger of our letgo US business with OfferUp, a deal that combines two of the leading classifieds brands in the US with complementary footprints. This will give the business a solid foundation in a highly competitive market, this transaction received regulatory approval, and is expected to close on 1 July, 2020.

On 26 April 2020, we completed the merger of our subsidiary Dubizzle Limited (BVI), the leading classifieds platform for users in the United Arab Emirates (UAE), with Emerging Markets Property Group (EMPG). EMPG owns and operates bespoke classifieds portals in emerging markets across the world, including Bayut in Dubai, Zameen in Pakistan and Mubawab in Morocco, North Africa. The group also contributed cash of some US$75m. Following the transaction, the group will hold a 39% interest in EMPG, and account for this interest as an investment in associate.

In mid-March 2020, many of the markets in which we operate entered lockdown. In Classifieds we have seen a decline in traffic in marketplaces but have taken steps to assist customers and partners. In the short term, we expect to record some impact on revenue and profitability.

Food Delivery
This sector is evolving rapidly, moving from a marketplace model (third-party or 3P) to implementing an own-delivery model (first-party or 1P). This is increasing the size of the market and corresponding opportunity. We are at the forefront of this transformation and investing heavily in food delivery to grow both the size of the market and our position. We invest in product and technology innovation, including logistics, convenience and grocery delivery, cloud kitchens and private brands.

Directors' report continued

We are also investing in technology, which is significantly improving consumer targeting to optimise customer acquisition and marketing costs while improving 1P economics by smartly routing delivery representatives to points of highest demand density. We anticipate further opportunity in this market which will be disrupted by technology. Our investments in the food-delivery business has meaningful scale, as evidenced by continued growth in orders and revenue.

In the current year, this segment grew rapidly and is now one of the fastest-growing platforms globally, producing cumulative annualised gross merchandise value (GMV) growth of 76% year on year. Segment revenue increased 99% (105%), with strong contributions from our entire portfolio. Trading losses rose to US$624m from US$171m, reflecting continued investments in growth by the respective businesses.

In Latin America, iFood posted revenue growth of 94% (113%), as a result of product innovation and the growth of its logistics business. iFood remains the clear leader in Brazil and holds competitive positions in Mexico and Colombia. In March 2020, iFood Brazil supported a network of 160 000 active restaurants and processed 31 million orders, compared to 17 million last year. iFood Brazil has ramped up its own-delivery business, and 1P orders now exceed 30% of orders and the total volume of the nearest 1P competitor. In April 2020, we announced that iFood would join forces with Delivery Hero in Colombia. iFood will retain a 51% share and operate the combined business, Domicilios.com.

In India, Swiggy's revenue grew 182% year on year, driven by expansion into new cities. Swiggy now operates in over 520 cities and supports more than 160 000 restaurant partners, up from 85 000 a year ago. We invested an additional US$100m in Swiggy in February 2020 to support its business growth, increasing our already substantial commitment in India.

For the year ended 31 December 2019, Delivery Hero reported segmental revenue growth of 109% and order volume growth of 80%. GMV grew 66% year on year in constant currency to €7.4bn, primarily due to faster delivery times, efficiencies in customer acquisition and increased order frequency following investments to improve product and technology. Delivery Hero engaged in M&A and portfolio consolidation during the year, like the acquisition of shares in South Korean Woowa Brothers Corp., and the incorporation of a joint venture to consolidate their footprint in the region. Delivery Hero has also restructured its German operations, disposing of its food-delivery business to Takeaway.com N.V. for cash and an equity stake in Takeaway. More information on Delivery Hero's results is available at https://ir.deliveryhero.com.

The lockdown state in many of our markets affected the Food Delivery business. While our platforms are recording increased demand, we have not always been able to meet demand due to supply issues as restaurants closed. In India, Swiggy has been permitted to continue operating during the lockdown, but this was not implemented uniformly across the country and Swiggy's services have been halted in some regions.

It is engaging with national and regional authorities in India. In Brazil, iFood's efforts to assist its restaurant and food-delivery partners have mitigated some supply issues and order volume is holding up well. In the longer term, we believe the current environment may drive a structural shift in global consumption patterns in favour of food delivery.

Payments and Fintech
PayU's revenue grew 19% (21%) year on year on the back of 26% (29%) higher volumes processed. Processed volumes reached US$37.9bn, driven by 30% growth in the number of transactions processed. The Payments and Fintech business's trading loss margin increased from 12% last year to 16%. This reflected improvement in profitability in the core PSP business, offset by investment to build a credit offering, primarily in India, and expanding our footprint in Southeast Asia with the Red Dot acquisition.

The Payments business in India remains the growth engine, with volumes growing 30% (32%). In 2020, India's processed volumes were US$19.4bn, 51% of the total volume processed by PayU. Structural shifts to digital payments in the country, our ability to increase conversion rates for enterprise merchants, and our ability to enter new segments such as billing and small/medium-sized businesses, have been the main drivers of this growth at market rates.

In July 2019, we acquired Wibmo (a payment security leader) and also created closer partnerships with leading banks to reduce transaction failures and further strengthen our relationship with merchants.

In line with PayU's mission to build a world without financial borders, we have been pioneering credit for underbanked people in India. We started building an inhouse credit business two years ago and organically scaled this to over US$10m monthly issuances.

We recently acquired a majority stake of 79.2% in PaySense for US$163m. PayU is setting the ambitious goal of building a strong credit franchise in India. While we believe the expansion of our credit business over time offers significant potential, it is important that we build the loan book methodically, with acceptable loss rates. We have temporarily paused due to the global pandemic.

In mid-March 2020, our Payments and Fintech business began to be impacted by lockdowns in markets in which we operate. It is still too early to estimate the full impact, although we have seen a significant initial drop in transaction volumes in payments. India represents over 50% of the Payments and Fintech business's transaction volumes. In time, this business is expected to benefit from large sectoral trends, including more customers transacting online and more online transactions being executed through alternative forms of payment (other than cash). Our European businesses appear resilient and continued to grow during the pandemic, although that could change if the broader economic environment deteriorates further.

In December 2019, we completed the acquisition of a 90% interest in Iyzico for around US$199m to consolidate our position in Turkey's high-growth ecommerce market. Turkey is now our second-largest market in the Europe, Middle East and Africa region. On integration, PayU will be able to leverage existing relationships with global merchants and Iyzico's product capabilities to drive incremental crossborder volume.

We also added the Southeast Asia market to our footprint by acquiring a majority in Red Dot, based in Singapore. Southeast Asia is an attractive base to enter one of the most dynamic markets globally, with ecommerce growth (62% CAGR 2015–19) and a high share of alternative payment methods (70% of ecommerce). This transaction gives us access to local payment-processing capabilities, supporting our merchants' expectations, and provides unique payment solutions particularly for the hotel and hospitality segment. We have integrated Red Dot into our global hub to offer all existing merchants access to the Southeast Asia market.

Etail
The Etail segment accelerated revenue growth to 16% year on year, measured in local currency and adjusted for the disposal of Flipkart. On the same basis, the segment also improved its profitability, almost halving trading losses by economies of scale such as higher gross margins and fixed cost control.

eMAG, our leading business-to-consumer (B2C) platform in Central and Eastern Europe, continued to outpace market growth and improve its economics over the review period. Organic revenue growth reached 16% and trading profit increased 35%. eMAG's core market, Romania, realised 17% GMV growth in local currency. Performance was particularly strong across the 3P marketplace, which grew 26% in local currency. In Hungary, eMAG's second-largest market, the business delivered GMV growth of 25% in local currency. Both the retail and marketplace businesses contributed meaningfully to eMAG Hungary's results.

eMAG's main market, Romania, entered lockdown on 26 March 2020, but the business is holding up well. It recorded a boost in the early stages of the lockdown as customers shifted to online purchasing. While the rate of growth is likely to subside over time, we believe the pandemic may prove an accelerator in the structural shift to ecommerce.

In October 2019, the Hungarian competition authority approved the merger of eMAG Hungary with eDigital, two leading online retailers. This combination expands eMAG's product offering to consumers and brings in the experienced and talented eDigital founders, who will lead the merged business.

Directors' report continued

Travel
In April 2019, we announced the exchange of our 43% interest in MakeMyTrip, our equity-accounted online travel investment in India, for a 5.6% interest in Trip.com Group Limited (formerly Ctrip.com International Limited) (Trip.com). The transaction closed at the end of August 2019, resulting in a gain of US$599m. Our share of MakeMyTrip's reported revenues was US$146m, up 8% (measured in local currency, adjusted for acquisitions and disposals).

We include eight months of results for MakeMyTrip in our segmental results, 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 21% year on year. After the Trip.com transaction, our Travel segment will cease to exist and will not be reported on after this financial year. The investment in Trip.com is accounted for at fair value through other comprehensive income. More information on MakeMyTrip's results is available at http://investors.makemytrip.com.

Tencent
For the year ended 31 December 2019, Tencent's revenues of RMB377bn was up 21% year on year. Non-GAAP profit attributable to shareholders (Tencent's measure of normalised performance) grew 22% to RMB94bn.

Revenues from value-added services increased 13% to RMB200bn, with online games revenues growing 10% to RMB115bn and social networks revenues rising 17% to RMB85bn. Revenues from fintech and business services increased 39% to RMB101bn, and revenues from the online advertising business rose 18% to RMB68bn.

Tencent continued to lead in China, with nine of the top 20 mobile apps. Combined monthly active users (MAU) of Weixin and WeChat increased 6% to 1.16 billion. The Weixin mini programme ecosystem became increasingly vibrant, with an annual transaction volume of over RMB800bn. With enhanced chat and friend recommendation features, as well as entertainment use cases via mini programmes, QQ's popularity with the younger generation continues to increase. However, QQ smart devices' MAU declined 7.5% year on year to 647 million as Tencent proactively cleaned up spamming and bot accounts.

China's online games market recovered after in-game monetisation licence approvals resumed in December 2018. Tencent extended its leadership. It has also made breakthroughs in self-developed games for international markets, with five of the top 10 international mobile games. Tencent's international revenue rose to 23% of total online games revenue in the fourth quarter of 2019.

Tencent currently operates the largest mobile payment platform in China by daily average users (DAU) and transaction volumes. Daily commercial payment transactions exceeded 1 billion as Tencent deepened penetration among offline merchants. In cloud, Tencent has over 1 million paying customers and outgrows peers with increasing scale and higher operating efficiency.

Despite the challenging economic environment, Tencent achieved robust advertising revenue growth by progressively realising the potential of Weixin Moments and expanding its mobile ad network. Tencent video subscriptions exceeded 100 million. Music subscription accelerated as it benefited from the pay-for-streaming model.

Tencent continues to grow off a very large base in a market that appears to be emerging well from the impact of Covid-19. It has been working relentlessly to mitigate the impacts of the pandemic. Tencent has steered its engineering scale and product suite to help the government and businesses navigate and recover from the impacts of Covid-19. This has benefited millions of enterprises that used WeChat for Work to resume operations in the wake of the outbreak. Over 300 million Weixin users have used Tencent Health as an access point for real-time pandemic data, online consultations and self-diagnosis services powered by artificial intelligence (AI). Through Tencent Medipedia, users can access professional medical information. Tencent has also provided medical AI imaging capabilities to assist the diagnosis of Covid-19. Its operational performance has remained resilient through the crisis, underpinning the value of its diverse portfolio and broad ecosystem.

More information on Tencent's results is available at www.tencent.com/en-us/ir.

Mail.ru
For the year ended 31 December 2019, Mail.ru's revenues grew 22% to RUB87.1bn. Non-GAAP EBITDA (Mail.ru's measure of normalised performance) grew 10% to RUB29.8bn. Advertising revenue rose 23% to RUB36.5bn. This was driven by user and user engagement growth, increased inventory of video advertisements and contextual targeting advertisements, and technology advancements in its advertising platforms.

Online games revenue grew 20% to RUB28bn. International revenues accounted for 68% of online games revenue.

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.

A transformational AliExpress Russia joint venture between Mail.ru, Alibaba, MegaFon and Russian Direct Investment Fund was launched. This integrates Mail.ru's crossborder ecommerce platform, Pandao, with Alibaba's AliExpress and Tmall services in Russia. In December 2019, Sberbank and Mail.ru formed a Russian O2O services platform joint venture, focusing on food technology and mobility. Mail.ru contributed its food-delivery business, Delivery Club, and a 29.67% stake in Citymobil, Russia's second-largest taxi application, to the new entity.

As a long-term investor in Russian digital businesses, we continue to monitor proposed legislation that would potentially limit foreign ownership of businesses in Russia that are defined as significant information resources. As a long-standing participant in the country, we have stayed the course through various business cycles, up and down. We remain confident of a continued favourable disposition to our investment in the country.

More information on Mail.ru's results is available at https://corp.mail.ru/en/investors/.

Group composition
Ultimate holding company
Naspers Limited is the ultimate holding company of Prosus N.V. At the date of listing, Prosus was 73.84% owned by Naspers, with a free float of 26.16%. In January 2020, to fulfil an obligation to the South African Reserve Bank to repatriate US$1.5bn to South Africa, Naspers sold 22 million shares in Prosus, representing 1.35% of the issued Prosus N ordinary shares, to institutional investors for gross proceeds of €1.5bn (US$1.64bn). Following the disposal, Prosus was 72.49% owned by Naspers with a free float of 27.51%. Naspers has no intention to sell additional shares of Prosus.

At 31 March 2020, Naspers Limited, holds 72.63% of the N ordinary shares.

Subsidiaries
The name, country of incorporation and effective financial percentage interest of the group's interests in its significant subsidiaries are disclosed in note 8 to the consolidated financial statements. Details relating to significant acquisitions and divestitures during the year are highlighted in note 3 to the consolidated financial statements.

Dividends
The board recommends that shareholders are entitled to a gross payment, in the form of a capital repayment, of 11 euro cents per listed N ordinary share. Holders of A1 ordinary shares will receive a dividend distribution of 0.602 euro cents per share. Furthermore, the board recommends that holders of N ordinary shares as at 23 October 2020 (the dividend record date) who do not wish to receive a capital repayment can make a choice to receive a dividend instead. A choice for one option implies an opt-out of the other option. If confirmed by shareholders at the annual general meeting on 18 August 2020, elections to receive a dividend instead of a capital repayment will need to be made by holders of N ordinary shares by 9 November 2020. Capital repayments and dividends will be payable to shareholders recorded in the books on the dividend record date and paid on 17 November 2020.

Dividends are declared and paid in euros. For those holders holding their shares in South Africa via Strate, the proposed dividend as denominated in euro will be translated to South African rand at the exchange rate prevailing on the date of approval of the dividend at the 2020 annual general meeting.

Directors' report continued

Prospects

We anticipate a time when Covid-19 will no longer have an impact on the global economy it has today. We hope to emerge from the global pandemic stronger.

Until then, we face these challenges from a position of relative financial strength. We closed our financial year on 31 March 2020 with US$4.5bn in net cash and a US$2.5bn undrawn revolving credit facility; with accelerating growth in our ecommerce portfolio; and improved profitability. We believe we have sufficient liquidity to run the company while investing in opportunities that may arise during this period.

Our focus will remain on driving profitability in our more established ecommerce segments, such as the classified markets and PSP business in the Payment and Fintech segment. We will invest substantially in food delivery, as well as the convenient transaction model in classifieds and credit in payments. Our strong balance sheet provides a basis for driving growth and unlocks new opportunities. We will also improve the competitiveness of our platforms by investing in tech and product, and reinforcing our AI capabilities.

All our operations have business continuity plans in place. We are assessing potential impacts and supporting our businesses. The challenges of Covid-19 will vary by sector and geography, but we have the teams, the resources and the experience required to navigate them.

Statement of responsibility by the board of directors

for the year ended 31 March 2020

The annual report of the Prosus N.V. group (Prosus or the group) and the company are the responsibility of the directors of Prosus. In discharging this responsibility, they rely on the management of the group to prepare the annual report in accordance with Dutch law, including the consolidated and company financial statements presented on pages 140 to 219 and pages 228 to 233.

The consolidated and company financial statements of Prosus for the year ended 31 March 2020, and the undertakings included in the consolidation taken as a whole, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and additional disclosure requirements for financial statements as required by Dutch law.

To the best of our knowledge:

1. The consolidated and company financial statements, including the accompanying notes, give a true and fair view of the assets, liabilities, financial position as at 31 March 2020, and of the result of our consolidated and company operations for the year ended 31 March 2020.

2. The directors' report to shareholders includes a fair review of the development and performance of our businesses and the position of Prosus, as well as the undertakings included in the consolidation taken as a whole, and describes our principal risks and uncertainties.

3. The annual report for the year ended 31 March 2020 gives a fair view of the information required pursuant to article 5:25c of the Dutch Financial Supervision Act *(Wet op het Financieel Toezicht).*

4. The consolidated and company financial statements for the year ended 31 March 2020 give a fair view of the information required pursuant to IFRS-EU and additional disclosure requirements as required by Dutch law.

The directors are responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls in the company. Consequently, the directors have implemented a broad range of processes and procedures designed to provide control over the company's operations.

These processes and procedures include measures regarding the general control environment. All these processes and procedures are aimed at providing a reasonable level of assurance that we have identified and managed the significant risks of the company. Also that we meet the operational and financial objectives in compliance with applicable laws and regulations. Information regarding our internal control systems is set out in the governance for a sustainable business section of the annual report.

The internal audit function monitors the compliance with our internal control systems and updates management regarding the emergence of new risks. They support the annual review of the effectiveness of the system of governance, risk management and internal controls of the board of directors. Internal audit provides comfort to the audit committee and board of directors that our system of risk management and internal controls – as designed and represented by management – are adequate and effective. While we work towards continuous improvement of our processes and procedures regarding financial reporting, no major failings have occurred to the knowledge of the directors and therefore directors are of the opinion that these systems provide reasonable assurance that the financial reporting does not contain material inaccuracies.

Based on forecasts and available cash resources, the directors believe that the group and company have adequate resources to continue operations as a going concern for a period of at least 12 months after the date of this report. In their assessment directors have taken into account the potential impact of the Covid-19 pandemic on our operations and they believe that the group will be able to continue into the foreseeable future with some impact to operations as set out on pages 14 and 15 of this report. Furthermore, the group has sufficient liquidity to meet its obligations as and when they fall due. Accordingly, the financial statements support the viability of the group and the company.

The independent auditing firm PricewaterhouseCoopers Accountants N.V., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated and company financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Accountants N.V.'s audit report is presented on pages 219 to 227.

The annual report, including the consolidated and company financial statements, was approved by the board of directors on 29 June 2020 and are signed by:

J P Bekker
Director and chair

E Choi
Director

H J du Toit
Director

C L Enenstein
Director

D G Eriksson
Director

M Girotra
Director

R C C Jafta
Director

F L N Letele
Director

D Meyer
Director

R Oliveira de Lima
Director

S J Z Pacak
Director

M R Sorour
Director

J D T Stofberg
Director

B J van der Ross
Director

B van Dijk
Director and chief executive

V Sgourdos
Director and chief financial officer

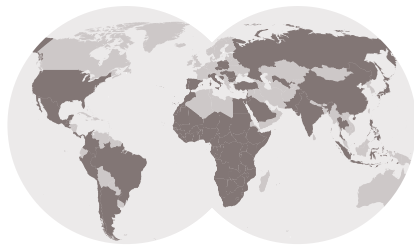
Amsterdam
29 June 2020

Group overview

Through Prosus, we focus on building global consumer internet businesses. We have investments in classifieds, food delivery, payments and fintech, education, health and etail, as well as ventures, and social and internet platforms.

Market leaders

We are leaders in many markets where we operate. Our most significant are China, Russia, Central and Eastern Europe, North America, Latin America, India, Southeast Asia, Africa, and the Middle East.



Ecommerce (global consumer internet portfolio)

Classifieds OLX Group

Revenue[1]
US$1 281m
up 37%

Trading profit[1]
US$34m
up >100%

Employees
8 449

Our brands, OLX and Avito, including 15 other brands, hold leading market positions in more than 22 countries.

OLX	100%
Avito	100%
FCC	84.4%

Read more on page 35

Food Delivery

Revenue[1]
US$751m
up >100%

Trading loss[1]
US$624m
up >(100)%

Employees
2 612

Our portfolio consists of food-delivery businesses, including iFood, Delivery Hero and Swiggy, that lead in 38 markets globally.

ifood	54.7%
Delivery Hero	21.2%
Swiggy	40.0%

Read more on page 38

Payments and Fintech

Revenue[1]
US$428m
up 21%

Trading loss[1]
US$67m
up (32)%

Employees
2 817

PayU is one of the largest online payment services platforms in the world, with operations in 20 markets across Africa and the Middle East, Central and Eastern Europe, India, Southeast Asia and Latin America. Included in this segment are the group's fintech and credit associates Remitly and ZestMoney.

iyzico	88.7%
PayU	98.8%
Remitly	21.0%
PaySense	79.2%
rdp	72.4%
wibmo	98.8%

Read more on page 43

Etail

Revenue[1]
US$1 363m
up 16%

Trading loss[1]
US$20m
up 48%

Employees
5 330

eMAG is an ecommerce leader in Central and Eastern Europe.

eMAG	80.1%

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Ventures

Revenue[1]
US$99m
up 44%

Trading loss[1]
US$57m
up 11%

Our Ventures arm partners with entrepreneurs to build leading technology companies, with the ambition to fuel the next wave of growth for the group.

Udemy	14.8%
Brainly	43.8%
SimilarWeb	23.9%
codecademy	21.0%
SoloLearn	15.2%
honor	16.5%
BYJU'S	11.3%
movile	82.0%
meesho	12.2%

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Social and internet platforms

Revenue[1]
US$17 189m
up 21%

Trading profit[1]
US$4 699m
up 22%

Prosus also holds investments in two listed internet companies: Tencent (31%), China's largest and most-used internet services platform, and Mail.ru Group (27.9%), the leading internet company in Russian-speaking markets.

Tencent 腾讯	31.0%
mail.ru group	27.9%

Read more on page 51

[1] Presented on an economic-interest basis. Growth in local currency, excluding acquisitions and disposals.

Responding to Covid-19

The Covid-19 pandemic has created unprecedented challenges and uncertainties for everyone around the world. The health and wellbeing of our people, their families and the communities we serve is our priority during this difficult time. In our response to the evolving situation we have ensured that we safeguard our people, maintain our ability to serve our customers, and protect our businesses for the long term.

Together, we are:

- focusing on the health of our employees and communities
- working hard to safeguard customers, partners and businesses, and
- leveraging our strong financial position to navigate uncertain times.

Supporting communities

Globally and at a local level we have been endeavouring to support the communities we live and work in so that together we can tackle the challenges of the pandemic and emerge stronger in the long term.

Spotlight on India

In April 2020, Prosus donated 1bn rupees to the Indian Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) created by Prime Minister Narendra Modi. Donations are used to alleviate directly the suffering of those affected by the Covid-19 crisis and to aid the emergency response.

Prosus is also working closely with the companies it partners with to support measures designed to help Indians affected by the situation. These companies have created a variety of innovative initiatives to benefit their customers and communities.

Swiggy, for example, launched a campaign to donate meals to persons in need in India. The public were also invited to donate to this campaign. The campaign donated approximately 35 000 meals per day, with a goal of distributing approximately 500 000 meals per day in the short term. BYJU'S offered its learning platform for free in India.

"This gesture by Prosus will have a positive impact on many lives. It will sharpen our fight against Covid-19."

Tweet by Indian Prime Minister Modi

Our approach

The group has a crisis response protocol to ensure that serious situations can be recognised early and addressed in a coordinated manner. We implemented the protocol globally and locally in response to Covid-19, including assessing the potential impact on our people and the businesses we operate and invest in. We assessed key business risks and put in place mitigation plans.

What we've been doing

Our primary objective has been to prioritise the health and wellbeing of our employees. In February 2020 we restricted business travel and implemented a work-from-home policy, in many cases before it was mandated by the relevant governments. Some of our teams are required to attend their place of work, because their jobs involve providing an essential service to our customers, for example etail warehouse workers and food-delivery drivers. We implemented a variety of measures for these teams designed to safeguard both them and our customers as we deliver the products and services they need. For employees in majority or wholly owned companies, we introduced an employee assistance programme (EAP) in 36 countries. It allows our people to access trained counsellors by phone in their local language, in order to provide confidential and personal support.

The impact so far

As the pandemic evolves, its impact on the world will inevitably change. Here we give an overview of the impact as at 25 May 2020 across key businesses.

Classifieds (OLX Group)

Through May 2020, we were still learning the impact that Covid-19 is having on our customers and our business.

In our biggest business, Avito, user activity and revenue started to come under pressure in late March, as Russia felt the effect on its population and imposed restrictions in major cities. Other large businesses, such as Poland and Brazil, experienced significant declines in user metrics in March and April with government lockdowns of many communities, however, we have seen user traffic, particularly buyers, increase activity on our platforms in May. In India, the key impact has come from the closure of retail car inspection centres and the countrywide lockdown implemented on 24 March.

Many other markets have faced widespread car inspection centre closures, notably Indonesia, Pakistan, Chile, Colombia and Argentina.

Other impacts reported from Covid-19 include users avoiding in-person meet-ups; consumers postponing large purchases, such as cars and property; professional sellers demonstrating a reduced appetite to pay for listings due to lower business activity; and economic shutdowns negatively affecting recruitment activity in our jobs categories.

We are taking proactive action to mitigate the operational risk from the virus, including, but not limited to expanding pay-and-ship features, temporarily providing relief on fees to dealers and brokers, temporarily extending payment terms to assist key customers with cash flow, launching self-inspection and video capabilities, and overall, increasing communication to build trust with customers and clients.

Responding to Covid-19 continued

We have also taken proactive short-term financial risk mitigation measures, including the halt of discretionary spending such as marketing, consulting and events, renegotiating rates and payment terms with service providers and restricting hiring to essential positions only. All travel has also been suspended to protect our employees.

As the situation unfolds, the longer-term implications on our business will become more clear. We believe the coming year will be impacted, however, we have seen the early signs of recovery in our key markets and have identified areas of opportunity to expand our product offerings to help our customers. We will continue to assess Covid-19 impacts on our outlook and will respond accordingly to protect our employees, our customers and our businesses.

Food Delivery
The effects of the Covid-19 virus on the food-delivery industry vary significantly by country, largely due to differences in governments' responses to the crisis. In Brazil, where food-delivery companies are deemed essential services, iFood exceeded its order target in March. In India, Swiggy struggled under a 21-day national lockdown. Although Swiggy had permission to do business at the national level, some municipalities enforced harsher restrictions at the local level and the general disruption to society created challenges for both supply, for example labour shortages as migrant workers return to their home villages, and demand, for example high-income consumers substituting in-home meals for delivery meals.

Based on publicly available information, Delivery Hero's business appears to be growing in line with historical trends across most markets. The one notable exception is the Middle East and North Africa region where government-imposed curfews depressed dinner sales.

Payments and Fintech
In March, we faced lockdowns across almost all PayU's countries. Segments such as travel and airlines have been severely affected, while others such as ecommerce and grocery deliveries have been very resilient, if not growing, due to consumers shifting their spend online. In aggregate, the business appears resilient.

Ventures
The edtech businesses in Ventures have been responding to the significant rise in demand for online learning that has resulted from pandemic-driven lockdowns around the world. The Ventures team has also been actively supporting earlier-stage, minority investment companies as they tackle the ongoing impact of the Covid-19 pandemic on their businesses.

eMAG
Until the end of March, the Covid-19 crisis boosted eMAG's sales as consumer purchasing shifted from offline to online. Surges in demand in categories such as grocery, health and home exercise equipment more than offset drops in demand in fashion and other categories. eMAG has adapted quickly to the situation, introducing contactless delivery to keep employees and customers safe and changing its product mix to match consumer demand.

Tencent
China's economy was deeply affected by the Covid-19 outbreak in the first quarter of 2020. According to data from the National Bureau of Statistics, retail sales fell 20.5% over January and February versus the same period in 2019, industrial output was down 13.5% and fixed asset investment fell by nearly 25%. During the stay-at-home period, consumption in online services and digital entertainment surged, while offline industries increasingly embraced digital upgrades.

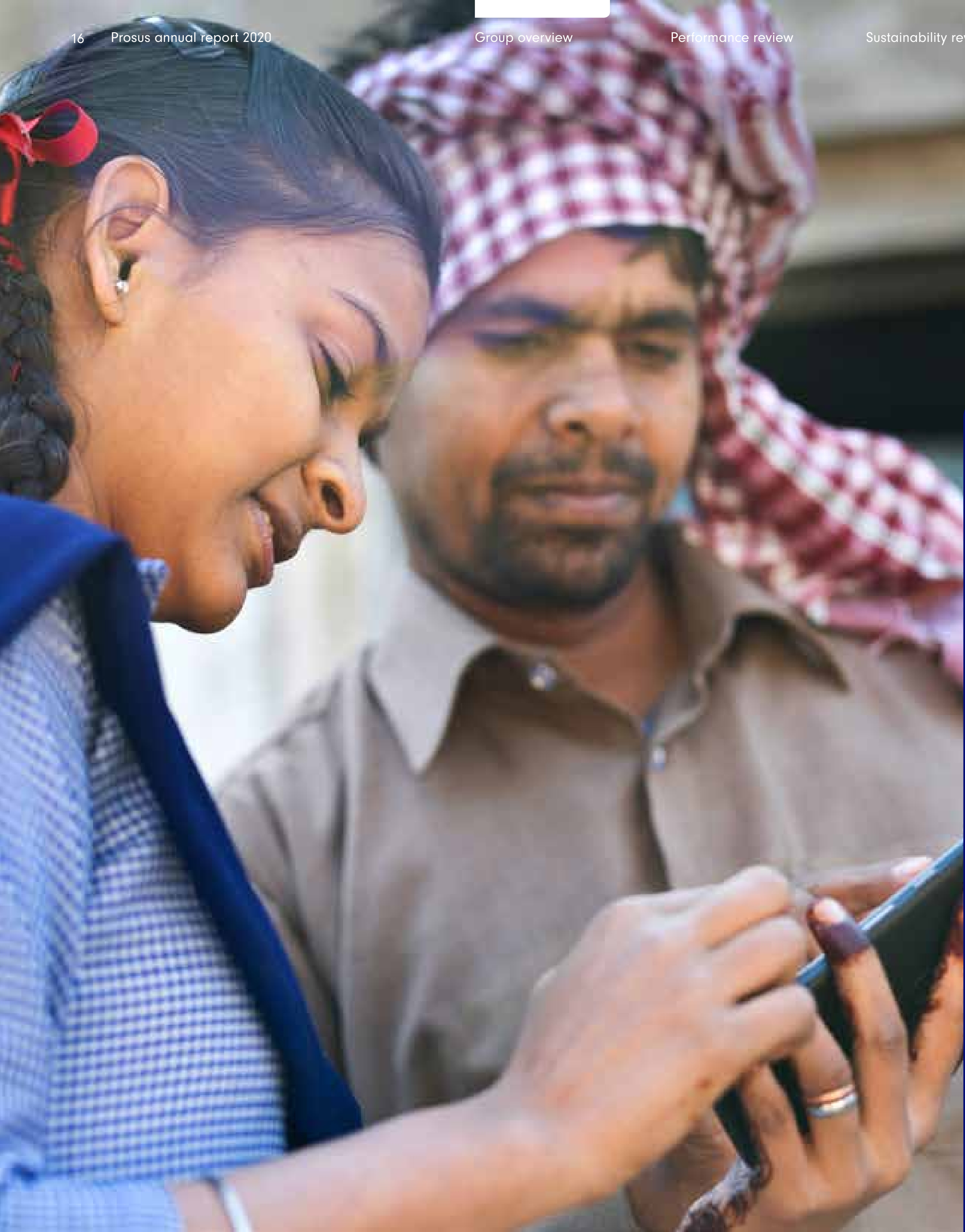
Tencent has responded to the Covid-19 pandemic by establishing a RMB1.5bn emergency fund and offered relief support and, through leveraging its cloud technology expertise, is assisting pandemic-related medical research. It has worked to update the public with news on the pandemic. Also, to provide healthcare services, businesses and educational establishments with access to remote working and collaboration tools. Funding has been provided for medical supplies procurement, financial support for frontline workers, patients and their families, and contributions made to research funding for medical treatment and public health to help fight the pandemic.

In addition, Tencent has launched a US$100m Global Anti-Pandemic Fund to support international efforts against Covid-19. The fund is focusing on the sourcing and donation of medical supplies, such as personal protective equipment (PPE) and other essential products, for hospitals and frontline healthcare workers.

Financially Tencent has shown resilience in the first quarter of 2020 with its diversified business model. Further information is available on its website www.tencent.com.

Mail.ru
Russia has taken measures to combat the outbreak by shutting borders, limiting air travel, closing schools, imposing non-working periods to contain the spread of Covid-19 and has also launched a large economic stimulus package.

Mail.ru was quick to act. Most staff members are working remotely, with fewer than 100 essential staff continuing to work in offices. All IT systems can be fully controlled remotely. To protect employees who do have to work in the office, the group is disinfecting all buildings on an hourly basis and is reimbursing taxi fares for the commute to and from the office.



Backing local; building global…

We look around the world for driven local entrepreneurs with notable tech-enabled businesses and we help them build global leaders that change people's lives for the better.

We know that good ideas can be found all over the world, so we hunt globally for local entrepreneurs who are using technology to make everyday life better for the people and communities they understand best.

We believe that people's everyday needs are often universal and our global reach means we can spot opportunities for the local companies we partner with to fast-track their expansion to other markets.

Investing and operating in around 80 countries enables us to facilitate global collaboration and idea sharing between our partner companies.

Our global perspective is reinforced with teams on the ground in all our key regions: Latin America, Asia and Europe.

Our companies have leadership positions in 77 markets and we are improving the lives of more than

1.5bn
users globally

Building long-term partnerships...

We build long-term partnerships with the companies we invest in, to help them reach their potential and to create the most value for our stakeholders.

We pick our partners carefully and spend a lot of time and energy making sure we're right for each other.

When we decide to invest, we do so strategically and energetically – bringing much more than just money to the companies we invest in.

We work in partnership with our founders and their teams, providing advice and expert resources to help them successfully scale their business for long-term growth. All our partner companies have access to the wider group resources and teams with expertise in key areas such as artificial intelligence (AI) and machine learning (ML), talent acquisition, intellectual property (IP) protection, legal and regulatory matters, finance, communications and product marketing.

Our partnership approach fosters long-term relationships and responsible growth. We have a long horizon for our investments: we invest off our balance sheet rather than via a fund, so we are not limited by exit deadlines and we are not short-term profit seekers. We have the financial capacity to invest across the life cycle of the companies we partner with, so we can fully support them from early stage through to maturity and scale.

We are disciplined in how we allocate capital and we do so based on growth plans and progress against those plans which we review together regularly.

We are both an operator and an investor

Operator	Investor
Benefit from operations in local markets	Unparalleled access to investment opportunities
Empower entrepreneurial and seasoned talent	Uniquely positioned for global buy-and-builds
Ability to drive organic and inorganic growth	Ability to fund at every stage with long-term horizon
Early views on new emerging models	Proprietary insights on value-creation opportunities

Building positive impact around the world...

From offering services that help people improve their lives to honouring our commitments as a responsible global consumer tech company – we are committed to building positive impact around the world.

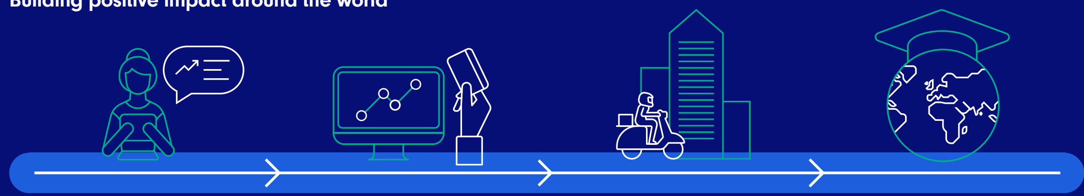
We aim to make everyday life better for the millions of people and communities that our companies serve. The companies we invest in and operate in currently help to improve the daily lives of around 1.5 billion people through the innovative and popular services they provide.

In classifieds, we are helping to promote and increase conscious consumerism. Our payments and fintech businesses are pioneering a world without financial borders. Our food-delivery businesses are revolutionising the way we eat. Our edtech businesses are bringing more and better learning to people around the world.

We understand the positive impact that locally built businesses can deliver through the jobs they create, the products and services they provide, the taxes they pay, and the wider economic and societal ecosystem that they support. We are committed to the local markets and communities in which we invest and operate.

We are a responsible business and we take our responsibilities seriously. We aim to build businesses that can stand the test of time and we work hard to make a positive contribution to the world.

Building positive impact around the world



In classifieds, we are helping to promote and increase conscious consumerism.

Our payments and fintech businesses are pioneering a world without financial borders.

Our food-delivery businesses are revolutionising the way we eat.

Our edtech businesses are bringing more and better learning to people around the world.

Delivering sustainable value throughout the year

Our business model

In line with best practice for reporting, we report on the six capitals that together provide a true picture of value across the group: financial capital, human capital, manufactured capital, intellectual capital, social and relationship capital, and natural capital.

Global trends

As we enter a new decade, we see three key trends shaping our world:

- The ongoing rise of Asia and other growth markets.
- Technology entering a deployment phase.
- The growing importance of responsible tech for the good of society.

Read more on page 26

Stakeholders' views

We listen to our stakeholders.

By engaging with them and understanding their perspective, we allow feedback on our strategy and performance and align our future operations to answer their legitimate needs and interests.

Read more on page 29

Input

Financial funds and assets used to invest and develop our operations.

Skills owned by our employees.

All investments in facilities and technologies across the group.

Ideas, source code, domains, know-how and knowledge we create, own and protect.

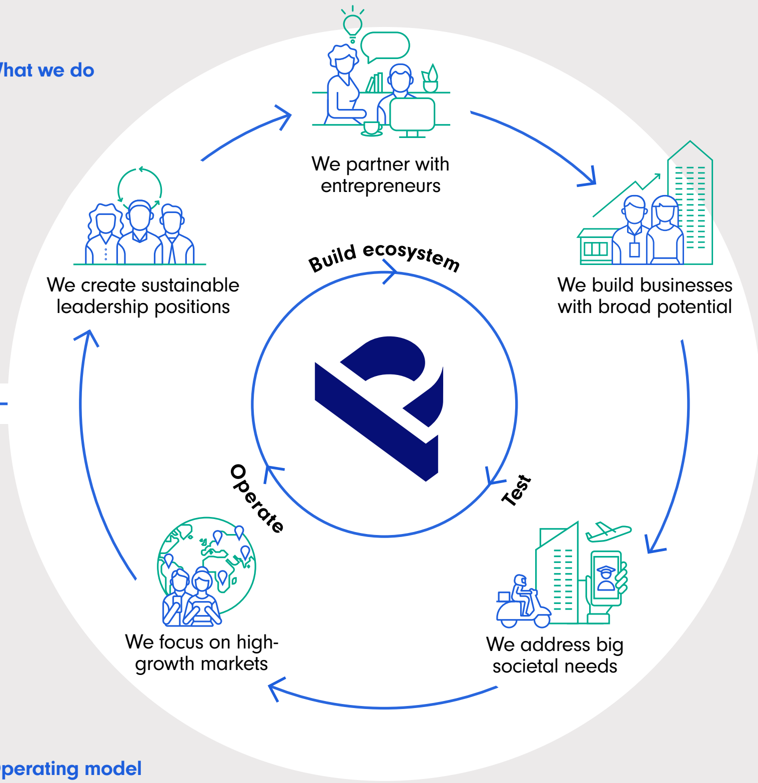
Relationships we build with customers, communities and trade organisations.

Natural resources we have an impact on, such as energy, water and climate.

How we add value

We pursue growth by building leading companies that empower people and enrich communities.

What we do



Operating model

Global outlook → Local entrepreneurs

Investor → Operator

Underpinned by our active capital allocation and strategy

We ensure we optimise our portfolio for growth and competitiveness.

Read more on page 32

The value we create

We deliver long-term shareholder value through disciplined capital allocation and robust financial performance.

We create a working place with a fair and inclusive culture and development opportunities for all our employees.

We provide innovative platforms and services to customers globally.

Through our intellectual property, we drive change and innovation within the industry.

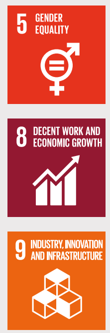
We treat our partners fairly and drive high social value in our operations.

We seek to minimise our impact on the environment and to play our part in addressing issues, including climate change and the responsible use of natural resources.

Group contribution to SDGs

We align our value creation to the UN Sustainable Development Goals.

Read more on page 61



Value creation this year

We create value for key stakeholders through our business model, drawing on our pool of six capitals and in line with the UN Sustainable Development Goals (SDGs). In this section we highlight the value we created this year for our different stakeholders.

Financial

REVENUE[1]

US$21.5bn

	US$'m
2020	21 455
2019	18 340

TRADING PROFIT[1]

US$3.8bn

	US$'m
2020	3 777
2019	3 377

US$619m

direct, indirect and induced taxes paid.

Our products

iFood built its own 1P capabilities. Own delivery now accounts for

30%

of orders in Brazil.

US$37.9bn

processed payments transactions.

2

patent allowances obtained by OLX from the US Patent Office. One patent falls within the key area of trust and safety.

For society

PayU pioneering credit for underbanked people in India: started building inhouse credit business two years ago, scaled to

US$12m

monthly loans (Dec 2019).

eMAG encouraging educational excellence and promoting sport in Romania through

3 programmes

iFood launched Loop to provide quality affordable lunches at about

US$3

Currently in 540 cities in Brazil.

Total investment in better education for more people: Ventures invested over

US$560m

in five education businesses.

Our people

US$964m

in salaries, wages and employee benefits.

12 000

monthly active users on MyAcademy.

240 000

hours of online learning over the past year.

4 000

people around the world have undertaken the AI For Everyone programme.

NUMBER OF EMPLOYEES[1]

	US$'m
2020	20 524
2019	15 078

Environment

ALL EMISSIONS

14 044 tCO_2e

total tonnes of CO_2e, with electricity the highest contributor of total measured scope 1 and scope 2 emissions at 65%. Plan to measure scope 3 in 2021.

US$21m

investment in Dott, making it easy to share dockless electrical scooters.

iFood

introduced cutlery options.

Equivalent of

966 000[2]

tonnes CO_2e saved by Classifieds across four key products.

[1] Presented on an economic-interest basis and from continuing operations.
[2] For the period 1 January 2019 to 31 December 2019.

Chair's review

We have a history of rapidly adapting to change. Also some resilience. These qualities were required this year. As before, we tried to create value by improving people's lives around the world.

You would have noted the successful listing of the group's international assets on Euronext Amsterdam. In Prosus we now have a top 10 global consumer internet company – a leader with a growth strategy, distinctive strengths across core segments and the know-how to excel further.

A big challenge has been Covid-19. We have responded as quickly as we could to the pandemic, in line with crisis management protocol. On pages 14 and 15 we outline our approach and the impact so far. How long the effects of the pandemic will linger is not yet clear.

Creating sustainable value

We continue to transform our group. That includes investing in new and existing businesses and creating innovative technology-enabled products and services. This ongoing growth and evolution flow from our focus on backing entrepreneurs, technology and business concepts that meet fundamental human needs.

We aim to create sustainable value for our different stakeholders. This value is measured across six capitals: financial, human, intellectual, manufacturing, social and relationship, and natural.

We also support the United Nations' Sustainable Development Goals (UN SDGs). Throughout this report we highlight some examples of our impact against these SDGs.

Working as one

Across our wide-ranging businesses, we share the same entrepreneurial spirit and pride in performance. This culture reflects our purpose and is key to our employees' engagement and productivity.

People are fundamental to our growth and success. Their commitment and contributions make the difference. On behalf of the board I thank all our people.

Bob van Dijk and his team implemented our strategy with enterprise and skill. Well done to the team!

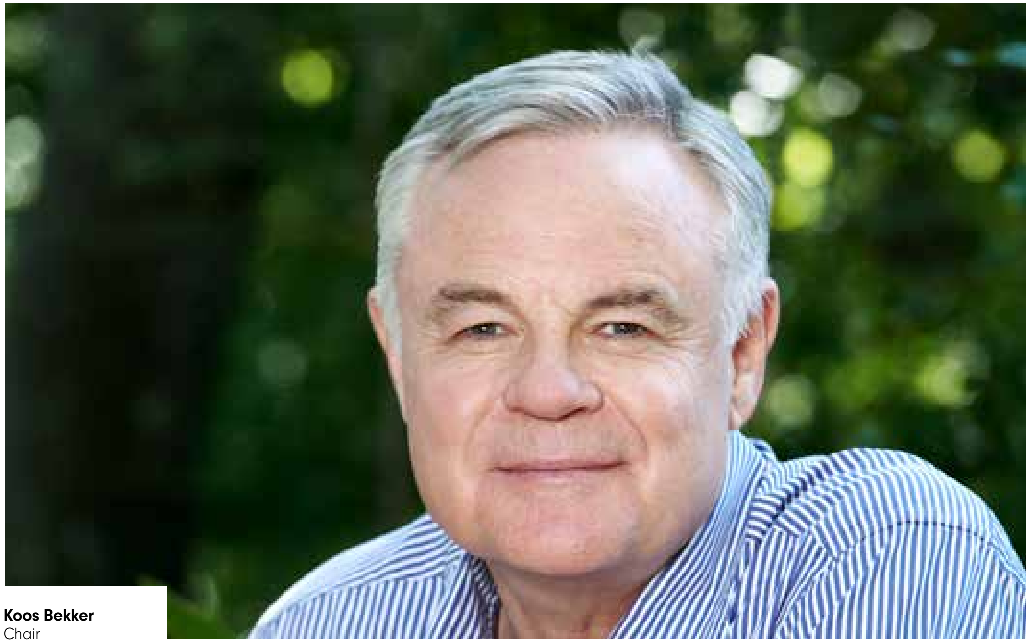
Board members provided valuable guidance and support during the year – an unusually active one in terms of meetings and decisions.

We also recognise the contributions of our many partners and suppliers. Also, the goodwill of governments and regulatory bodies in numerous countries.

PROPOSED DIVIDEND

11

euro cents



Koos Bekker
Chair

Ensuring good governance

We are committed to good governance. As a multinational group, our risks differ depending on local jurisdictions, market dynamics, culture and opportunities. We try to manage all these risks as best we can. More information appears in our risk management section on page 53. We aim to conduct the group's business with integrity, applying appropriate corporate governance policies and principles. Where Prosus subsidiaries are governed by independent boards of directors, these apply suitable governance practices and their committees are mandated to comply with relevant requirements. Prosus has a legal compliance programme, detailed on page 84.

The board's audit and risk committees also monitor our compliance with the listings requirements of Euronext Amsterdam, JSE Limited (JSE), and Euronext Dublin (ISE).

We continually evaluate areas where governance can be improved. This is detailed in our application of the Dutch Corporate Governance Code in the governance frameworks of Prosus in the governance report on page 79.

The board is informed of subsidiary activities via a disciplined reporting structure. Strategies and business plans for financial and non-financial elements of operations are regularly reviewed. Part of management's remuneration is based on performance against financial and operational targets, as well as against strategic objectives.

"At heart, we are entrepreneurs who want to make a positive impact on the world."

Chair's review continued

Board changes

With effect from 1 April 2020. Prosus's non-executive director and lead independent director, Fred Phaswana, retired from the board. Hendrik du Toit, an independent non-executive director, was appointed lead independent director with effect from that date.

Fred Phaswana has served on the Prosus board and acted as lead independent director since August 2019. He was a director of Naspers Limited and various other group structures. He was also a member of the Prosus human resources and remuneration, and nomination committees.

The board thanks Fred warmly for his commitment to the group over many years. His insights and unique contributions were highly valued and will be missed.

Furthermore, Manisha Girotra was appointed as an independent non-executive director on 1 October 2019. She also serves as a member of the audit committee.

As announced on 29 April 2020, the board will nominate Ying Xu for appointment as an independent non-executive director of Prosus at the upcoming annual general meeting.

Effective 24 April 2020, Ben van der Ross, independent non-executive director, stepped down from the audit and risk committees and was appointed to the Naspers social, ethics and sustainability committee. The board thanks Ben for his valuable contribution so far.

In accordance with the board rotation plan and the articles of association, Emilie Choi, Don Eriksson, Manisha Girotra, Rachel Jafta and Mark Sorour retire by rotation at the annual general meeting but, being eligible, they offer themselves for re-election. At this meeting, shareholders will be asked to consider the re-election of these directors (see notice of annual general meeting on page 236).

In compliance with Dutch law, shareholders will be asked to consider these proposals at the annual general meeting. Please see directors' curricula vitae on pages 77 and 78.

Dividend

(All figures in euro cents unless stated otherwise.)

The board recommends that shareholders are entitled to a gross payment, in the form of a capital repayment, of 11 euro cents per listed N ordinary share. Holders of A1 ordinary shares will receive a dividend distribution of 0.602 euro cents per share. Furthermore, the board recommends that holders of N ordinary shares as at 23 October 2020 (the Dividend Record Date) who do not wish to receive a capital repayment can make a choice to receive a dividend instead. A choice for one option implies an opt-out of the other option.

If confirmed by shareholders at the annual general meeting on 18 August 2020, elections to receive a dividend instead of a capital repayment will need to be made by holders of N ordinary shares by 9 November 2020. Capital repayments and dividends will be payable to shareholders recorded in the books on the Dividend Record Date and paid on 17 November 2020.

Capital repayments will be paid from share capital for Dutch tax purposes. No dividend tax will be withheld on the amounts of capital reductions paid to shareholders.

Holders of ordinary shares N electing to receive a dividend will receive a dividend declared from retained earnings. Dividends will be subject to the Dutch dividend tax rate of 15%.

Dividends payable to holders of ordinary shares N who elect to receive a dividend and who hold their listed N ordinary share through the listing of the company on the JSE will, in addition to the Dutch dividend withholding tax, be subject to South African dividend tax at a rate of up to 20%. The amount of additional South African dividend tax payable will be calculated by deducting from the 20% South African dividend tax otherwise due, a rebate equal to the Dutch dividends tax paid in respect of the dividend (without any right of recovery). Those shareholders, unless exempt from paying dividend tax or entitled to a reduced withholding tax rate in terms of an applicable tax treaty will be subject to a maximum of 20% total dividend tax.

The issued ordinary share capital as at 29 June 2020 was 1 624 652 070 N ordinary shares and 3 511 818 A1 ordinary shares.

Looking ahead

In the financial year ahead we will no doubt face challenges like the lingering effects of the Covid-19 pandemic. We will navigate these as best as we can. Hopefully, new opportunities will also open up.

On behalf of the board, I thank all contributors. We look forward to continued growth and success as a global consumer internet company dedicated to improving people's lives around the world.

Koos Bekker
Chair

29 June 2020

Focusing on sustainability

Over the past 12 months we have worked to understand our impact through the various businesses we operate. Our sustainability approach fully supports our business strategy. We have focused our value creation on those SDGs where we can have the greatest material impact. To learn more about our approach, please see page 61.

SUSTAINABLE DEVELOPMENT GOALS

Chief executive's review

Bob van Dijk
Chief executive

A truly transformational year

Towards the end of the past financial year, we reached a milestone in our ongoing journey. With the unbundling of MultiChoice Group, which unlocked approximately US$4bn of value for our shareholders, we created a 100% global consumer internet company. But in many ways, this was only the beginning.

This year we continued to move forward. We have executed on highly value-accretive merger and acquisition (M&A) transactions in a disciplined manner which has allowed us to accelerate growth in our core segments. These transactions have helped to fuel continued high growth across our core segments: Classifieds, Payments and Fintech, and Food Delivery. We successfully listed the group's international internet assets on Euronext Amsterdam, creating our new company, Prosus, as the home for these assets. This is an exciting step opening up fresh opportunities to create long-term sustainable value.

Creating a top 10 global consumer internet company

Prosus has firmly established itself as a top 10 global consumer internet company. Our US$100bn valuation is on a par with some of the largest internet players in the world.

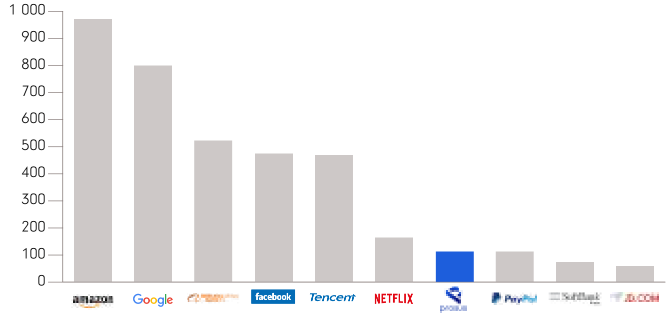
Leading around the world

Our companies lead in 77 markets around the world, and we are improving the daily lives of more than 1.5 billion users globally. OLX Group is a global leader in online classifieds with over 300 million monthly users across 22 markets. PayU is processing more than US$30bn in transactions annually. In just over two years, we have built a food-delivery segment that is changing the way people eat around the world. Our Ventures arm continues to explore and invest in the next wave of growth for the group. And as the largest shareholder of Tencent, we benefit significantly from its continued progress and our long-standing partnership with the team.

> "The listing of Prosus presents a new opportunity for global investors to access our unique portfolio of high-growth international internet assets."

PROSUS IS A TOP 10 GLOBAL CONSUMER INTERNET COMPANY

Market cap (US$'bn)



Unbundling of MultiChoice Group unlocked approximately

US$4bn

of value for our shareholders

Driving to profitability

Our businesses continue to scale and are well on their way to driving trading profit margins to industry levels. We will focus on maintaining this strong execution – continuing to grow revenue and increase scale, driving more sales through our platforms. We have several profitable businesses in the group and they delivered a combined US$402m in trading profit.

Meeting our targets

We met all our financial targets for the year, including revenues of US$4.68bn (excluding Tencent) – organic revenue growth year on year (YoY) of 32%. Core headline earnings were US$3.36bn (including Tencent). Excluding Tencent was negative US$817m and free cash outflow was US$338m.

Key events through the year

Apr

OLX Group contributed Sulit and cash with an aggregate value of US$56m for an investment in Carousell, one of Asia's largest and fastest-growing classifieds marketplaces.

US$56m

Jun

PayU acquires Iyzico, a digital payment services provider in Turkey, by contributing its Turkish businesses and cash for an aggregate value of US$199m.

US$199m

Jul

PayU acquires digital payments company Wibmo for US$66m.

Investment in Dott, the European micromobility company.

PayU expands into Southeast Asia through a majority stake in Red Dot for US$48m.

Remitly, the online international money transfer service, announces US$220m financing, accelerating international growth.

Further investment in Brainly to fund US expansion.

Aug

US$81m investment in Meesho as part of a US$125m fund raise. Meesho is India's largest social commerce platform, which enables individuals to start an online business with zero investment.

MakeMyTrip and Trip.com (previously Ctrip) share exchange resulting in a gain of US$599m.

Sep

US$1.8m investment in DappRadar, the leading global platform for discovering and analysing blockchain-based decentralised applications.

US$1.8m

Prosus lists on Euronext Amsterdam creating Europe's largest listed consumer internet company.

Chief executive's review continued

Continuing to grow in Classifieds
In Classifieds, we continued to focus on constantly improving the customer experience and extended our leadership in the largest and most established markets while growing top and bottom line at a healthy pace. The Classifieds team moved decisively and fast to expand the classifieds ecosystem with the transaction model. Frontier Car Group exceeded volume growth plans and we are now a majority shareholder. OLX CashMyCar also grew fast in India and increased its focus on delivering a compelling end-to-end consumer proposition. Classifieds delivered strong financials with organic topline growth of 37%, excluding impact of FX and M&A (revenues of US$1.3bn) and trading profit of US$34m. letgo and OfferUp combined their respective US marketplaces, with OLX Group owning 40% of the combined entity. This transaction received regulatory approval and is expected to close 1 July 2020. In April 2020, Emerging Markets Property Group (EMPG), a property portal group, and OLX Group announced their merger in Pakistan, Egypt, Lebanon and the UAE. OLX Group will become EMPG's largest single shareholder, owning 39% of the company.

Forging ahead with Food Delivery
Food Delivery had a strong year, meeting all financial goals and exceeding targets on operational metrics. The segment doubled revenues and increased orders at an even faster pace while delivering rapid first-party (1P) expansion in both iFood and Delivery Hero. Improving underlying unit economics and falling customer-acquisition costs are driving operating leverage in iFood, which doubled revenue versus last year. In the sizeable Indian market, Swiggy performed well in the face of strong competition. Our investment in food delivery increased by US$364m during the year. We explored and were ultimately not successful in bidding for Just Eat. We emerged from the process even more convinced that there is still significant value to be unlocked globally and we plan to allocate meaningful capital to the right M&A opportunities and existing investments.

Making strong progress in Payments and Fintech
PayU made strong progress in India, where we grew our revenue by 21% (excluding FX and M&A) and exceeded our financial and operational metrics. PayU continues to lead and grow faster than the market in the payment service provider (PSP) segment. PayU is also expanding its ecosystem as it moves into credit.

India was the standout performer where we continued to drive growth by scaling credit. PayU has accelerated its capabilities in India by acquiring PaySense. We completed the acquisition of a majority stake in Red Dot Payments to expand our presence across the Southeast Asian market and the acquisition of Iyzico to strengthen our position in Turkey's high-growth ecommerce market.

Performing well in etail
Our etail businesses also had a good year, delivering to plan with organic revenue growth of 16%, excluding FX and M&A (US$1.36bn revenues) and organic trading loss improvement of 48%.

Investing in the next wave through Ventures
Through Ventures, we continue to explore and invest in the next wave of growth for the group. Our core Food Delivery segment graduated from Ventures last year and this year we focused on several key areas. We increased our participation in the sizeable Indian market with several investments in uniquely local business models, including tech-enabled logistics platform ElasticRun and app-based social selling platform Meesho. We continued to support our investees in the educational technology (edtech) space. We are also expanding our geographic footprint, for example in Southeast Asia.

Scaling up artificial intelligence and machine learning
We made significant progress in scaling up our capabilities and focus around artificial intelligence (AI) and machine learning (ML) through the year. The amount of AI and ML talent and upskilling across the group has increased significantly as have the number of initiatives. We see this as a key priority and are concentrating on embedding AI and ML throughout the group's activities and culture.

Championing diversity and inclusion
Through the year we ramped up our focus on diversity and inclusion, with particular focus on gender diversity, an issue that many consumer tech firms grapple with. We are by nature a very diverse group, with many different businesses striving to improve the lives of many millions of different people around the world. We are focusing on making sure that we provide a meaningful place to work for all kinds of people and that we truly reflect and, in turn, can best serve the diverse world we all live in.

An enduring strategy

At the heart of our success, we have a differentiated strategy which is proven and remains appropriate for the future:

- We **partner** with local entrepreneurs to build global technology leaders.
- We **operate** at the intersection of high-growth markets and technology to address big societal needs at scale.
- We aim to **build** sustainable leadership positions – this simple goal is the key to reaching scale and profitability. Most of our platforms are leaders in their markets.

"We look for the right entrepreneurs with the right plans and ambitions. And when we find them, we fund and support them. That's what we've always done, and we continually look for more opportunities."

Oct

eMAG continues its international expansion following the approval of its merger with Extreme Digital in Hungary.

PayU invests in Fisdom, a high-growth consumer wealthtech platform in India.

Proposed initial cash offer for Just Eat.

US$30m investment in ElasticRun, innovative tech-enabled logistics network in India utilising local kirana stores.

Manisha Girotra appointed as independent non-executive director.

Dec

Merger of LazyPay, PayU's consumer-lending business, with PaySense, one of India's fastest-growing digital credit platforms, to create a new digital-lending leader in India.

Invested US$320m in cash and contributed a portion of its investment in subsidiaries India Used Car Group B.V. and Poland Used Car Group B.V. for an additional interest in Frontier Car Group (FCG).

Jan

Lapse of Prosus's offer for Just Eat.

Feb

Swiggy raises US$113m from existing investors led by Prosus investing US$100m.

US$100m

Mar

OLX Brazil acquires Grupo ZAP for US$650m and strengthens its position in the real estate segment in the country.

OfferUp and letgo combine US marketplaces. OLX Group to own 40% of the combined entity.

Chief executive's review continued

Doing things differently

Across the group we have a distinctive approach:

- We are **active** participants in our investments and operations – we believe that to be successful, you have to bring much more than just money.
- We are **focused** – we invest in areas that we know and where we can make a difference based on deep industry insights.
- We are **long-term** orientated – we look to build sustainable businesses, rather than driving for short-term liquidity events or paper-value increases.
- We are **disciplined** – we play to win, but progressively grow our capital commitments as we learn and scale.
- We are **responsible** – we take responsibility for all stakeholders and our customers in particular.

"We partner with local entrepreneurs who use technology to address big societal needs. They help people connect with each other, buy and sell with ease, quickly order their favourite food, pay for the things they need, educate themselves, and more."

Responding to Covid-19

As we closed out the year, the world was brought to its knees by Covid-19, a pandemic that has touched every corner of the planet and continues to do so. Our response was fast, with our presence in Asia providing an early view of what was to come. From the start, we have prioritised the health and wellbeing of our people and their families. Our leadership teams reacted quickly to safeguard our people, to maintain our ability to safely serve our customers wherever possible, and to protect our businesses for the long term. We also take seriously our responsibility to support the communities we serve, and we have taken action at both a group level and at a local company level throughout the pandemic. We have used our technological expertise, global networks and resources to contribute to the response to Covid-19 in many countries. More detail on this is provided on pages 14 and 15.

While there is considerable uncertainty ahead, as a group, we face the challenge from a position of relative financial strength. All of the group's businesses have continuity plans in place and while the challenges of Covid-19 will vary by sector and geography, we believe we have the teams, the resources and the experience required to navigate them successfully while also continuing to seek out new opportunities. Before Covid-19, we were coming towards the end of a truly transformative year, with strength in operations right across the group, buoyed by the increasing shift to online across our markets.

Notwithstanding the challenges of Covid-19 we are seeing signs that the pandemic is actually accelerating the move to online in many of our sectors. We believe we can emerge from this period well-placed to continue to deliver long-term growth.

Looking forward

Building on this year's transformation and strong performance, our primary focus remains to accelerate our core segments to scale, developing each into multibillion-dollar businesses, while continuing to explore and cultivate the next wave of growth.

Strong underlying market dynamics underpin our long-term structural growth. Capitalising on these dynamics, we are focused on driving core segments to sustainable profitability while outgrowing the market, and pursuing selective M&A to lead the global consolidation of segments and find the next-generation models.

In Classifieds, we aim to deliver superior customer value by accelerating expansions from buy-and-sell platforms to transaction-centred ecosystems, with cars being a key driver. In Food Delivery, we aim to sustain strong growth by investing in 1P, virtual kitchens and private labels, and realising scale benefits through improved operating leverage. In Payments and Fintech, we aim to build and expand our ecosystem by driving growth in credit.

We will invest more in building our AI and ML capabilities for strategic advantage – accelerating the adoption of AI by design and significantly increasing the number of ML modules in production across the group. Aided by AI and ML, we will adopt and drive a data-first approach in and across segments. Refer to pages 65 and 66 for more information.

"We never sit still – we actively seek new opportunities to build for the long term. It's what keeps us moving forward."

We will continue to act as a responsible corporate citizen. This includes developing a plan to reduce our carbon emissions. It also includes focusing on the wellbeing of our users and engaging with policy makers to help shape the regulatory agenda.

Looking forward, our journey remains unchanged, but we see great opportunities to do and deliver more – create more value as we continue to focus on building leading global consumer internet businesses that improve people's lives.

Bob van Dijk
Chief executive

29 June 2020

Performance highlights

- Improved performance across core segments: Classifieds, Payments and Fintech, and Food Delivery.
- Enhanced AI/ML capabilities, with deep integration across daily operations throughout the group.

The world around us

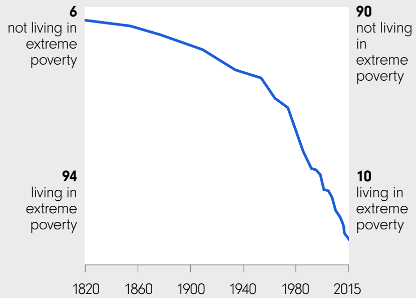
The Covid-19 pandemic creates unprecedented challenges and uncertainties for all of us in the immediate term. Yet the long-term prospects for the world around us remain positive, not least because of the progress and potential of technology to change people's lives for the better. The overarching trend of the world is to move online and that's where we focus.

Changing for the better
Over recent decades, the world has gone through a huge transformation, including the rise of the developing world and a wave of technological innovations.

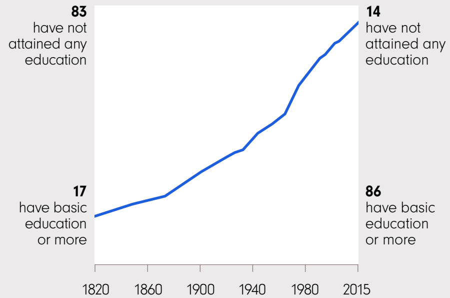
Current challenges and uncertainties notwithstanding, in many ways the world has never been better (as the adjacent table demonstrates). With this in mind and in the spirit of our positive purpose and long-term view, we remain fundamentally optimistic.

The world as 100 people over the past two centuries

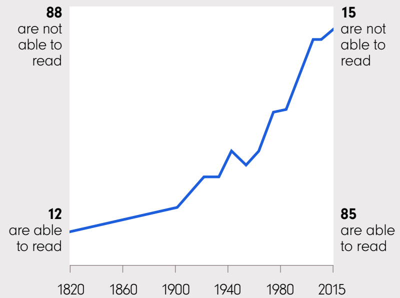
EXTREME POVERTY



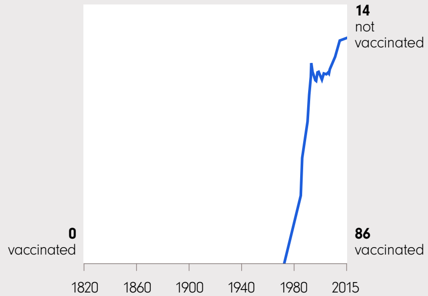
BASIC EDUCATION



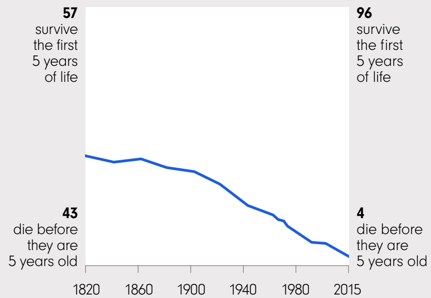
LITERACY



VACCINATION AGAINST DIPHTHERIA, PERTUSSIS (WHOOPING COUGH), AND TETANUS



CHILD MORTALITY



The world around us continued

Three key trends

As we enter a new decade, we see three key trends shaping our world:

1 The ongoing rise of Asia and other growth markets

2 Technology entering a deployment phase

3 The growing importance of responsible tech for the good of society

“Right now, we are really excited about India – it’s our newest market, growing really fast.”

Michał Borkowski
Brainly co-founder and CEO

1 The ongoing rise of Asia and other growth markets

Our high-growth markets
Global growth for 2019 was 2.9%, down 0.6 percentage points YoY. The International Monetary Fund (IMF) is projecting global growth rate for 2020 to decline by 3%, with China and India as the only large economies expected to grow this year. Against this global backdrop, we continue to focus on high-growth markets.

The growth of Asia
The global centre of gravity is increasingly shifting to Asia. Asia now represents over half of global GDP at purchasing power parity (PPP), half the world’s internet users and consumption growth. It will soon overtake the US as the largest consumer market.

China’s changing relationship with the world
The transformation of Asia’s anchor economy, China, has been a success story unlike any other. Its economy has grown 31 times in 40 years and, even as it matures, it is still adding the size of the Australian economy every year.

India’s rapid ascendance
The future of Asia is no longer just about China. Driven by population growth, urbanisation and a rising middle class, India is projected to be the world’s third-largest economy in the next decade. On many measures, India is also well on its way to becoming a digitally advanced country. With more than 500 million internet subscribers, it is already the second-largest and fastest-growing market for digital consumers. It is recording explosive growth in several areas, including mobile data consumption and digital payments. India’s online market size is expected to reach US$220bn by 2025. Its ecommerce market is already the fastest-growing globally. Based on this robust foundation and attracted by the country’s vast potential, India’s start-up economy is booming. In the past decade, India has become the third-largest entrepreneurial ecosystem in the world, right after the US and China.

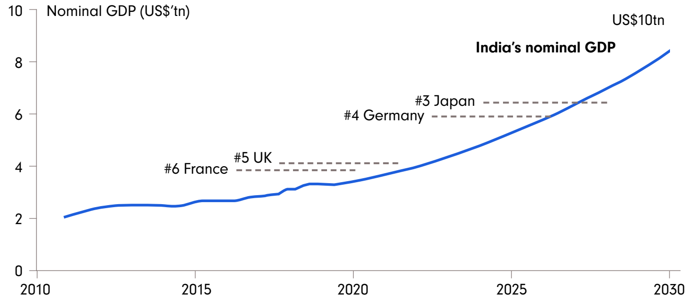
“With the rapid growth of the country and the explosion of their internet use over the last few years, India presents huge opportunities for us.”

Bob van Dijk
Chief executive

A big focus for us
India is our second-largest market after China. We’ve been investing in India for more than a decade. This long-term commitment has seen us create considerable value by supporting home-grown businesses that are pioneering great change and improvements for people across the country.

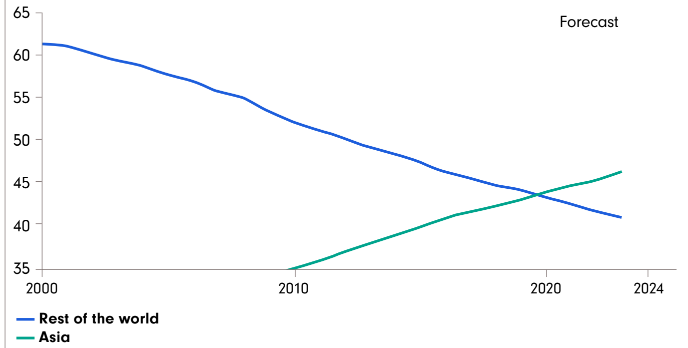
We are growing fast in India in our core segments of Classifieds, Payments and Fintech, and Food Delivery. India is an exciting area for our Ventures team too, given the vast opportunity for growth in the market across a number of segments. We have made recent investments in education, logistics, ecommerce and ride sharing in India and overall, our Ventures team have invested more than US$500m in the country.
In education, both BYJU’S and Brainly are growing fast in India and looking to make the most of the opportunities there. In logistics, we invested in ElasticRun in 2019. We also invested in Meesho, a fast-growing app-based social selling platform.

INDIA COULD BECOME THE WORLD’S THIRD-LARGEST ECONOMY BY 2026



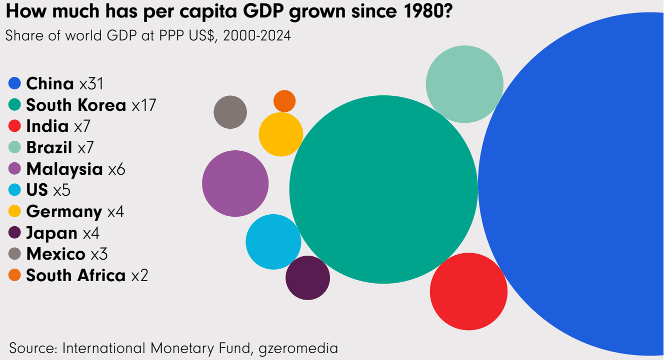
Source: Bloomberg Economics

THE ASIA CENTURY IS ABOUT TO BEGIN
Share of world GDP at PPP US$, 2000-2024



UNCTAD definition of Asia
Source: IMF, @valentinaromei

How much has per capita GDP grown since 1980?
Share of world GDP at PPP US$, 2000-2024



Source: International Monetary Fund, gzeromedia

The world around us continued

2

Technology entering a deployment phase

We are arguably in the middle of the age of information technology. Computing has become fairly standardised, ubiquitous and continuous. The mobile platform allows users to access applications anytime, anywhere. New companies continue to leverage IT to open new verticals and address consumer pain points in ways that were previously impossible.

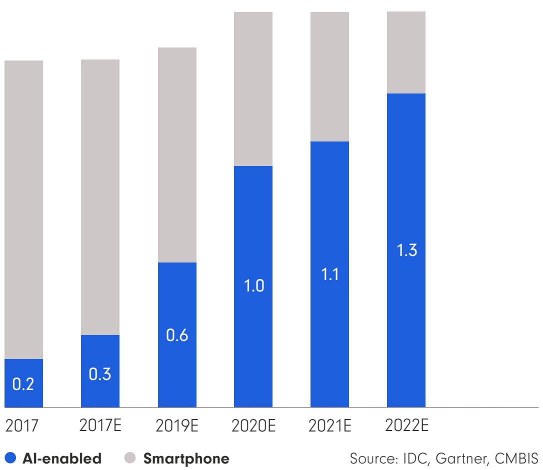
The power of artificial intelligence
Now that the tech foundations are in place, more progress will probably happen more broadly. Artificial intelligence (AI) is entering the mass-production phase and being fully integrated into society. We're heavily focused and invested in mastering AI.

5.5bn

Of 5.5 billion adults in the world, 5 billion have a phone and 4 billion have a smartphone.

Source: World Bank, GSMA, Apple, Google, GNNIC, ITU, Ben Evans

RISING PENETRATION OF AI-ENABLED SMARTPHONES ('bn)



Source: IDC, Gartner, CMBIS

3

The growing importance of responsible tech for the good of society

Responsible business
From the specific urgency surrounding climate change to the broader concerns addressed in the United Nations Sustainable Development Goals (UN SDGs) – the need for businesses to be truly responsible has never been more crucial. All our futures and the future of the planet we share depend on businesses everywhere doing business responsibly – contributing and creating sustainable value for all stakeholders.

With power comes responsibility
Technology today has an immense impact in people's lives and with such immense power comes immense responsibility. It raises ethical dilemmas across a range of issues, including privacy and transparency, the impact of automation, inequality, biases in decision automation and uses of the technology we build. And there are no easy answers.

More regulated
Governments are no longer assuming the tech industry will find the right answers. This is not unusual. Every wave of new tech that changed the world eventually became regulated. Regulation is complicated and the issues facing tech are many and complex – ranging from hate speech to face recognition, from filter bubbles to privacy, from elections interference to abuse of market power, to encryption and AI bias. And things are not becoming simpler.

Tech for good
Rather than move-fast-and-break-stuff, we need a new, more responsive, more inclusive type of corporation. One that lets entrepreneurs exploit new digital technologies but still holds them to account within the wider society in which they act. Simply put, technology companies can no longer live in a vacuum. Rather, it is the responsibility of those at the cutting edge of innovation to make a concerted effort to not only include, but also listen to those affected. This more grown-up, more regulated era creates big responsibilities and opportunities for the world's leading global consumer internet companies – responsibilities and opportunities we are keen to take on and live up to.

"We invest in what we really know. What has served us well is to build up expertise, then go bigger."

Bob van Dijk
Chief executive

Engaging our stakeholders

We aim to build constructive relationships with our key stakeholders. This is critical to our business. We are focused on long-term success and making a lasting difference around the world. This is about creating sustainable value in the broad sense – one that plays out across the six capitals and considers, engages and involves our key stakeholders.

Stakeholder relationships

Our businesses take a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in their best interests.

To support the board in fulfilling its governance role, Naspers's social, ethics and sustainability committee (which reports to the Prosus board on matters relating to Prosus) receives reports on stakeholder management across the group.

We give an overview here of the main issues that matter to our key stakeholders, how we engage with them and our response and impact. More information on individual business initiatives with various stakeholders can be found in the performance review on pages 35 to 52.

We have identified eight key stakeholder groups:

- Customers and users
- Employees
- Investors and shareholders
- Business partners
- Industry bodies
- Society
- Media
- Governments and regulators

Customers and users

Our products and services are enjoyed by millions of customers around the world – from individuals to businesses. We want to satisfy and delight them.

Main interests

- Good customer/user service
- Positive experience – fast delivery, return, and feedback
- Competitive pricing and range of products
- Content preference
- Trust
- Product safety
- Data privacy

How we engage

- Call centres, showrooms and client relationship managers (CRMs)
- Electronic communication (email, SMS, apps, web and social media platforms)
- Workshops and events
- Surveys and market research

Our response and impact

We work to continuously improve our range of products and the customer experience, and ensure that we fairly price our offerings.

Our businesses undertake a range of customer-focused initiatives. OLX Group, for example, is revamping its approach to customer trust and safety. This has been a key focus this year and will continue to be a priority going forward.

iFood has focused on the user experience, with dedicated product teams; clear and efficient communication, value propositions and compensations; retention programmes; and monitoring and analysis of KPIs. Throughout the year, iFood responded to 99% of complaints and 85% of customers believed the problem had been solved. iFood has also focused on ensuring data privacy and tackling fraud, via privacy policies and administrative, technical and physical measures to protect personal information.

Employees

Our employees are at the heart of our success – their commitment and entrepreneurial drive make all the difference.

Main interests

- Purpose – providing jobs with meaning and a sense of purpose, in a company committed to deploying technology to address big societal needs and to enriching the communities in which we operate
- Talent – recruitment, retention and development
- Culture – including diversity and inclusion, employee wellbeing, and engagement

How we engage

- We strive to maintain a healthy employee relations environment in which ongoing dialogue with our people is embedded in our work practices
- We use various formal and informal channels to engage employees and encourage open communication, including leadership and CEO updates, manager interactions, webcasts, town hall meetings, surveys, team meetings, face-to-face gatherings and online collaboration and content sharing
- We promote continuous learning and development through our online learning platform MyAcademy, as well as through live education programmes focused on leadership, management, business development and artificial intelligence
- Where appropriate, we also engage formally through employee forums.

Our response and impact

Our commitment to our people is evident in our ongoing investment in their development. We create and support professional development opportunities. We also recognise the great work of employees through fair and competitive rewards.

We focus on building an inclusive and supportive culture, ensuring that positive, engaging and inclusive leadership is at the heart of everything we do.

We are a diverse group of companies, but some things are consistent for our people regardless of where in the world we operate. These include our commitments to learning, diversity and inclusion, engagement, and empowerment.

We know that employee wellness is critical to organisational sustainability. We care for our employees through various initiatives, recognising that a healthy and resilient workforce is key to supporting our business growth and success.

Focusing on customers

eMAG, Central and Eastern Europe's leading etailer, focuses on giving customers the very best experience. This includes continuously growing its range of products and investing in the ongoing improvement of the customer experience.

The company runs loyal client campaigns with special discounts and vouchers, and targeted communication through direct marketing. A permanent call centre provides 24/7 service to customers. eMAG has expanded the team and improved client waiting time.

Other customer relationship-building initiatives include a dedicated team for social media channel support on tracking orders, enhanced transactional communication and sales consultants in showrooms.

eMAG wants to make the whole experience as easy and convenient as possible for customers, for example by offering diverse delivery options, including showrooms in main cities, and lockers providing customers with a fast and simple pick-up option; 30 days' free return; free courier delivery for orders over a specified amount; and a two-hour delivery option.

The company monitors its Net Promoter Score (NPS) weekly, monthly and annually, evaluating the main touchpoints to help identify ways to keep improving customer satisfaction.

Engaging our stakeholders continued

Investors and shareholders

We are a for-profit organisation committed to growing and increasing value for our investors.

Main interests
- Holding company discount
- Tax consequences related to Naspers ownership of Prosus, tax on distribution and tax due to sale of assets
- Capital allocation: Further buybacks or investment in core assets
- M&A: Industry consolidation or bigger deals
- Competition across core segments
- Remuneration policy and disclosure
- Internal rates of return
- Strategy for online food delivery and payments and how we are investing for growth in this space
- Path to profitability and cash flow generation

How we engage
- Investor meetings and teleconferences
- Conference appearances
- Interim and annual reports
- Financial results presentations
- Investor Day
- Press and stock exchange releases
- Reporting via corporate website
- Dedicated email address for inbound queries and distribution of announcements
- Instructive videos

Our response and impact

We are openly exploring and acting upon measures to reduce the holding company discount.

Key value-creating actions over the past two years include unbundling the MultiChoice Group, which unlocked approximately US$4bn of value for our shareholders; selling our stake in Indian ecommerce company Flipkart; and creating Prosus to successfully list our international internet assets on Euronext Amsterdam. At the time of the listing the Prosus value unlock was ~US$10bn* through the reduction of the discount to the combined net asset value of Prosus and Naspers.

Management engages with shareholders and investors with greater frequency.

Our reporting includes focused messaging on the path to profitability for our core segments and the future potential of food delivery.

We provide biannual updates on our internal rate of return (IRR), for the total portfolio and for ecommerce.

* Represents the uplift in valuation from the reduction of the combined holding company discount between the closing pricing on 24 March 2019, the day before the listing of Prosus was first announced, and 11 September 2019, the date of the listing of Prosus.

Business partners

We aim to work closely with business partners across the group.

Main interests
- Ensuring awareness on relevant developments in the business
- Understanding and recognising our partners' rights, specifically on changing procurement processes, pricing, content, platform use, privacy and security

How we engage
- Structured meetings, calls and electronic communication
- Informal day-to-day communication

Our response and impact

We actively engage with our business partners, responding quickly and constructively as required.

We have strong relationship management systems in place to ensure regular communication between key management and business representatives.

Structured grievance processes ensure that, in the event of a dispute, there is timely action to find a resolution.

Through active negotiations we ensure that mandates clearly lay out the relationship and agreement terms and requirements.

Business approaches are reviewed regularly to ensure they align with international norms.

Industry bodies

We want to be an industry leader, playing an active part in progress.

Main interests
- Clear communication of material issues
- Engagement around increasing meaningful and positive impact
- How to ensure a positive sector experience, for example through the regulation and culture of the sectors

How we engage
- Membership of selected and appropriate bodies
- Cooperating with selected partners on projects addressing legislative initiatives

Our response and impact

We take the lead in responding to industry consultations on proposed regulations and legislation.

To build understanding and engagement across the industry we share our approach and examples of action on specific topics, such as how we align to changing legislation.

We produce thought leadership and positioning papers on material issues.

Engaging our stakeholders continued

Society

We are committed to making a lasting positive impact. We want to make a difference for society, the world we live in.

Main interests
- Corporate investment to support meaningful impact
- Sound business operations to improve quality of life
- Minimising our environmental impact
- Local employment and value creation, including supporting local businesses
- Adherence to local laws and paying taxes due

How we engage
- Corporate social investment (CSI) programmes
- Employment offering and service providers
- Website content and public announcements on material issues

Our response and impact
Our businesses focus on maximising positive impact in local communities in the most appropriate ways. More information on our corporate social responsibility programmes can be found on page 72.

Our groupwide aim is to develop products and services that meet societal needs, for example food delivery (iFood and Swiggy) and education (BYJU'S, Codecademy and Brainly).

We play a positive part in enabling and encouraging conscious consumerism through our OLX Group online classifieds platform. This helps to extend the life of products, save water, energy materials (including conflict minerals) and to lower carbon emissions.

We focus on hiring local employees and growing local talent, including investing in local businesses.

Our groupwide legal compliance programme is tailored to the unique risks and local laws that apply for each business.

Details of the board-approved group tax policy and tax disclosure can be found on pages 73 and 74.

Media

We report honestly and transparently and aim to build constructive relationships with the media.

Main interests
- Our investment strategy and performance
- Requests for comment on rumour and speculation, notably regarding potential M&A and divestitures
- Requests for comment around reputational risk issues, such as cybersecurity and privacy
- Our focus on geographies, for example Indian press interest in how we view India
- Our view on key industry segments, such as classifieds, payments and fintech, and food delivery
- How we work across our group companies
- Requests for time with management, particularly at key times such as results announcements

How we engage
- Press releases, editorials and articles
- Interviews and reactive comment
- Reporting through company website
- Events

Our response and impact
- We invest time in regularly engaging with key journalists and editors to build relationships and understanding
- We proactively schedule media interviews to provide briefings on strategic updates and significant news
- We build announcement plans to maximise coverage of announcements
- We respond to requests for comment in line with communications and investor relations policies
- We are quick to correct inaccurate commentary or articles as appropriate
- We attend and participate in various events in line with our communication strategy

Governments and regulators

We recognise how important it is to work with governments and regulators, particularly given that many of our businesses have such a big impact on people's lives.

Main interests
- Sustainable development
- Innovation and entrepreneurship
- Competition policy
- Taxation
- Investments and international trade
- Data protection and privacy
- Private-public partnerships, international and other collaborations
- Intermediary liability
- Financial services legislation
- Copyright and intellectual property (IP)
- Tech policy, including ecommerce
- Societal contribution, including employment and social policy

How we engage
- Direct participation in advisory committees, meetings and public consultations
- Formal one-on-one meetings and roundtables
- Response to sector and company-specific enquiries
- Indirectly through sector and industry associations
- Participation in international events, such as the BRICS summits or membership of the World Economic Forum in Davos
- Site visits, including hosting official delegations
- Annual report

Our response and impact
We provide transparency and have implemented a programme to ensure compliance with all applicable laws and regulations.

We make formal representations and written submissions to express views.

When invited or where relevant, we provide information to policy makers in the form of expert advice, based on our global experience and tech and sector expertise.

We invest in the group's capability and capacity to respond to enquiries and requests to share views on legislation and issues affecting the industry.

We share our views through media engagement and public speeches at various international events.

Contributing to society

iFood, Brazil's leading food-delivery business, places a big emphasis on its contributions to society. To enhance skills and local employment, the company prioritises hiring local employees, and is increasing its engagement with colleges and universities to increase availability of talent. iFood also creates a diverse and inclusive workplace – implementing a new diversity programme in 2020. Currently, 45% of iFood's workforce is female and 35% is non-white.

iFood is also prioritising the development of a local supply chain. The company has zero tolerance for ethical deviations and shares anti-corruption and anti-bribery policies, both internally and externally.

Capital allocation strategy

To support our continued growth and success as a global consumer internet company, we have a systematic approach to how and where we allocate our capital.

Our ambition

More than ever before, technology has the power to transform and improve lives at scale, particularly in the high-growth markets that we focus on. Around a fifth of the world's population already improve their daily lives using the products and services of our companies and associates. We believe we can achieve more. We are doing this in a highly disciplined way, building on our proven approach and entrepreneurial spirit. It's our way of creating greater long-term value for our stakeholders.

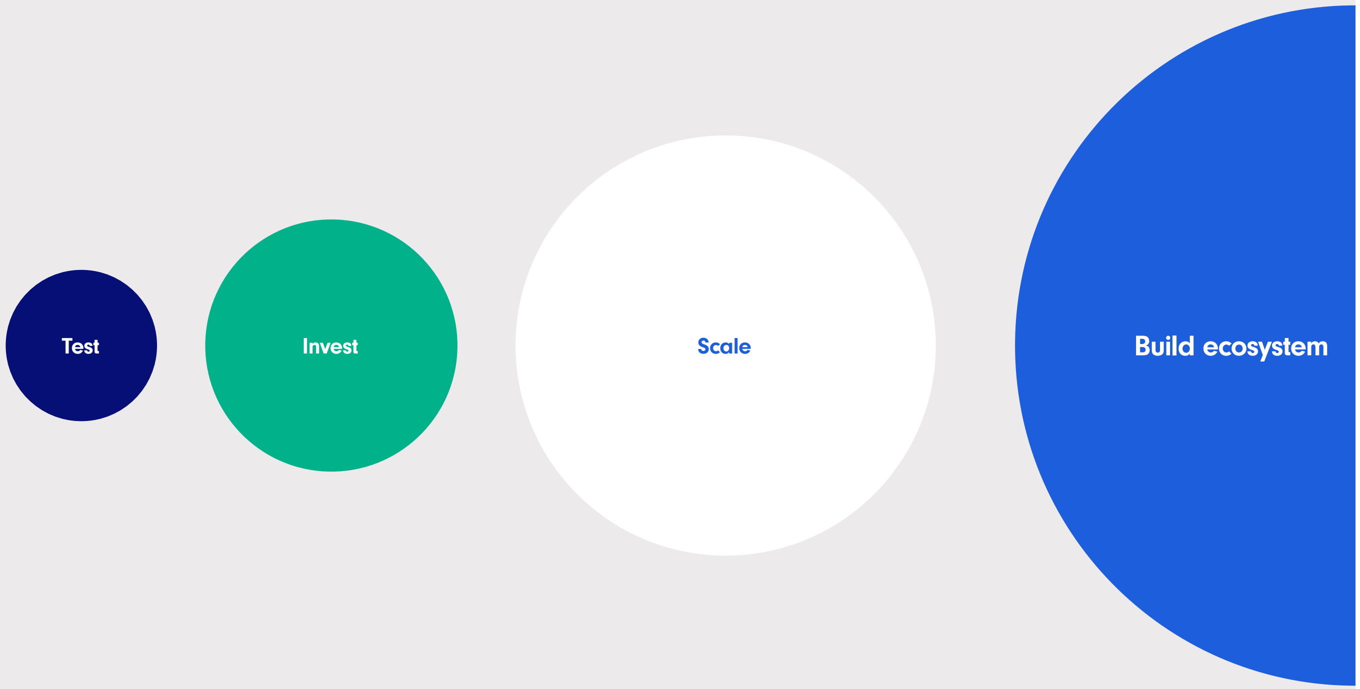
Our systematic approach

We have a tried-and-tested model which we have deployed with success to establish winning positions, get to scale and drive profitability.

"We are at the intersection of innovative technologies and high-growth markets. That is an exciting place to be where we are continuing to invest in creating sustainable value at scale."

Bob van Dijk
Chief executive

Our systematic approach



1 Test

We experiment and expand

- We explore promising trends and opportunities.
- We focus on addressing big societal needs – from giving people better ways to pay for things to providing quality food, delivered faster and cheaper.
- We concentrate on high-growth markets.
- We make initial investments to learn and explore further.
- We look for promising local players with strong founder-led teams.
- We build our stakes in the best opportunities and businesses.

2 Invest

We deploy capital and accelerate growth

- We focus our investment on a few core segments.
- We look to create global category leaders, stepping up our investment to drive growth and gain market share.
- We extend core assets.
- We invest for the long term.

3 Scale

We continue organic and inorganic growth and drive profitability

- We scale progressively – building lasting, leading businesses in our chosen focus areas.
- At the right moment, we go all-in, driving these businesses to profitability and cash generation.

Performance review

Contents

We address big societal needs to empower people and enrich communities

Our performance

We are building leading global businesses across our core segments of Classifieds, Payments and Fintech, and Food Delivery. And we are actively looking to capitalise on the next wave of growth through our Ventures arm. This year, we made strong progress on all fronts – growing our core businesses, capitalising on new opportunities and, as ever, relentlessly focusing on improving people's lives.

Highlights of the year

prosus

Ecommerce

Classifieds

OLX Group
At OLX Group, we shape the future of trade to unlock the hidden value of everything.

We had considerable success in FY20, meeting our financial and operational goals. We evolved our business in line with our strategic priorities, including strong horizontal and vertical growth in Russia and Europe, coupled with an increased transactions business, focusing principally on our emerging markets.

OLX
Avito

Read more on page 35

Food Delivery

Food Delivery had a strong year, meeting all financial goals and exceeding targets on operational metrics. The segment doubled revenues and increased orders at an even faster pace while delivering rapid first-party (1P) expansion in both iFood and Delivery Hero. Improving underlying unit economics and falling customer acquisition costs are driving operating leverage in iFood, which doubled revenue compared to last year. In the sizeable Indian market, Swiggy performed well in the face of strong competition. Our investment in food delivery increased by US$364m during the year.

ifood
Delivery Hero
Swiggy

Read more on page 38

Payments and Fintech

PayU made strong progress in India, where we grew transaction volumes in India organically by 32% (excluding FX and M&A) and exceeded our financial and operational metrics. PayU continues to lead and grow faster than the market in the payment service provider (PSP) segment, and is also expanding its ecosystem as it moves into credit. PayU accelerated its capabilities in India by acquiring PaySense.

PayU
Remitly
PaySense
wibmo
rdp

Read more on page 43

Etail

eMAG, our leading etailer in Central and Eastern Europe, continued to grow and strengthen its position.

eMAG

Read more on page 46

Ventures

We made key investments in our chosen areas of focus for Ventures, from education to blockchain. These included a number of investments in India, where we see big opportunities for the next wave of growth. All in all, Ventures invested US$215m in 12 deals through the year as well as continuing to nurture its portfolio of investments totalling US$855m, excluding Movile.

SOLOLEARN
Udemy
BRAINLY
SimilarWeb
codecademy
honor
BYJU'S
movile
meesho

Read more on page 48

Social and internet platforms

Early in the development of our internet strategy we invested in leading social and internet platforms in two of our key high-growth markets, China and Russia. Tencent's fundamentals remain strong with excellent growth prospects in China, while Mail.ru remains the largest internet group in Russia.

Tencent 腾讯
mail.ru group

Read more on page 51

Classifieds

Shaping the future of trade to unlock the hidden value in everything.

REVENUE[1] (US$'m)

2020	1 281
2019	857

TRADING PROFIT (LOSS)[1] (US$'m)

2020	34
2019	(6)

PERFORMANCE HIGHLIGHTS

Building on the momentum from the previous financial year when the Classifieds business became profitable, Classifieds continued to deliver healthy financial results. Revenue grew 49% to US$1 281m, and generated trading profits of US$34m. Transaction revenue (including FCG) amounted to US$393m compared to US$103m in the prior year, growing 282% (164%) and contributing 31% of overall Classifieds revenue for the year.

[1] Presented on an economic-interest basis.

"In the OLX Group we shape the future of trade to unlock the hidden value in everything. We deliver superior customer value by creating a flawless user experience, underpinned by proprietary technology and data. Although we are proud of what we have accomplished so far, we will continue to grow the value of our business by innovating to solve all friction points in trade, both through online and offline products."

Martin Scheepbouwer
CEO, Classifieds

The opportunity

Classifieds is a dynamic, fast-changing and growing business. We see several key trends shaping the industry. Customers are increasingly demanding a seamless, convenient and safe trading experience. Competitive pressures are increasing across various markets. Advances in artificial intelligence (AI) and machine learning (ML) are enabling companies to offer transformative user experiences.

Going from strength to strength

Growing

OLX Group had another strong year of global growth. We are staying on top of the industry shift from being marketing-led to increasingly product and data-led, growing through a strong customer-centric approach.

The strongest-performing regions were Russia and Europe, which jointly accounted for 54% of global Classifieds revenue. Over the past year, we have invested to strengthen these markets further, for example by expanding investment in the car history reports product in Russia (Autoteka), which now accounts for 12% of car-related revenue in Avito.

Investing

We continued our proactive strategic approach to mergers and acquisitions (M&A) – strengthening our Classifieds ecosystem by investing in strong verticals and convenient services. We closed several deals in the year, including Frontier Car Group (FCG) and Kiwi Jobs.

We are investing in building a pioneering autos operation for growth markets, to offer the most complete and convenient solution to our customers, primarily in Asia and Latin America. To this end, we have acquired the majority in FCG and are building a business unit dedicated to the autos vertical in our emerging markets.

Transaction models take us deeper into the lives of customers to solve more of their needs.

OLX GROUP

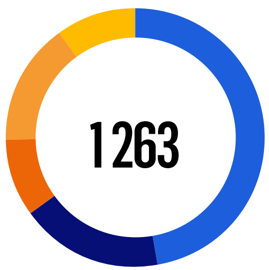
309m
monthly active users

116m
monthly active app users

3.4m
paying listers

22
Present in 30 markets, leading positions in 22

CAR AND REAL ESTATE REPRESENT KEY CATEGORIES IN REVENUE (US$'m)



Cars	597
Real estate	227
Goods	122
Jobs and services	191
Advertising and other	126

Harmonising data and technology

We have simplified the organisation to further integrate and harmonise data and technology so we can better serve customers and solve their problems. Each business unit controls its own product, technology and data resources to innovate faster and solve problems more effectively.

During the year, we successfully migrated nine markets to our global platform, developed to serve growth markets across Latin America and Asia. This platform operates as a shared, centrally managed, scalable marketplace, allowing core functionalities to be built and deployed once across multiple markets.

OLX platforms in Europe have been upgraded to a more modern look and feel, refreshed brand identity, and the addition of new features and enhanced performance in order to improve the classifieds experience for users.

Encouraging smart choices

We also finalised a refresh of the OLX brand in Latin America, Asia, Africa and Europe. Centred around the brand proposition of 'smart choices', the updated OLX brand encourages people to embrace classifieds as the smartest way to buy and sell goods and services – for convenience, great prices, and consciously helping the planet by extending the life of items.

Focusing on four strategic pillars

In 2020, we executed against four strategic pillars: easy and liquid (flawless core classifieds experience), smart and personalised (individual experience via intelligent tech), safe and trustworthy (setting the industry standard for safety), and convenience (extending the experience where necessary).

We've made progress on all four pillars, with innovative solutions designed for millions of users. In improving these strategic pillars, we enhance customer value, improve liquidity, reduce negative experiences, and satisfy more paying customers.

We are one of the largest global players in classifieds.

Classifieds continued

OLX GROUP

84%
OLX increased its stake in Frontier Car Group to 84%

12
OLX new app launched in 12 countries, including India, Indonesia, and LatAm markets since 2016, 9 in FY20.

580 000
car history reports purchased monthly in Russia

>5.1m
Search2Vec automatically expands 5.1 million unique searches per month with related content

We invested in building an ecosystem of classifieds to enhance the user experience across our platforms.

Making the most of artificial intelligence and machine learning

We have used artificial intelligence (AI) and machine learning (ML) to enhance our core classifieds experience, making our platforms more personalised and reducing fraud. Our Search2Vec algorithm makes searching more successful for users, by providing relevant results in the presence of typos, allowing for synonyms, and incorporating personal search history. This is live across all our European markets. We have also improved the chat experience for users in India and Poland, using smart and contextual replies. In all markets, AI has enabled us to detect and filter images better and more efficiently.

AI has also helped in banning more fraudulent buyers and sellers, and identifying them more quickly. This technology is in operation across Europe and in India, with further iterations to follow. In addition, multicountry phishing attempts in Europe have been successfully mitigated by combining AI with human intervention.

Looking ahead, we are working with group AI teams to accelerate projects that focus on better serving customers' needs. Data scientists and teams from different business units will come together to share data, collaborate, and innovate at pace.

Increasing transparency

We also launched new features to increase transparency and make our platforms safer. In Russia, we launched the Autoteka car history and transparency reports, which have data on 90% of cars that are listed on Avito, providing more transparency to users. We now sell more than half a million car history reports per month.

Investing further in convenience

Furthering our expansion from buy-and-sell platforms to transaction-centred ecosystems, we have invested heavily in convenience for our users. We continued to invest in delivery in Russia and Ukraine, and due to Covid-19, expanded pay and ship to Poland, Bulgaria, Portugal and Romania, working on full integration as part of our service. Our investment in Frontier Car Group and its service where car sellers can instantly sell their car for cash will help us accelerate the implementation of our OLX Autos vision – to become the most trusted partner for car buyers and sellers and offer them peace of mind on every transaction they make with us.

Championing conscious consumption

During the year, we launched our first Global Impact Report (https://www.olxgroup.com/impact). This pioneering report looked in depth and detail at the positive impact of using our Classifieds platforms in four key product lines: mobile phones, tablets, laptops and fashion. Resource savings for these products include material weight (including conflict minerals), energy-savings equivalent, water, and carbon-emissions-savings equivalent. The report, which was finalised in February 2020, included our horizontal platforms in 17 of our biggest markets.

In the 2019 calendar year, through trade in certain second-hand products via our platforms, we saved:

Electronics (smartphones, laptops and tablets)

Materials (kg)	Energy (GJ-eq)	Water (m^3)	Emissions (tonnes CO_2-eq)
9.2 million	14.2 million	24.6 million	913 000
These savings were equivalent to:			
The weight of over 1.03 million bikes	The annual energy use of over 372 000 US households	The annual water use of over 61 000 US households	Over 315 000 plane passengers flying from Amsterdam to Los Angeles

Fashion (all products, excluding shoes)

Energy (GJ-eq)	Water (m^3)	Emissions (tonnes CO_2-eq)
617 000	3.1 million	53 000
These savings were equivalent to:		
The annual energy use of over 15 000 US households	The annual water use of over 7 000 US households	Over 18 000 plane passengers flying from Amsterdam to Los Angeles

In the coming calendar year, we will measure the impact of additional product categories.

Fostering a diverse and inclusive workplace

We have invested heavily to foster a diverse and inclusive workplace and activate change in our workforce. We believe that a diverse team and an inclusive workforce enhance company performance, bring different points of view, contribute to better decisions, and drive innovation. Diversity and inclusion (D&I) is now a measurable goal within the existing management team.

To support this, we have developed a strategy and network to activate change. We implemented a global D&I council to align and coordinate efforts of local country D&I committees. Our D&I strategy centres on building more awareness and over time, improving female representation in technology and leadership roles. We also have dedicated workstreams to ensure all employee journey touchpoints are being addressed, including hiring, developing and rewarding our talent. This initiative was formally launched with an internal, companywide D&I campaign in October 2019. It included all our markets in activities and events to raise awareness and engagement.

Classifieds continued

Adding to our intellectual capital

We have an active team of intellectual property (IP) experts monitoring and proactively intervening against IP infringements.

We encourage responsible open-source code sharing, under licence, to ensure that our developers are engaged with the outside developer world. This increases our profile as a group among tech talent as an attractive place to work.

OLX Group obtained allowances for two OLX patent applications in the US Patent Office in 2019. One of the patents, US Patent No. 10,575,127 titled Dynamic Determination of Smart Meetup, falls within the key area of trust and safety. It focuses on dynamically providing a suggested meeting location to the buyer and seller on the OLX chat application. OLX also filed three new patent applications for key product functionality in 2019 that listed inventors from both the German and Indian offices.

We protect our OLX brand, both domain names and trademarks, aggressively and have seen notable success in our efforts to mitigate infringing activities during the year.

Doing the right thing

Doing the right thing lies at the heart of our responsible approach to Classifieds. Our OLX Group ethics officer and our head of the trust and safety programme lead the drive to ensure that our employees do the right thing to make our business safe, and that our users are safe when using our platforms and services.

Delivering social good

We are proud of the social good we deliver in Classifieds. We are the lifeline for individuals, from all walks of life, and for small businesses. We are good for individuals – enabling them to manage their own budgets and lifestyles, either buying items they could not afford new, or making money from items they no longer need, and especially in times of crisis. We are good for small businesses too – providing a simple, easy-to-use and low-cost leads channel.

We enable valuable social transactions whereby people meet in person, improving social cohesion in a more individualistic world.

Our platforms prompt reuse of items at scale, often giving items traded second, third, and even fourth lives.

Investing in communities

Many of our local teams organise fundraising, educational and awareness activities that additionally benefit local communities. In Poland, the OLX Boutique physical store opened in September 2019, with the US$35 000 proceeds paying for air conditioning at a local hospital's children's ward. In Bosnia and Herzegovina, users were rewarded with extra OLX credits if they gave blood in August 2019. In India, a new partnership with the Cyber Peace Foundation was launched this year to provide ongoing local workshops to raise online safety awareness among community members.

Making the most of sustainability

Our commitment to sustainability across multiple dimensions is becoming a part of who we are and how we work. Sustainability has always been a natural part of our business model, and we continue to look for new ways to amplify our impact.

In July 2019, for example, OLX Group joined the Coalition To End Wildlife Trafficking Online. A coalition of non-governmental organisations (NGOs), global tech companies and others, working together to stop wildlife traffickers from operating via online products and platforms.

Looking ahead

We will explore as many as possible sustainability programmes to activate our employees and our users. Our company's purpose has been codified to unlock the hidden value in everything, including making the most of the resources we have in the world. We will therefore continue to create innovative ways to extend the life of products, to enable our people to develop to their full potential, and optimise smart processes that save time and resources.

Above all, we will make the most of the opportunity we have to champion conscious consumer-centric experiences that are good for people, good for the planet and good for our business.

A force for good

We believe that Classifieds is a force for good in the world – helping people consciously reuse and extend the life of all kinds of items, which in turn benefits the planet and communities.

Food Delivery

Transforming the way people source, consume and experience food

REVENUE[1] (US$'m)

2020	751
2019	377

TRADING LOSS[1] (US$'m)

2020	(624)
2019	(171)

PERFORMANCE HIGHLIGHTS
Our core food-delivery businesses all continued to grow and perform well. iFood remains the clear leader in Brazil and has competitive positions in Mexico and Colombia. Swiggy's annualised order volumes increased by 145%. Delivery Hero reported €7.4bn in GMV and €1 238m revenue from continuing operations for its year ended 31 December 2019.

[1] Presented on an economic-interest basis.

"Since our first investment in iFood in 2013, we have steadily built the world's most enviable online food-delivery footprint, with market leaders in 38 countries. Our online food-delivery platforms focus on product and technology innovation with the goal of providing consumers, restaurants and delivery partners the best possible experience."

Larry Illg
CEO, Food Delivery

The food-delivery opportunity

Food delivery is an attractive sector for the group, addressing a core societal need and is executed locally, which utilises group expertise in many areas. It remains an attractive long-term investment with a massive global market potential of over US$330bn[2] by 2022. This is especially true in the high-growth economies that are part of our group DNA and leverage our operating expertise. In these markets, food accounts for a relatively high share of total consumer spending.

We expect even more growth beyond 2022 – the sector is in very early stages despite being sizeable already.

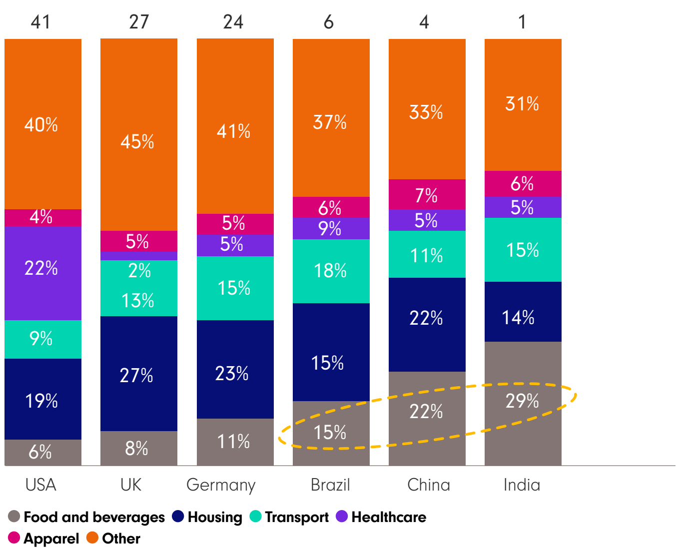
Moreover, we are on the cusp of a tech-enabled paradigm shift in dining habits, with increasingly more meals being delivered rather than home cooked or consumed onsite in restaurants.

The strong local network effects of food delivery also fit well with our strengths and strategy of partnering with local entrepreneurs who deeply understand their geographies.

The local nature of network effects makes the food-delivery market less susceptible to the potential entry of big-tech players. As yet, there is no global leader. We see signs of potential for market consolidation and we want to be at the forefront of those developments.

In addition, food delivery has high customer stickiness. Given its on-demand and high-frequency nature, food delivery exhibits higher retention rates than other verticals. This aligns well with our focus on increasing customer satisfaction at scale.

FOOD VS OTHER VERTICALS: CONSUMER SPEND SHARE (US$'000)
Total annual consumption per capita by type (2018)



Source: Euromonitor

Building a global leader

We are one of the leading global investors and operators in food delivery, having invested some US$3.0bn in the sector with an internal rate of return (IRR) of 34%, based on sell-side analyst valuations.

We have a presence in more than 40 markets, with leading positions in 38 countries via direct stakes in our three core companies, iFood, Swiggy and Delivery Hero, as well as indirect investments that provide further insights into the sector. In all, we cover over half the global population and have recorded significant growth across our portfolio.

Our journey in food delivery began with a US$2m investment in iFood via Movile in early 2013. At that time, iFood's Brazil business was tiny compared to today (8 000 restaurants compared to 160 000+ restaurants in some 1 000 cities). Similarly, we first invested in Swiggy in 2017 when it was present in only seven cities with 12 000 restaurants, compared to 160 000+ restaurants in over 520 cities today.

MARKET OPPORTUNITY

>40

Present in over 40 markets, with leading positions in 38 countries, covering over half of the global population (>4.0bn people)

>US$330bn

Global market potential >US$330bn by 2022 (online food addressable market 2022E per Euromonitor International Limited, consumer Foodservice 2019)

The evolving world of food delivery

Food delivery has been changing dramatically over recent years and we believe it will continue to evolve.

In the early 2000s, food delivery started as a relatively simple marketplace business model (Food 1.0). In recent years, own-delivery challengers expanded food platforms (Food 2.0), increasing the selection of restaurants and raising consumers' expectations for service. But that is only the beginning. There are several exciting growth adjacencies, including cloud kitchens, private brands, groceries/convenience deliveries and restaurant software that could further expand the growth profile and improve the ability of leading food platforms to compete successfully (Food 3.0).

[2] Online food total addressable market 2022E per Euromonitor International Limited, Consumer Foodservice 2019.

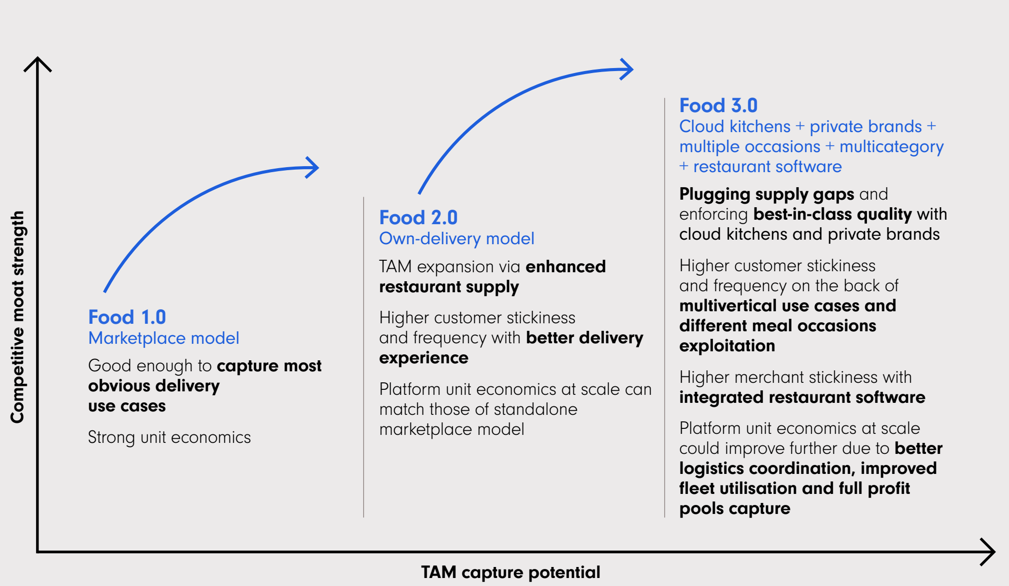
Food Delivery continued

The increasing importance of the first-party model
Historically, the industry was dominated by the capital-light marketplace model (third party or 3P), in which meals are delivered by restaurants. But the 3P model failed to address customer needs fully on restaurant assortment and delivery experience. Increasingly, the more capital-intensive own-delivery model (first party or 1P) has come to the fore, driven by the increased growth and value-creating opportunities it presents. Our food-delivery businesses are well positioned for 1P and continue to build and invest in this capability.

Leveraging artificial intelligence and machine learning
Another key advantage with 1P is that it creates greater touchpoints and opportunities for leveraging data and applying AI and ML along the value chain. We are making the most of AI- and ML-enabled 1P across our food-delivery businesses to increase efficiency, make deliveries faster and more reliable – give customers added choice and better service.

Driving change for the better
Having identified the strategic need to invest in own-delivery capabilities early on, we have a long track record of building market-leading businesses in some of the largest markets globally. Today, we have the broadest global perspective on the food-delivery industry of all leading players in the sector. We believe the opportunity in food delivery is to disrupt and transform across the supply chain, from how food is sourced to how it is prepared and consumed, and that the impact of this disruption is likely to have major societal impact. We aim to be at the forefront of this transformation globally.

Food platforms evolution



iFood
Prosus has a 54.68% stake in iFood through Movile. iFood is the largest food-delivery company in Latin America, with clear leadership in Brazil and positions in Mexico and Colombia.

iFood's vision is to revolutionise the food universe and create a more practical and pleasurable life for consumers. iFood aims to achieve this through its leadership position in Brazil as well as world-class execution and innovation.

IFOOD – A LEADER IN BRAZIL

1 000
cities covered

160 000
restaurant partners

>30.6m
monthly orders

30%
own-delivery orders

Continuing to lead and grow
Despite fierce competition, iFood has held its ground and still accounts for a much higher portion of online food-delivery orders in Brazil than its closest competitors. Still, the share of online delivery in the total food-service market in Brazil remains low. iFood Brazil delivers around 30.6 million monthly orders, an increase of 76% YoY, to 10.1 million unique buyers from over 160 000 active restaurants in some 1 000 cities. iFood also has the highest customer Net Promoter Score (NPS) among food companies in Brazil.

To build an unparalleled value proposition to both consumers and merchants, iFood has focused on several strategic initiatives.

Food Delivery continued

Rolling out first-party capabilities
To compete effectively against 1P challengers, iFood has rapidly built its own 1P capabilities from scratch and own delivery now accounts for some 30% of total orders in Brazil.

Leveraging data and artificial intelligence
iFood leverages data and AI to predict demand, optimise products and drive down operating expenses. In particular, its deep food network enables iFood to generate significant and highly predictable volumes for its restaurant partners in exchange for higher commissions. Those higher commissions, together with user-preference analysis and order batching, allow iFood to give its customers top-rated meals at competitive prices and low delivery fees.

Artificial intelligence initiatives – iFood
- Dynamic pricing aimed at optimising delivery fees based on the demand, weather and distance
- Route optimiser used to determine best routes for couriers
- Anti-fraud tools powered by AI

Introducing more advanced technology
In line with its focus on using innovative technology to deliver an ever-better experience for customers, iFood is testing robots and drones to increase the speed and reliability of deliveries.

Targeting affordable lunches with Loop
To expand its customer base, drive order frequency and improve top-of-mind brand awareness, iFood has launched Loop, targeted at a relatively unpenetrated segment – affordable lunchtime orders. Loop meals are prepared by partner restaurants but are essentially white-label products, ensuring that the

PERFORMANCE IN 2020

US$3bn
invested over the past three years

>102%
Order growth >102% YoY

>30.6m
iFood Brazil: Order growth 76% – 30.6 million monthly orders, from 160 000 active restaurants in some 1 000 cities

9.3m
iFood: 1P logistics business has grown to more than 9.3 million orders per month

59
iFood Net Promoter Score in Brazil

iFood platform is at the centre of the customer relationship. With Loop, iFood creates value for all stakeholders: customers receive reasonably priced meals and save time, restaurants can fully use their kitchens' spare capacity and couriers generate incremental income across a full day. At the same time, order batching significantly improves unit economics for iFood. With Loop, everybody wins.

iFood uses AI and ML to power its logistics. This is core to the significant cost savings passed on to consumers. It provides the ability to offer quality lunchtime meals for about US$3 using kitchens during idle time (09:00 to midday). Orders can be batched so iFood delivery partners are able to take up to 18 simultaneous orders on delivery runs. As a result, the cost of delivery has decreased by 64% and order frequency jumped by more than 65%.

> "We've focused on logistics improvements using AI so our delivery partners can arrive at iFood providers' locations at the exact moment that the food is ready, navigate through Brazil's crowded cities and diverse neighbourhoods quickly with our own mapping system, and bring in more revenue. Our goal is to serve more than 50 million Brazilians as rapidly as we can. We believe reducing food and delivery costs will boost our iFood Loop meals and popularity with customers quickly."
>
> **Fabricio Bloisi**
> CEO, iFood

Loop is proving to be very successful. Currently in 54 cities across Brazil, the plan is to expand and scale Loop as quickly as possible.

Making lives better
Through its Make Lives Better programme, iFood is delivering ever-greater sustainability benefits to restaurants, drivers, consumers – everyone involved in its rapidly expanding food-delivery ecosystem.

Improving driver safety
iFood is committed to improving the health and safety of its fast-growing driver fleet. Several initiatives were introduced throughout the year. These included traffic safety videos on the drivers' platform; an accident button on the riders' app so they can get instant dedicated support if needed; and changing incentives for riders to promote safe driving and reduce rider stress. iFood also introduced comprehensive accident insurance for all riders, covering not only when the drivers are picking up and delivering orders but also, uniquely, the relatively high-risk time when they are going home after their last delivery.

Promoting wellbeing
iFood has developed scalable and sustainable solutions to improve the wellbeing and lives of drivers. Highlights include a loyalty programme, iFood Delivery de Vantagens. It counts on a strong network of partners through which iFood can provide a broad set of products and services to drivers, while in return increasing each partner's user base. It is a great way to help promote a better life for drivers and their families, giving them access to services and benefits not offered anywhere else.

Helping drivers learn and prosper
iFood also wants to help to make sure drivers can have a prosperous occupation, develop professionally and increase their compensation. Learning is key here and through the iFood Academy, iFood offers drivers an educational hub. Using a range of online and class-based learning and development tools, drivers are encouraged to improve the quality of their service, the way they manage their money, and how to plan the next steps of their lives – from developing further as drivers to changing careers.

Training drivers in first aid
iFood is pioneering an innovative White Helmets first-aid training programme that is helping to boost the reputation of drivers in the community. In partnership with São Paulo's biggest public hospital, drivers attend in-class training. Trained drivers are provided with first-aid tools and content that they can carry with them as they travel around Brazil's busy cities. They also proudly wear white helmets – a mark of their new skills for everyone to see. As well as increasing the potential for drivers to save lives, this initiative draws attention to their social importance – enhancing

Food Delivery continued

recognition and respect. Following a highly successful pilot, iFood is rolling out the initiative in the coming year.

Helping restaurants too
Building on the success of the iFood Academy for drivers, iFood is also now looking to create an academy for the 160 000 restaurants on its platform. The aim is to provide learning and other support to help restaurants develop their commercial and culinary

skills and know-how so they can truly prosper. The programme is due to launch in the coming year.

Tackling hunger
iFood is using its technology to help fight hunger in Brazil. It has created a platform to facilitate consumer donations to affiliated non-profit organisations (NGOs) that produce low-cost, nutritious meals. The platform offers the opportunity to donate meals easily via the iFood app.

The first partnership is with Ação da Cidadania, one of the major organisations working to mitigate hunger across Brazil. Users can make small donations quickly and easily via the iFood app. All the money raised will go to Ação da Cidadania. It is a great way to use smart technology to quickly change the culture of donating in Brazil from special occasions or specific campaigns to simple everyday gifts. Looking ahead, iFood plans to build on the initiative to engage more closely with the people who donate by giving them reports on how their donations are being put to good use. It is an example of technology with a human touch.

Environmental initiatives
iFood is undertaking a number of environmental initiatives. Reducing single-use packaging is a priority. In the year ahead, iFood is committed to reducing the amount of disposable plastic items delivered to consumers. The work includes providing awareness through marketing campaigns and stimulating restaurants to rethink their procurement practices.

Through the app, iFood will implement several initiatives to encourage sustainability practices. The first pilot is an opt-in/opt-out option that gives customers the choice not to receive unwanted disposable items like cutlery, straws and cups. This also helps the restaurants to save money on purchases. The second initiative is to give customers the option to replace plastic packaging and items by choosing biodegradable and other sustainable materials.

Another solution is to increase recycling awareness and behaviour with the help of WhatsApp and QR codes on packages. Users simply scan the code and it will initiate a WhatsApp conversation that explains how to properly discard of each type of material.

In addition, iFood is planning to encourage best practices in restaurants, for example by creating a green category on the iFood app and a green restaurants list and/or label. And iFood Shop (the materials purchase service for restaurants) has stopped selling disposable single-use plastic items such as cutlery, cups and plates.

Initiatives have also begun across iFood's offices. These include implementing segregated recyclable and non-recyclable waste collection and stopping the use of plastic cups.

SWIGGY – A LEADER IN INDIA

>520
cities covered, adding a new city every two days

>160 000
restaurant partners

240 000
own-delivery partners

>95%
own-delivery orders

Swiggy
Prosus has a 40.02% stake in Swiggy – India's largest food-delivery platform with an ambition to become India's 'everything app'. Since our initial investment in 2017, Swiggy has grown rapidly – building its core 1P food-delivery business by expanding to over 520 cities; growing its supply base to over 160 000 restaurants; unlocking the middle-class segment with curated low average order value (AOV) offerings and subscription/loyalty innovations such as Swiggy POP, Swiggy Daily, Droppt and Swiggy Super; and heavily investing in 1P infrastructure, vouchers, marketing, product and tech.

Leading the way
Swiggy currently delivers food from 160 000 restaurant partners leveraging the network of 240 000 couriers.

Food Delivery continued

Expanding into adjacent areas
Swiggy has been active in moving into adjacent growth areas. Capitalising on the relatively underdeveloped restaurant supply in India, it has vertically integrated upstream in the food-value chain by investing in new supply concepts, including cloud kitchens (Swiggy Access) and private brands (Homely, The Bowl Company and other brands). Swiggy's private-brand revenues have approached those of top 10 food brands in India in two years.

Green cloud kitchens
In Swiggy Access cloud kitchens, sensors monitor and regulate fuel and electricity consumption. In addition, infra-red burners have reduced fuel consumption by 20%. It is part of Swiggy's focus on reducing environmental impact across its operations.

Artificial intelligence initiatives – Swiggy
Swiggy's AI platform helps to predict consumer demand in specific geographic areas and at certain times of the day, opening up further opportunities for growth, for example through cloud kitchens.

Delivery Hero
Prosus has a 21.16% stake in Delivery Hero, the leading multibrand food-delivery platform with a presence in 42 markets, including 36 countries where it has a leading position. By 2019 financial year, Delivery Hero had rapidly transformed into a hybrid 1P/3P player with 1P orders accounting for around 52% of the total.

A global player
Delivery Hero delivered over 216 million orders in Q4 2019, an increase of 99% YoY. It has a supply base of over 500 000 restaurants.

South Korea acquisition
In December 2019, Delivery Hero announced its plans to acquire Woowa Brothers' business in South Korea for US$4bn on a cash and debt-free basis and set up a joint venture to manage combined Asian operations.

DELIVERY HERO – A LEADER IN 35 OF 44 COUNTRIES

>4 000
cities covered

1.2bn
people covered

44%
own-delivery orders

216m
orders delivered in Q4 2019 (+99% YoY)

500 000+
restaurants in the supply base. Its core region is Middle East (Turkey, Saudi Arabia, Kuwait and other states) where it holds strong leadership positions. Announced US$4bn acquisition of Woowa Brothers in South Korea.

The rationale for this strategic partnership is compelling: Woowa is the largest online food-delivery platform in South Korea via its brand Baedal Minjok, and the country is one of the most lucrative food-delivery areas, with a total addressable market estimated at US$93bn. This is set to be a transformational deal for Delivery Hero, boosting its global gross merchandise value (GMV) and revenues by around 90% and 30% YoY respectively[1].

Looking ahead
Today we have a big local presence in fast-growing food-delivery markets through our core portfolio companies. Looking ahead, we will continue to grow in these core markets and build adjacencies – local food-service brands, convenience stores, and more. We want to play an ever-bigger part in leading the food-delivery revolution for consumers, restaurants and delivery partners around the world.

(1) Pro forma YoY for nine months of 2019, as per Delivery Hero investor presentation on 13 December 2019.

Part of everyone's everyday
Swiggy: Long-term consumer value proposition – Transforming consumers' lifestyles in a hitherto unimagined way

- **07:00** Milk, freshly baked bread, diapers, cold pressed juice from previous night
- **09:10** Swiggy Bike-Taxi when running late for meeting at 09:30
- **13:00** Working lunch with Bowl Company
- **16:00** Daily fruit salad from Swiggy Daily
- **19:00** Special birthday dinner for Swiggy One customers
- **22:00** Night snacks – Swiggy Store or Dark Pods for last-minute convenience (eg chips, ice-cream, beverages)
- **23:00** Remember meal subscription

Payments and Fintech

Building a world without financial borders where everybody can prosper

REVENUE[1] (US$'m)

2020	428
2019	360

TRADING LOSS[1] (US$'m)

2020	(67)
2019	(43)

PERFORMANCE HIGHLIGHTS

PayU continued to grow well – delivering solid results, strengthening its market position in India, boosting its credit business, consolidating in Turkey and expanding in Southeast Asia.

[1] Presented on an economic-interest basis.

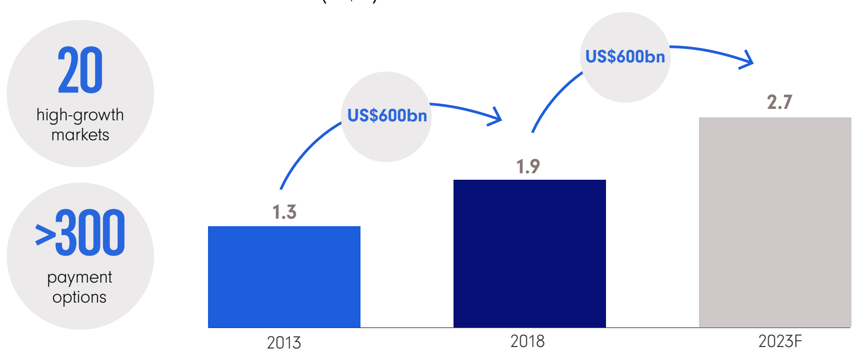
"Our mission is to connect consumer and merchants online across all high-growth markets around the world. We are now present in more than 20 markets with more than 2.5 billion people who need access to digital payments and alternative lending solutions. We are a leading provider of more than 300 local payments solutions to global brands and a technological partner of major financial institutions. We are different because we were 'born local' but operate at global scale, focusing on data and digital-only."

Laurent Le Moal
CEO, PayU

The opportunity

Payments remain one of the most important and fastest-growing areas in financial services worldwide. Global payments revenues are expected to grow from US$1.9tn in 2018 to US$2.7tn by 2023, with 60% of relative growth coming from emerging markets. In addition, online payments are expected to increase at double the rate of offline payments. Four key trends are shaping the industry: growth is driven by high-growth markets and the shift from cash to digital payments; accelerating consolidation in the payments market is creating global players at scale; alternative payment methods are growing fast; and data is enabling new service.

GLOBAL PAYMENTS INDUSTRY REVENUES (US$'tn)



Source: McKinsey Global Payments report, September 2019

KEY TRENDS IN PAYMENTS

20

PayU operates in 18 high-growth markets, five of which are in the top 10 fastest-growing markets (India, Russia, Argentina, Turkey and Mexico)

2022

Digital payments are expected to overtake cash payments by 2022 in India

Continuing to grow well

PayU's revenue grew 19% YoY (excluding FX and M&A). The growth came on the back of 26% YoY growth in the volume processed in the payments business. The processed volumes reached US$37.9bn, driven by 30% growth in the number of transactions processed.

Sustaining growth in India

The payments business in India has continued to be the growth engine – with volumes growing 30% YoY. India's processed volumes were US$19.4bn, 51% of the total volume processed by PayU. The structural shift to digital payments in the country, together with our ability to increase conversion rates for enterprise merchants and our ability to enter new segments such as billing and small and medium-sized businesses have been the main drivers of this sustained growth, above market rates.

Acquiring Wibmo

With the acquisition of Wibmo, a payment security leader, we were able to create closer partnerships with leading banks, enabling a reduction in transaction failures, therefore further strengthening our relationship with merchants.

Pioneering credit in India

In line with PayU's mission to build a world without financial borders, we have been pioneering credit for underbanked people in India. We started building an inhouse credit business two years ago and organically scaled the business to US$10m monthly loan issuances by December 2019. Starting first with LazyPay, a delayed-payment convenience product, we graduated to issuing instalment loans, all the while managing the credit losses.

To scale our credit business in India, we recently acquired the majority shareholding in PaySense. PayU is setting the ambitious goal to rapidly grow its online credit business by combining PaySense and LazyPay.

Strengthening in Turkey

We completed the acquisition of Iyzico to strengthen our position in Turkey's high-growth ecommerce market, which experienced a compound annual growth rate (CAGR) of 30% between 2014 and 2017. Turkey has a large presence of global merchants and is now our single-largest market in the Europe, Middle East and Africa (EMEA) region. With the integration of Iyzico, PayU will be able to leverage its existing relationships with global merchants and Iyzico's product capabilities to drive incremental crossborder volume.

Expanding in Southeast Asia

We completed the acquisition of a majority stake in Red Dot to expand our presence across the Southeast Asian market. Southeast Asia is an attractive base to enter one of the most dynamic markets globally, with high ecommerce growth (62% CAGR 2015 to 2019) and a high share of alternative payment methods (70% of ecommerce). Many of our crossborder merchants were expecting local payment processing for Southeast Asia. This transaction gives us access to local payment-processing capabilities in the region as well as unique payment solutions for the hotel and hospitality segments. We have integrated Red Dot into our global hub in order to offer all existing merchants access to the Southeast Asian market.

Ensuring responsible lending

PayU's financial services, and especially its growing credit business in India, are key drivers for removing financial borders and enabling digital inclusion. PayU aims to use technology and data responsibly to increase financial inclusion and broaden access to finance for underserved segments of the population. At the same time, PayU is aware of the importance of applying clearly defined principles on responsible lending and aligning internal processes towards this end. For this purpose, PayU has formally defined a responsible lending guideline to govern its approach in this vital area, including elements of responsible AI and the avoidance of bias and discrimination within automated and data-driven credit decision models.

Key trends in payments

- The shift from cash to digital money
- The increasing share of alternative payment methods (APM)
- The growth in crossborder payments
- Data enabling new services

Payments and Fintech continued

Gaining a real understanding of financial prosperity

We wanted to understand better what financial prosperity actually means for our customers and our markets. To this end, PayU created and published an innovative financial prosperity barometer.

The report was highly enlightening, underlining how prosperity means different things to individuals across different markets. Throughout the report, PayU has explored the depths of these different views on what it means to be prosperous and looked at how access to different financial services can impact them.

Building on its increasing global impact and the understanding gained from the report, PayU's ambition is to continually rise to the challenge of financial inclusion and education. Using the technology of today, and tomorrow, PayU aims to truly create a world without financial borders where everyone can prosper.

Using data to build the business

We have made several strides in incorporating AI and ML capabilities in our own operations and training the workforce in the AI/ML technologies.

Strengthening the data science team

We strengthened the data science team by hiring a new chief data scientist and will hire more team members in the year ahead. The data team enables both payment and credit decisions to leverage the data successfully from the payments and credit businesses.

Value-added services

We are developing a platform to offer value-added services to merchants, lenders and banks. Multiple initiatives are underway, including providing improved analytics and data insights to our merchants; improving our credit models using ML capabilities; providing credit scores to other financial services institutions; and preventing fraud in payment transactions.

Training our people in artificial intelligence and machine learning

Providing enterprisewide training to our employees on AI/ML has been our top priority. During the year almost 650 employees participated in various ML/AI programmes delivered by MyAcademy. We also arranged meet-and-greet sessions across multiple cities where the teams working on AI/ML projects shared their work and helped colleagues to understand how AI/ML can be used in business. We are committed to providing avenues and encouraging employees to gain skills in this area.

PERFORMANCE IN 2020

>US$37.9bn
processed payment volume, up 29%, 51% contributed by India

>10bn
data fields captured

>1.18bn
transactions, up 30%

>10m
loan transactions per month

US$66m
Majority acquisition in PaySense to scale our credit business in India

Acquisition of Iyzico in Turkey

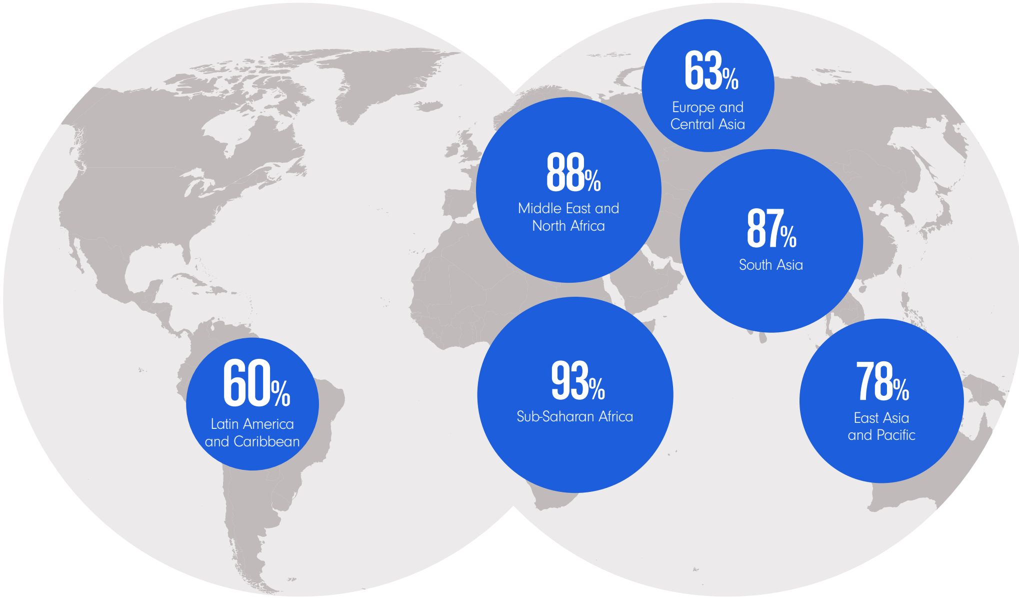
Acquisition of digital payments company, Wibmo, for US$66m

Majority acquisition in Red Dot Payments

Financial prosperity barometer – key findings

- Over 75% of respondents believe that financial services can help people plan for future prosperity
- 60% of respondents feel financial services have already helped them to become more prosperous
- 50% of people in the countries surveyed believe you cannot be prosperous without access to financial services
- For over 30% of respondents 'being happy with your life' and 'good health for friends and family' are the key characteristics for defining 'prosperity'
- Only 25% of respondents feel that 'being wealthy' in itself is necessary for prosperity
- Nearly one in 10 (9%) respondents declare that they don't have access to any major financial service

Adults without credit bureau coverage – regional % of population



Building external partnerships

We continue to build external relationships with partners to enrich our data set beyond the ones generated by our own payments business. As part of this broad and deep commitment, any M&A project we undertake will include a rigorous data due diligence and data synergies component.

Ensuring customer safety and wellbeing

Our commitment to customer safety and wellbeing includes initiatives to educate customers on safety and fraud prevention.

As a leading payment service provider and increasingly broader financial services player, we undertake significant investments into customer and product safety. This includes investments into our capability to prevent fraud for our merchants and end-customers. We continually roll out state-of-the-art AI- and ML-enabled fraud solutions.

In our payments business as well as in the growing credit business, we act as a gatekeeper in a broader ecosystem. In order to fulfil this responsibility, we have strict and well-defined customer onboarding and underwriting processes in place. This focuses on minimising financial risk, as well as managing conduct risk and fraud and protecting the interests of the broader ecosystem and customers. These are core processes for PayU and as such are frequently tested through both internal controls and external audits.

Analysing the whole system
We have significantly enhanced our fraud detection and prevention – going from analysing a selection of data points to now using ML to quickly and effectively analyse the whole system. Quicker, better fraud detection means improved security, peace of mind and trust for consumers and merchants, which is good news for us.

Payments and Fintech continued

Protecting privacy and data
We take IT security and data privacy extremely seriously. Keeping payments-related data and any kind of personal or otherwise critical information safe is of utmost importance to our business – it is at the heart of the continued trust of our customers and the general public. Based on a formally defined risk appetite statement, PayU has set up specific minimum security standards that all PayU businesses and regions need to comply with, on top of expectations that are formulated by the payments industry (PCI) and other industry standards or regulations. Regarding privacy, PayU has a global privacy programme built around General Data Protection Regulation (GDPR) requirements from the EU. PayU is well prepared to comply with and is effectively ahead of industry standards in most non-GDPR markets.

Creating a diverse and inclusive workplace
We are focusing on creating a diverse and inclusive workplace across all our offices and regions. This year has seen considerable progress in promoting diversity as a key element of hiring and retention, with several initiatives being carried out by the local teams, such as the introduction of nursing rooms for new mothers.

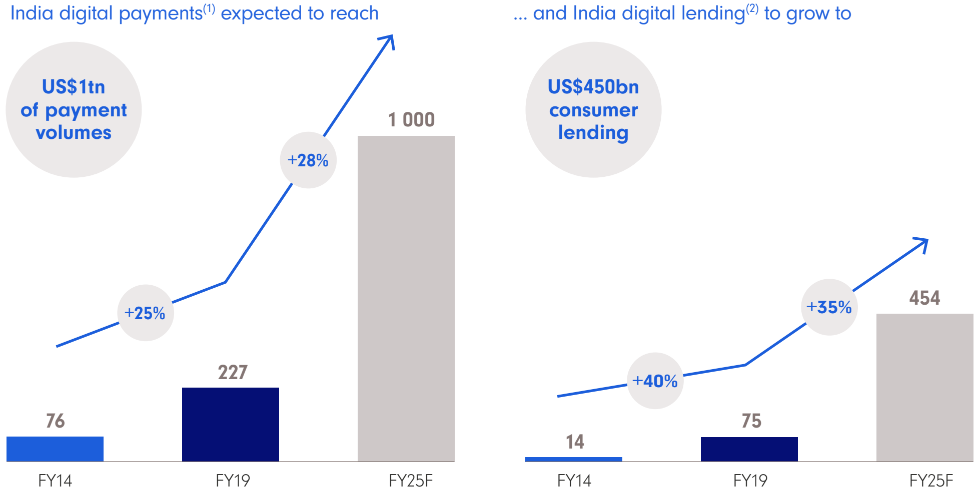
India has led by example by creating a day-care centre in our main office of Gurgaon and introducing a programme to help young mothers return to the workplace.

In Israel, we have implemented a programme to encourage and help more females to embark on a career in software development.

Contributing to communities
We undertake a range of initiatives designed to contribute to communities across the Payments and Fintech segment. To share a flavour of what we do, we highlight a few of our activities in Poland.

PayU is one of the co-organisers of the RogaLOVE campaign in Poland, which aims to help in improving the treatment conditions for children with cancer. Through a dedicated website, everyone can buy delicious traditionally made buns, pay for them through the PayU platform and share them with loved ones, friends, clients, business partners or colleagues. All the income from the sales is allocated to a charity goal – to help children with oncological illnesses through the support of Dzieciaki Chojraki, the Association for the Development of Marrow Transplantation and Paediatric Oncology.

INDIA OFFERS A LARGE OPPORTUNITY IN PAYMENTS AND CREDIT



(1) Digital payments include cards, net-banking, UPI and wallets.
(2) Digital lending includes loans disbursed digitally at both online and offline channels.
Source: Research BCG-Google Digital Lending Report

Our biggest charity campaign in Poland is with the Great Orchestra of Christmas Charity (GOCC). We have been working with the GOCC since 2002. The primary objective of the GOCC is to support healthcare in Poland by purchasing state-of-the-art medical equipment for Polish hospitals and clinics. Each year more and more funds are raised on the internet. PayU is the financial partner of this charity and provides commission-free secure online payments. In 2020, PayU helped collect over US$7.5m. The total value of transactions secured by PayU since 2002 is more than US$30m.

Our employees in Poland have also launched a charity project called PayU Volunteers, which affords the opportunity to all PayU Polish employees to volunteer in local hospitals and charities, contributing their time and skills.

Looking ahead
PayU will maintain its strategy to drive strong growth in the years ahead. PayU will put even more emphasis on two key areas: increasing our investment in India, and credit. A key focus here will be to invest further in AI and data science capabilities to build new services.

Etail

Giving customers across Central and Eastern Europe the very best etail experience

REVENUE[1] (US$'m)

2020	1 363
2019	1 529

TRADING LOSS[1] (US$'m)

2020	(20)
2019	(101)

PERFORMANCE HIGHLIGHTS
eMAG, our leading etailer in Central and Eastern Europe continued to grow and strengthen its position. eMAG continued to grow well – delivering solid results, strengthening its market position.

[1] Presented on an economic-interest basis.

"We aim to build the largest hybrid (1P/3P) ecommerce platform in Central and Eastern Europe. With this platform and our entrepreneurial spirit and know-how, we focus on giving our customers the very best in terms of selection, value and convenience – a winning combination that enables us to grow and lead long term."

Iulian Stanciu
CEO, eMAG

The opportunity

The etail opportunity across Central and Eastern Europe is substantial. eMAG's geographies promise robust growth. These broader growth trends combine with a relatively low level of etailing. Ecommerce penetration in Romania is just 7% compared to 15% in the US and 26% in China. Rates in Hungary (5%) and Bulgaria (3%) are similarly low. The ecommerce market is expected to grow by 15% annually in Romania, 8% in Bulgaria and 12% in Hungary.

An ecommerce leader in Central and Eastern Europe

eMAG is dedicated to becoming Central and Eastern Europe's leading online retailer. The company operates a first-party/third-party (1P/3P) business-to-consumer (B2C) ecommerce platform in Romania, Hungary and Bulgaria under the eMAG brand, and a leading fashion shopping destination in Romania under the Fashion Days brand. In addition, the company operates Sameday (courier delivery), PC Garage (specialised online retailer focused on gamers), Depanero (repair service) and Conversion Marketing (performance marketing). In the 2019 financial year, eMAG also acquired a 54% stake in EuCeMananc, a food-delivery platform in Romania.

Giving customers the very best

eMAG offers customers significant selection, value and convenience. Consumers can choose from a wide selection of products across multiple categories, from electronics to fashion to home. To ensure convenience, eMAG offers buyers a range of delivery options, from home delivery to locker pick-ups.

Improving the customer experience

eMAG has a market-leading customer satisfaction Net Promoter Score (NPS) of 70.

eMAG aims to improve the customer experience through four strategic initiatives: building its own delivery courier business, Sameday; rolling out its network of automated parcel lockers; expanding its 'fulfilled by eMAG' model; and expanding its showrooms.

eMAG opened a new central distribution and shipping hub in October 2018 and a new regional hub in October 2019, to provide improved fulfilment services to its customers and to a greater portion of its 3P sellers. The team is currently working on a next-generation warehouse, expected to be ready later in 2020.

To elevate the service levels of its ecommerce platform, eMAG is building its Sameday courier business. Sameday aims to achieve a 99% on-time delivery rate, compared to the 80–90% rates achieved by other players in Romania.

To ensure customers have a full suite of delivery options, eMAG is deploying automated lockers (EasyBOX) across Romania, giving customers 24/7 service, pick-up flexibility and 99%+ on-time delivery rates.

eMAG has also increased its focus on its 'fulfilled by eMAG' model, where it manages delivery logistics for its 3P partners.

To complement its online platform, eMAG is building showrooms across Romania and its international markets. This offline presence gives eMAG a strategic advantage over pure online competitors.

Instant money back

In 2019, eMAG introduced the 'instant money back' service for all products regardless of the sales channel.

Applying artificial intelligence and machine learning

Working closely with the group AI team, eMAG applies AI and ML across many areas of its business, for example personalisation, through recommendation engines, and risk engines to detect potential fraud.

MARKET OPPORTUNITY

26%
ecommerce penetration in Romania is just 7% vs 15% in the US and 26% in China. Rates in Hungary (5%) and Bulgaria (3%) are similarly low

15%
Ecommerce expected to grow by 15% annually in Romania, 8% in Bulgaria and 12% in Hungary

Focusing on sustainability

eMAG is committed to ensuring sustainable growth and positive impact. To this end, eMAG focuses on four key areas: contributing to the communities it operates in; respecting natural resources and climate; a just society; and providing meaningful careers for employees.

Supporting local businesses

In 2019, eMAG introduced the Open Romania programme. The aim is to support local producers, companies and communities by enabling small businesses to trade their products and services on eMAG's platform without paying any commission. So far, over 2 000 partners have joined Open Romania. In 2019, the programme registered around 80 000 orders and generated sales of around US$2.9m for the business.

Helping sellers sell

Through the Sellers' Academy, eMAG provides advice, information and training, including over 100 online videos, to help sellers develop their ecommerce businesses. Launched in May 2019 for eMAG Marketplace sellers, the Sellers' Academy programme includes over 236 video tutorials and 382 articles. New articles and videos are constantly being added. To date, the Sellers' Academy has been viewed over 355 350 times and has over 258 000 unique visitors.

Etail continued

Generating innovative ideas
eMAG continues to hold annual hackathons. At these inspiring events, coders get together for 24 hours to code something amazing, winning great prizes. Now in their sixth year, the hackathons get bigger and better every time. They have proven to be a novel way to generate new ideas for the business and for customers. eMAG's EasyBOX service, for example, began life as a hackathon idea.

Enhancing learning and development
eMAG undertakes a number of initiatives to enhance employees' learning and development. Future 25 is a unique talent acceleration programme created by eMAG to find the brightest, most promising 25 youngsters, ready to become tomorrow's leaders. Leadership learning programmes focus on three areas: Leading Self, Leading People and Leading the eMAG Business. The Leadership Academy is in its second year. It has three levels (Harvard, TMI and Potential Leaders) with a focus on leadership and business strategy. There are also Technical, Commercial, Marketing and Retail Academies for business units to increase both hard and soft competencies in these key functional areas. In addition, eMAG's online learning platform draws on the groupwide MyAcademy resources as well as custom-built inhouse and external courses.

Promoting employee wellbeing
eMAG places a big emphasis on employee wellness and wellbeing. Employees are encouraged to develop and exercise both mentally and physically. To this end, health and sports subscriptions are included in employee benefits packages, there is an onsite gym at eMAG's head office, and regular wellness sessions are held.

Through the 140 Beats per Minute Foundation programme, eMAG works with communities to promote sport as an essential part of education. The programme also has an internal component, with training sessions and grand prix-style competitions for eMAG employees.

Encouraging educational excellence
Across Romania, eMAG's Let's Go to School Olympics! programme focuses on raising the level of education of children. The programme provides performance training in the best possible conditions to all children who want to achieve above the average level. To this end, mathematics, physics and informatics training centres have been implemented in almost all major cities.

eMAG ACADEMY

>355 000

views, 260 000 unique visitors

eMAG's We Care About programme aims to keep children with poor school results in their school population and to support the accumulation of knowledge necessary to pass the national examination. The programme includes afterschool centres and dedicated teacher teams organising assisted-learning groups for children with poor school performance.

Reducing carbon emissions
eMAG strives to reduce its carbon emissions. The introduction of its EasyBOX network, for example, has reduced last-mile delivery and promoted stacked delivery. As the network grows, so will the environmental benefits.

In addition, eMAG has a fleet of 100% electric delivery vehicles for last-mile urban deliveries. This green delivery service is a first for Romania. The initial pilot consists of six electric vans, with plans to expand to 70 electric vehicles in the coming year.

Starting in 2020, the eMAG warehouse in Joița și Chitila will be powered by 100% green energy.

eMAG also participated as an authorised seller in the state-funded Cash for Clunkers programme for electrical appliances, both in the 2018 pilot and in 2019. This involves replacing used equipment with newer, more energy-efficient home appliances.

Managing waste
eMAG's waste-reduction initiatives include using recycled packaging material, choosing the smallest size box for shipping to avoid overpackaging, avoiding single-use plastic, promoting the recycling of shipping materials after customers receive their shipment, and also offering customers free-of-charge pick-up for their old white goods to ensure they are disposed of responsibly.

Warehouse initiatives include designing processes and allocating resources to consolidate as many multi-unit orders as possible into single parcels; investing in reusable boxes to replace single-use cardboard boxes for transferring products from the warehouse to showrooms; and using robots to wrap goods containers in foil automatically and more efficiently.

As a result, eMAG has reduced cardboard used per delivered unit by 40% YoY, and plastic used per delivered unit by 17% YoY, while also reducing the incidence of product damages per deliveries.

Looking ahead
eMAG aims to continue growing faster than the market, to outpace competitors, gain market share and increase profitability. eMAG is also looking to put together a formal green plan to strengthen sustainability and optimise positive environmental impact. Above all, eMAG will invest in technology and talent to improve services and excel at giving customers the very best experience across its businesses.

PERFORMANCE IN 2020

70

market-leading Net Promotor Score (NPS)

In 2019, eMAG introduced the 'instant money back' service for all products regardless of the sales channel.

Ventures

Identifying and investing in the next waves of growth

REVENUE[1] (US$'m)

2020	99
2019	38

TRADING LOSS[1] (US$'m)

2020	(57)
2019	(54)

PERFORMANCE HIGHLIGHTS

Throughout the year, we made key investments in our chosen areas of focus for Ventures, including education, blockchain and India. All in all, Ventures invested US$215m in 12 deals through the year as well as continuing to nurture its portfolio of investments totalling US$855m, excluding Movile as well as Food Delivery that was spun out of Ventures into this segment.

[1] Presented on an economic-interest basis.

"Ventures is about building the next wave of growth for the group. We invest with a long-term vision in mind but make sure to tether that vision to short- and medium-term operating realities around risks, competitive dynamics, future capital needs, and other considerations. Our capital commitments are commensurate with this balanced assessment. Over time, as we build our understanding and expertise, the amounts invested may grow substantially. A good example of this approach is Food Delivery, which was nurtured as part of Ventures before becoming a standalone core segment last year."

Martin Tschopp
COO, Ventures

Identifying and nurturing the next wave

Our Ventures arm partners with entrepreneurs around the world to build leading technology companies in exciting new high-growth markets. Our goal is to identify and nurture the next wave of growth for the group – the next big areas where we can build leading global businesses that help improve people's lives. To this end, we focus on trends, technologies, themes and geographies to select investments with the potential to experience significant growth in the coming decades.

To date, we have invested a total of US$855m into 20 companies worldwide, excluding Movile as well as Food Delivery that was spun out of Ventures into this segment, across education, elder care, blockchain, logistics, mobility and more.

Targeting winners

In any given year, we might formally meet over 300 companies, and could invest in fewer than 10. This highly selective approach helps us target the next generation of outstanding entrepreneurs and businesses.

BYJU'S

50m
registered users

71 minutes
Average daily engagement of 71 minutes per student

Cricket
National Indian cricket team sponsor

Key investment criteria

With Ventures, as with all our investments across the group, we look for three key things:

1. **A great idea addressing a big societal need**
2. **A strong tech angle**
3. **Outstanding founders with the ambition and ability to grow their businesses into global leaders**

Focusing on education

Education is a key focus area for us. There is a big demand around the world to enable people to learn more effectively and efficiently – whether that is helping schoolchildren learn or lifetime learning. Technology is playing a key part in meeting this fundamental social need. Therefore, it is a natural area for us to target.

To date, we have invested over US$570m in five education businesses: BYJU'S, India's leading personalised learning platform for children in grades 1 to 12; Udemy, the leading global marketplace for learning and instruction; Brainly, the world's largest social learning community; Codecademy, an online coding education platform where millions of people so far have learned to code; and SoloLearn, the world's largest mobile community of code learners.

BYJU'S

We invested US$383m in BYJU'S in December 2018. Our current stake is 11.31%. BYJU'S learning app is the leader in personalised learning programmes for school students in India. The company recently expanded its offerings to include grade 1 to 3 students, alongside its established focus on grades 4 to 12, and competitive exams such as JEE, NEET, CAT, IAS, GRE and GMAT.

Delivering world-class learning experiences, the app merges videos and interactive content to bring concepts to life. It also adapts to the unique learning pace and style of each student. BYJU'S has more than 50 million registered users and an average daily engagement of 71 minutes per student.

Building on its rapid growth and success, in 2019, BYJU'S became the sponsor of the well-loved national Indian cricket team – a great way to reach the company's target audience of Indian families across the country. Alongside the sponsorship, BYJU'S launched a campaign building on its mission to encourage every individual to Keep Learning. The campaign celebrates the feeling of togetherness that a sport such as cricket brings to Indians while encouraging and inspiring people to never stop learning.

EDUCATION – MAKING LEARNING ACCESSIBLE TO ALL

US$6tn
Global spend on education is set to grow at 5% CAGR over 2015–2020, reaching over US$6tn in value by 2020

200m
Each month, 200 million students in 35 countries, all turn to Brainly to ask more, know more, and learn faster

45m
Codecademy has taught over 45 million people around the world to code

295m
With 57 000 instructors teaching 150 000 courses, Udemy serves over 295 million course enrolments around the world to facilitate world-class learning

"Education is very attractive to us because it's important to people, they spend a lot of their time and money on it, and we believe technology can make it much more efficient – bringing better education to more people over time."

Bob van Dijk
Chief executive

Ventures continued

UDEMY

295m

Over 295 million course enrolments around the world

57 000

instructors teaching in over 65 languages

80%

5 000+ enterprise customers and 80% of Fortune 100 companies use Udemy for Business for employee upskilling

BRAINLY

200m

Serving more than 200 million students in over 35 countries

Udemy

We first backed Udemy in June and October 2016 and to date have invested US$115.8m in the company. Our current stake is 14.81%. Udemy is a global education marketplace for lifelong learners. The company serves more than 295 million course enrolments in 150 countries around the world, with 57 000 instructors teaching in over 65 languages. Through Udemy for Business, companies can access a collection of business-relevant courses via subscription as well as a simple platform to host and distribute their own content in one central place. Currently, over 5 000 enterprise customers and 80% of Fortune 100 companies use Udemy for Business to build the skills of their employees.

Helping people in prison to gain skills

Udemy is working with non-profit programme The Last Mile (TLM) to provide individuals in prisons with training in technology and business skills. TLM graduates have left prison as software engineers and to date have a 0% rate of reoffending, compared with 55% of all formerly incarcerated people. However, TLM graduates' release dates and their completion of skills training don't always coincide. Udemy saw a clear opportunity to fill this gap and help returning citizens continue learning and become job ready.

Udemy provides free Udemy for Business licences to 150 TLM students, giving them access to 3 500 online courses on in-demand tech topics such as programming languages and web development as well as important business skills, such as writing an effective résumé, giving and receiving feedback, and managing workplace stress. Udemy has also donated laptops to TLM students, removing another significant barrier to the students continuing their learning and keeping their skills updated.

Brainly

We have been backing Brainly since May 2016 and to date have invested US$47.3m. Our current stake is 43.8%. Brainly is the world's largest social learning platform, serving more than 200 million students in over 35 countries. Students use Brainly to strengthen their skills across core subjects such as maths, history, science and social studies. The platform allows them to connect with their peers, subject matter experts, and professional educators to discuss subjects and seek answers to tricky questions. Brainly is emerging as one of the most trusted online learning resources in India, with YoY growth of 100% to 20 million monthly users in November 2019.

Going global with peer-to-peer learning

"We built Brainly on the assumption that having 20 friends in your classroom helping you learn is great, but being able to ask your questions to millions of other students around the world is even better," says Michael Borkowski, Brainly co-founder and CEO. "Right now, we are really excited about India – it's our newest market, growing really fast."

Key investments in the year

Health	Social Commerce	Blockchain	Mobility	Logistics
honor	meesho	DappRadar	dott	ElasticRun
		IMMUTABLE	Quick Ride	

Focusing on India

India is an exciting area for us, given the vast opportunity for growth in the market across a number of segments. We have made recent investments in education, logistics, ecommerce and ride sharing in India and overall have invested more than US$500m in the country.

In education, BYJU'S is the leading edtech player in the country and Brainly is growing fast in India, the company's newest market.

In logistics, we invested US$30m in ElasticRun in October 2019 and currently own a stake of 20.57%. ElasticRun is a tech-enabled offline logistics network that leverages abundantly available kirana stores for delivery and storage. ElasticRun enables small store owners to leverage quiet times of the day to gain increased revenue by handling local last-mile deliveries.

We have invested US$81m in Meesho since August 2019 and currently hold a 12.16% stake. An app-based social-selling platform, Meesho acts as a marketplace for suppliers and resellers. To date, it has helped to create over 2 million entrepreneurs across India, by enabling individuals to build their own small businesses. Homemakers and women on career breaks make up the vast majority of these entrepreneurs. Meesho provides these entrepreneurs with products, logistics and payment tools to start and grow their businesses and also invests heavily in training and mentoring them. The company has also created online and offline communities that allow women to connect, share and learn with their peers.

Going green with Dott

With our US$21m investment in Dott, we are backing green mobility across Europe. Dott makes it easy for people to share dockless electrical scooters

In January 2019 we invested US$8m for 20.81% of Quick Ride, the peer-to-peer car and bike-pooling mobile app for daily commuting in India. Quick Ride has over 3.4 million users who have completed over 35 million carpools. It is not only a smart way to make daily commutes easier for people across India, it is also having a positive environmental impact – preventing more than 90 000 tonnes of CO_2 from entering the atmosphere.

Helping a female student pay her way

Female student Rajalakshmi knows her parents struggled to pay for her university degree. She is now aspiring to join the Indian Administrative Services and she is able to pay for all the classes, books and coaching with her earnings through Meesho. By paying her own way in this manner, Rajalakshmi is proud not to have to burden her parents.

MEESHO

>2m

Helped to create more than 2 million entrepreneurs across India, the vast majority of whom are homemakers and women on career breaks

Ventures continued

and bikes for short distance travel across cities in Belgium, France, Germany, Italy and beyond. More inner-city mobility; less inner-city pollution.

Focusing on care for the elderly
We see care for the elderly as a very promising area of opportunity. We wanted to back a company that was looking to bring tech at scale to improve the industry for both caregivers and those who need care. To this end, since 2018 we have invested US$43.3m for a 16.47% stake in Honor.

Honor is a home-care company and the founder of the Honor Care Network, a pioneering US-wide alliance of home-care providers. The first company to bring scalable workforce management and technology expertise together with the high-touch, personalised care of local home-grown care agencies, Honor helps older adults live safely and comfortably in their own homes by enabling reliable, transparent, high-quality care. The company partners with care agencies, providing much more than just operations support and a tech platform. The company's app makes it easy for caregivers to manage and deliver care.

Honor continues to go from strength to strength and doubled revenue YoY to US$51m for 2019.

INVESTMENT IN BLOCKCHAIN

US$6m
Immutable

US$1.8m
DappRadar

QUICK RIDE

35m+
3.4 million+ users have completed 35 million+ carpools, preventing more than 90 000 tonnes of CO_2 entering the atmosphere

Focusing on blockchain
Blockchain is beginning to disrupt and revolutionise a number of key industries. To tap into and explore this opportunity, we invested in two blockchain companies in 2019: Immutable and DappRadar. Immutable is a company that builds video games with player-owned assets. We invested US$6m in Immutable in September 2019 for an 11.11% stake. DappRadar is a leading global platform for discovering and analysing blockchain-based decentralised applications (dapps). We invested US$1.8m in September 2019 for a 23.12% share of DappRadar.

"We have been a long-term partner of Movile because of its ability to build transformative mobile businesses in Latin America and beyond."

Martin Tschopp
COO, Ventures

Focusing on Brazil
Through our investment in Movile, we are backing an exciting range of businesses across Brazil. Movile is a leader in mobile marketplaces, with the ambition to make the lives of a billion people better through its applications. The company's main focus areas include ticketing (Sympla), content and messaging (Wavy), fintech (Zoop) and food (iFood) – see our food-delivery performance review on page 38.

During the year, Sympla maintained exceptional growth of over 200%, Wavy's revenue also grew, and Zoop continued to scale.

Movile uses AI and ML across its portfolio for three key areas: fraud detection and risk modelling; providing better recommendations for customers; and reducing customer churn.

The common objective is earlier, more accurate and valuable detection and anticipation – from spotting potential fraud faster to cutting the time it takes for a consumer to find what they want to buy.

Looking ahead
We are continuing on the same tried-and-tested path to identify, invest in and build the next wave of growth for the group. Looking ahead, we will identify trends, technologies, segments and geographies expected to record significant growth in the coming decades and invest in the best opportunities we see. We are excited by the prospects and look forward to the investments.

"The culture of the Movile team is that we think big, act fast and are always striving for growth."

Fabricio Bloisi
CEO, iFood and co-founder of Movile

Social and internet platforms

Connecting people in everyday life though innovative technology

REVENUE[1] (US$'m)

2020	17 189
2019	14 757

TRADING PROFIT[1] (US$'m)

2020	4 699
2019	3 952

PERFORMANCE HIGHLIGHTS
Early in the development of our internet strategy we invested in leading social and internet platforms in two of our key high-growth markets, China and Russia. Tencent's fundamentals remain strong with excellent growth prospects in China, while Mail.ru remains the largest internet group in Russia.

[1] Presented on an economic-interest basis.

Tencent

The opportunity

Rising incomes, increased connectivity and a growing middle class in a population of 1.4 billion – the opportunity in China for innovative social and internet platform leaders remains vast. There are over 904 million internet users in China as of March 2020, over 99% of which were mobile users. The China internet industry exhibited healthy growth in 2019 – with online advertising, ecommerce, entertainment content subscription, smart retails and online payments all posting decent growth.

Tencent continues to build on its strengths in China

Tencent continues to perform well in a highly competitive and dynamic environment. Through its ecosystem of online services and the excellent management team, it remains the largest platform operator in China with nine of the top 20 mobile apps. Among the top 100 mobile apps in China, Tencent takes up 59% of all time spent online by users.

For the year ended 31 December 2019, Tencent's revenues of RMB377bn were up 21% YoY. Combined monthly active users (MAU) of Weixin and WeChat increased 6% YoY to 1.16 billion. The Weixin Mini Program ecosystem became increasingly vibrant, with an annual transaction volume of over RMB800bn. QQ's popularity among the younger generation continued to increase with enhanced chat and friend recommendation features, as well as expanded entertainment use cases via Mini Programs. QQ smart devices MAU, however, declined 7.5% YoY to 647 million as Tencent proactively cleaned up spamming and bot accounts.

[2] According to QuestMobile, ranked by average daily active users on iOS and Android in December 2019.
[3] Calculated with total time spent on iOS and Android in December 2019, according to QuestMobile.

China's online games market recovered in 2019 following the resumption of in-game monetisation licence approvals in December 2018. Tencent extended its leadership in this market with the increasing popularity of Honour of King and Peacekeeper Elite. It has also made significant breakthroughs in self-developed games for the international markets, with five of the top 10 international mobile games by daily active users (DAU) developed by Tencent and its subsidiaries in the fourth quarter of 2019. PUBG Mobile is currently the most popular international mobile game in terms of DAU and MAU in the first quarter of 2020. Call of Duty: Mobile was 2019's most downloaded new mobile game and won The Game Awards 2019's Best Mobile Game award. Supercell's Brawl Stars was one of the best performing original IP mobile titles in 2019. Tencent's international revenue rose to 23% of its total online games revenue in the fourth quarter of 2019.

TENCENT

9/20

Tencent and its ecosystem continue to lead in China with nine out of the top 20 mobile apps by DAU[2].

59%

Among the top 100 mobile apps in China, Tencent and its ecosystem takes up around 59% of all time spent online by users in China[3].

Despite the challenging economic and regulatory environment, Tencent achieved robust advertising revenue growth by progressively realising the long-term potential of Weixin Moments and expanding its mobile ad network. Tencent video subscriptions exceeded the 100 million milestone in 2019. Music subscription growth accelerated as it benefited from the pay-for-streaming model.

Tencent operates the largest mobile payment platform in China by active users and transaction volumes, with over 800 million MAU and over 50 million monthly active merchants. The average number of daily commercial payments transactions exceeded 1 billion in the fourth quarter of 2019 as Tencent deepened penetration among offline merchants. Tencent's wealth management platform, LiCaiTong, increased its aggregate customer assets over 50% YoY, while its number of customers more than doubled YoY as it expanded into the mass market. In cloud, Tencent currently has over 1 million paying customers and continues to outgrow peers with increasing scale and higher operating efficiency.

Tencent has been working relentlessly to help mitigate against the impacts of Covid-19 in China. High traffic platforms such as Weixin and Tencent News are serving to update the public with official news related to the pandemic. Tencent has provided the public with a range of remote working and access to remote healthcare services to help with navigating throughout the pandemic. Tencent Meeting has exceeded 10 million DAU within two months of its launch in late December 2019, making it the most-used dedicated video conferencing app in China. Tencent has also deepened the integration between Weixin and WeChat Work to facilitate customer management and sales conversion. This has benefited the millions of enterprises who used WeChat Work to resume work in the wake of the coronavirus outbreak. Over 300 million Weixin users have utilised Tencent Health Mini Program for real-time pandemic data, online consultations and AI-powered

Social and internet platforms continued

self-diagnosis services. Through Tencent Medipedia, users can access reliable and professional medical information. Tencent has also provided medical AI imaging capabilities to assist the diagnosis of Covid-19.

Tencent made notable progress on its environmental, social and governance performance in 2019 in areas such as technology education, rural poverty alleviation, environmental conservation, cultural inheritance and board diversity.

Looking ahead

During the Covid-19 pandemic millions of users have cultivated new online habits in areas such as online working and online schooling. Tencent expects this to have a lasting impact and will accelerate China's digital transformation. Therefore, in addition to meeting the immediate needs for its products brought about by the pandemic, it is proactively developing its capabilities to anticipate and respond to long-term demands as the country digitises.

Tencent is listed on the stock exchange of Hong Kong. Extensive further information is available on its website www.tencent.com.

Mail.ru

The opportunity

Russia is Europe's largest internet market, with 95 million users, 61% of which are mobile users.

Mail.ru is the largest internet group in Russia

Despite increasing competition across all sectors, particularly from Facebook, Instagram and WhatsApp, Mail.ru remains the leading internet group in Russia by users with 31 million DAUs across its platforms.

For the year ended 31 December 2019, Mail.ru's revenues grew 22% to RUB87.1bn. This was driven primarily by the growth in online advertising revenue and massive multiplayer online games revenue, and new revenue streams in food delivery and classifieds.

VKontakte (VK), the most popular mobile messaging and social networking app in Russia, continued to perform well. Total MAU reached 71.6 million, of which 65.2 million were mobile users. The VK Mini Apps platform expanded rapidly to a current offering of over 13 000 active Mini Apps, while platform MAU increased 14 times YoY. Mini Apps allow users to play games, shop, communicate, order food, look for jobs and much more, all within the VK ecosystem.

MAIL.RU

31m

There are currently 31 million daily active users across Mail.ru's platforms

Mail.ru's online games segment also continued to perform well, with solid performance in the established titles, including Warface, Hustle Castle and War Robots, and in new releases such as Lost Ark and American Dad! Apocalypse Soon. International revenues accounted for 68% of total online games revenue.

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. A transformational AliExpress Russia joint venture between Mail.ru, Alibaba, MegaFon and Russian Direct Investment Fund was launched in October 2019. This integrates Mail.ru's crossborder ecommerce platform Pandao with Alibaba's AliExpress and Tmall services in Russia. In December 2019, Sberbank and Mail.ru completed the formation of a Russian O2O services platform joint venture focusing on food-tech and mobility. Mail.ru contributed its food-delivery business Delivery Club and 29.67% stake in Citymobil, Russia's second-largest taxi app, to the new entity.

In February, Mail.ru's board of directors approved the listing of global depositary receipts (GDRs) of the group on the Moscow exchange.

Looking ahead

Mail.ru will continue to transition its strong and well-diversified product portfolio and partnerships into a broader internet ecosystem via cross-selling and deeper integration.

Mail.ru's depository receipts are listed on the London Stock Exchange. Further information is available on its website www.corp.mail.ru.

Managing risks and opportunities

At heart, we are entrepreneurs. We seek to create sustainable value by building leading technological companies that enrich communities.

Our success is driven by our culture in which people are empowered to promptly respond to business opportunities while keeping risks within defined acceptable levels.

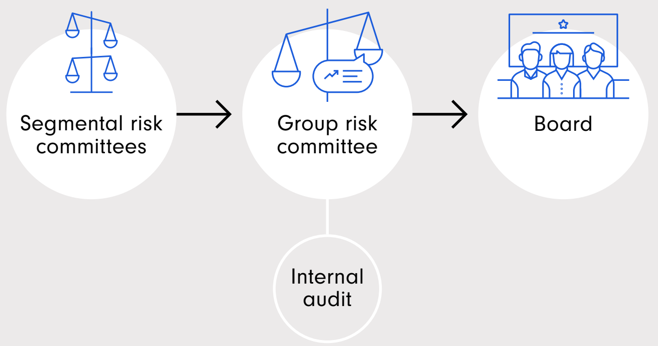
We are committed to applying principles of good governance, as well as complying with laws and regulations as applicable in the territories in which we operate, and as dictated by the listings requirements of relevant securities exchanges. Our governance structures, policies and processes are designed to accomplish this.

How we consider opportunities and govern risks

In order to create stakeholder value in the broadest sense and in a sustainable manner, the six capitals transformation model is considered useful to analyse business opportunities and risks. We aim to achieve an overall net positive capitals transformation through our strategy execution.

In setting our strategy, we evaluate strategic opportunities and select objectives that drive performance (for example improved working capital efficiency) directly or strengthen our business (for example investing in people development) – or both. We select those objectives that we consider to be the greatest drivers of value for our stakeholders. We achieve these objectives by transforming capitals as defined by the six capitals model.

Risk management



This approach gives rise to various risks, which present themselves as either overconsumption of any of the six capitals (higher input than intended) or underproduction (lower output than intended). We may also identify opportunities for increased efficiency (lower input than anticipated) or more effective production (higher output than anticipated) in any of the capitals and therefore, exceed against our original objectives.

The parameters to create value for our stakeholders are set and monitored by our board of directors and supporting governance committees (refer to governance structure on page 80).

These parameters include policies that govern our risk management and compliance processes, and relevant tolerance levels for individually identified risks. In order to operate within this parameter our businesses are required to apply a methodical approach to governing risk and opportunity.

Key risks are evaluated by segmental risk committees and are reported to the board. The risk committee assists the board to ensure that risks and opportunities are governed as intended and achieve desired outcomes.

Roles and responsibilities

Management and the board are accountable for the choices and decisions we make, how we execute these and for delivering a commensurate reward – ie value in its broadest definition – within the parameters of the risk profile the board deems acceptable.

As the group continues to evolve and invest in companies that operate at different maturity levels, risk tolerance levels are set top-down, and management of the business segments is accountable to manage risk within these levels.

The responsibility for managing risk lies with the owner of risk: in most cases operational management, assisted by the finance function and, where considered useful in our businesses, specialised risk management and risk support functions.

Group internal audit and risk support assess the effectiveness of the system of risk management and internal control and may provide assistance and guidance to the business.

Analysing and responding to different risks

Our businesses are expected to apply a defined, structured approach to identifying, assessing, analysing and responding to risk and opportunities within tolerance levels set by the board.

Identify → Assess → Analyse → Respond

Our risk analysis focuses on the impact of risk on our objectives without losing sight of any opportunities that may arise.

For risks we are not prepared to accept, we act to reduce our vulnerability.

Depending on the importance of the risk in relation to tolerance levels, active management of the risk takes various forms and varies in extent.

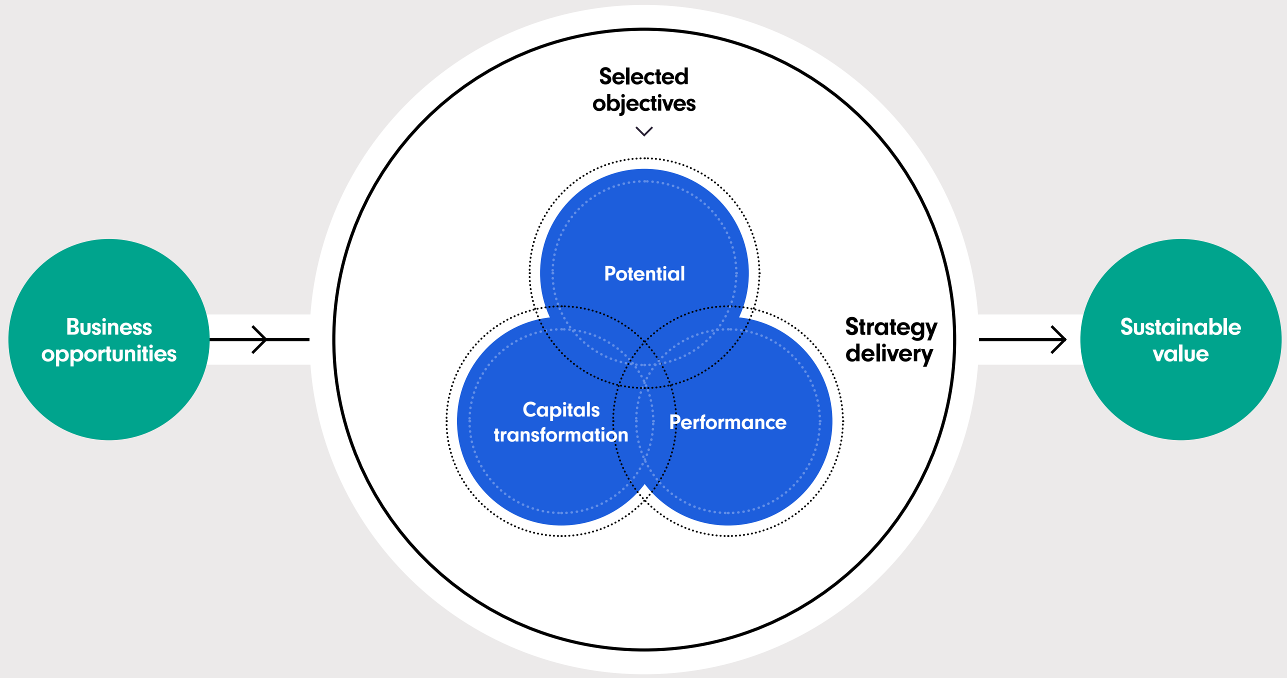
Managing risks and opportunities continued

Monitoring of key risks

The board, assisted by its committees as applicable, periodically reviews and monitors the risk profile of the group and any developments thereto. This is to determine that the profile remains in line with the overall risk appetite and, for individual key risks at the consolidated level, stated risk tolerance levels. The key risks that are considered to determine the overall profile are linked to the six capitals.

For this purpose, the businesses, assisted by the various support functions, submit regular reports on the key risks and any changes in the business.

Objective-driven dynamic approach



Our six capitals

- Financial
- Human
- Manufactured
- Intellectual
- Social and relationship
- Natural

···· Risk impact
···· Improvement opportunity

Key areas of focus in the year from an opportunity and risk perspective

1. During the year we have pursued opportunities and invested in:

- Growing and strengthening our businesses in the various segments, through further financing of organic growth and acquisitions.
- Product and technology development, supported by development of ML and AI.
- Business resilience through investing in infrastructure and cloud solutions and enhancement of cybersecurity.
- Talent management.

2. Sustainability

- Enhanced integration of sustainability aspects into our strategy setting, execution and reporting.
- We continue to develop our annual report to improve non-financial information disclosure.
- Enhanced data governance and ensuring compliance with data-privacy regulation around the world.
- We have strengthened our legal compliance teams and processes.
- Reduce our carbon footprint, by zero-rating the group travel emissions by way of partnering with climate-neutral organisations.

3. Responding to the global Covid-19 pandemic outbreak

- We deemed Covid-19 a global crisis in early February 2020 and have been implementing protocols globally and locally since then (refer to pages 14 and 15).
- Our work includes scenario planning for how Covid-19 could evolve, the impact this could have on the countries we live and work in and the businesses we operate and invest in. We are assessing key business risks across our core segments and putting in place mitigation plans.

Monitoring of key risks

Capital	We aim to	Key risks	Measures to respond to opportunities and manage risk	Changes to risk to be considered
Financial capital				
At heart, we are entrepreneurs. Within the parameters set by the board, we continuously pursue growth, and set ourselves ambitious goals that create sustainable value for our stakeholders. We actively seek opportunities to improve and strive to preserve the value created within our existing businesses.	• Focus on investments in business models and technologies that hold promise for future growth and have potential to scale globally. • Benefit the countries we operate in by creating business for local suppliers, employing people and giving governments their dues via taxes and levies. • Manage our assets and liabilities with regard to the interests of our investors and other stakeholders and in accordance with board-approved risk appetite. • Comply with relevant company law and securities exchanges regulations. • Report accurately on our financial position and performance in accordance with applicable accounting standards. • Avoid obsolescence of products and services. • Minimise our investments in working capital.	• Global and political market disruptions. • Insufficient funding to realise our ambitions. • Unexpected changes in the value of our assets. • Currency exchange fluctuations as well as navigating applicable exchange controls. • Failing to compete effectively. • Credit and counterparty risk. • Fraud-related crimes and theft. • Financial misstatement and/or failure to accurately disclose in our public reports. • Most of our businesses are subject to extensive laws and regulations: legal or regulatory developments, including changes in tax laws, may have an adverse impact on our businesses. A number of new laws and regulations around consumer protection and privacy have been passed globally.	• We do not tolerate risk levels that impose an immediate threat to the group as a going concern. We tolerate currency translation risk as it is uncontrollable and, while short- and mid-term movements may be volatile, on the long run they are expected to be less impactful. • We promote the operation of an effective internal control environment (no major failings have occurred to the knowledge of the directors) in our businesses and the audit committee oversees that the overall assurance sourced from various providers is sufficient to base upon the board's assessment on key risks in the overall risk profile. We respond swiftly to any cases of fraud displaying a zero-tolerance policy and in accordance with local laws. • We develop and use AI, inter alia, to counter fraud and platform abuse. • We have strong inhouse teams to monitor global and social/political developments, including legal, tax and regulatory, and adjust quickly. We diversify markets in which we invest. • We allocate significant resources to analyse market developments and invest in early-stage opportunities to stay ahead. Development cost can generally be terminated at relatively short notice. • We act early to ensure we have the funds and resources to realise our ambitions over the longer term and we manage the balance sheet conservatively. We currently have a large cash position and spread the maturity of debt facilities. We also ensure the group has unutilised debt capacity to tide it over in times of difficulty. • We invest funds and manage our cash and currencies in accordance with our group treasury policy which, inter alia, sets minimum standards to mitigate risk of counterparty default. • In exercising our business strategy, we perform regular country and business reviews. We periodically perform and report on impairment of our investments. • We operate a legal compliance programme, focusing, inter alia, on bribery and corruption as well as anti-money-laundering and particular restrictions specifically. We implement specific controls, such as diligent know-your-customer (KYC) processes and fraud detection. • Leading advisers are used for reviewing markets or businesses, including due diligence processes, and legal and/or compliance-related risks are managed in consultation with external lawyers and specialist advisers within specific legal jurisdictions. • We perform regular reviews of tax compliance and specific risk areas and apply responsible corporate citizenship as taxpayers while operating within tax control frameworks. • We execute on a communication strategy for our shareholders and other stakeholders. Our internal relations team and our communications department are closely involved in every step of the process. Published segmental results enable the investment community to form an opinion of the valuation of the individual businesses in the group. • We comply with IFRS-EU accounting standards. • In our payments segment, we operate rigid controls and escalation processes in relation to: — assessing and approving merchant applications — monitoring high-risk merchants, and — chargebacks. • The audit committee and PwC rigorously apply regulations around audit independence. Regular reviews of the effectiveness of auditors and their independence are performed. • Both at the group level and at the individual business level, we operate adequate insurance programmes for various classes of risk and place cover with reputable underwriters.	Global market disruptions, mainly as a result of the global Covid-19 pandemic outbreak on top of heightened political and international trade tensions may impact on our ability to grow our businesses and deliver returns for our capital providers.

Monitoring of key risks continued

Capital	We aim to	Key risks	Measures to respond to opportunities and manage risk	Changes to risk to be considered
Human capital				
We acknowledge that our employees' competencies, capabilities and experience, as well as their drive and engagement, is key to our success.	• Attract and retain high-calibre individuals to execute on strategy and build sustainable businesses. • Back entrepreneurs and local teams by providing them with resources to accelerate growth. • Provide our employees with focused career development and training. • Foster a safe and healthy working environment where people feel cared for, heard and supported in their ambitions. • Reinforce the leadership pipeline and accelerate the growth of top talent. • Support the ongoing development and growth of our businesses and equip our people with new skills for tomorrow. • Develop core business skills in the segments we invest in. • Be fair and responsible in our remuneration practices and have a pay-for-performance remuneration strategy. • Encourage diversity in our teams and thinking and build inclusive workplaces. Our employment philosophy is founded on promoting equality and preventing unfair discrimination. • Be compliant with relevant labour laws in the countries where we operate.	• Human rights violation, including unfair treatment and remuneration, or engaging in practices that may adversely affect humans in any of the six capitals. • Inability of existing employees to adapt promptly to changes in market and innovation and adapt business strategies accordingly. • Failing to attract and retain sufficient talent to execute strategy, especially scarce talent in technology development and data science. • Non-compliance with applicable occupational health and safety (OHS), and labour and economic empowerment laws. Our ecommerce businesses are exposed to increased OHS risk with management of warehouse facilities. • Outbreaks of transmittable diseases may pose real risks to the health of our staff, especially with our global businesses and employees travelling regularly between territories. The Covid-19 outbreak has affected most of our businesses globally. Working from home for extended periods due to government lockdown measures may affect the productivity and wellbeing of our employees.	• Our legal compliance programme ensures compliance with applicable OHS, labour, economic empowerment, transformation and diversity laws. Human resources policies and procedures to address talent attraction, management and retention, development, succession planning, fair and responsible remuneration, working conditions, grievance procedures and diversity, inter alia, to protect employees from human rights violation. We monitor labour legislation in the various countries we operate in and ensure we comply. Our governance guidelines and sustainability programmes aim to ensure that we do not indirectly impact on UN human rights principles. • Our food-delivery businesses apply specific procedures to the hiring and monitoring of independent contractors. • Strategies to develop employees and attract talent to meet the business's objectives, including learning and development initiatives (through MyAcademy that is on demand, online and classroom-based), training, and employee wellness initiatives across the group. A global talent function focuses on attracting, retaining, developing and engaging people with key skills and rewarding exceptional performance. • We do not accept material breaches of the applicable OHS laws which may result in injury or death. Business units are required to sign off annually on OHS compliance and any material incident must be reported to the risk committee, and corrective action taken to prevent future occurrences. • OHS audits conducted in some countries. • Close monitoring of travel advice by authorities and statements issued by WHO. • We have low tolerance for vacancies in key positions (for longer periods of time). • We prepare and table succession plans annually to the human resources and remuneration committee. • We benchmark our remuneration practices and structure them to attract and retain critical talent necessary to achieve our objectives. These practices are overseen by the human resources and remuneration committee.	Increasing as a result of shortages of necessary talent and the effect of the global Covid-19 pandemic outbreak. Food delivery is enabled by a high number of drivers, who for the largest part are independent contractors but nevertheless require attention from various points of view from human resources, OHS and fair treatment.
Manufactured capital				
Manufactured capital is key to our services and operations. Across the group, manufactured capital may include: • Office, service centre and warehouse buildings and equipment. • Information and technology infrastructure and equipment. • Distribution networks (such as customer service centres, retail outlets and courier services). • Public infrastructure such as roads for delivering goods. • Vehicles. • Inventory/stock.	• Ensure that office buildings, warehouses, retail outlets, vehicles and equipment are efficient, well maintained and adequately insured against relevant risks. • Operate a secure and resilient technological infrastructure. • Manage our outsource partners to deliver on agreed service levels. • Avoid obsolescence of products and services held for sale by procurement and inventory management. • Minimise our investments in working capital.	• Natural or human-induced disaster, and political risk. • Most of our businesses own either buildings (eg, offices, outlets, warehouses) and/or leasehold improvements and various types of (IT) equipment, office furniture, vehicles and other. Failure to operate these assets efficiently and/or to maintain these adequately could result in service interruption or write-offs and affect profitability. Furthermore, such assets are subject to potential theft and damage, which could result in losses should they not be appropriately insured. • Failure of software, systems or infrastructure (eg, due to technical failures or cyber-attacks) could disrupt continuous services to our customers, affecting satisfaction. • Data fraud or theft (hacks). • Our South African businesses in particular may suffer from power shortages. • Some of our businesses, especially in the B2C segment, carry significant inventory. Our Classifieds segment engages in car trading and may hold meaningful investments in cars for sale at points in time. Such inventory is subject to a wide range of risks, such as obsolescence, shrinkage and theft (including robbery of warehouse premises) and damage.	• The group's subsidiaries are required to act in line with the group's good governance guidelines, which, inter alia, aim to ensure effective management of IT- (and cyber-) related risks across the group. This includes risks of data/information security breach and business interruption, for instance by implementing and testing disaster recovery plans as part of their overall business continuity planning. • In territories where continuous power supply is a risk (as in South Africa), our businesses have contingency backup in the form of generators in place. • Robust business planning, including working capital. • We maintain adequate short-term insurance cover for our assets and consequential loss of income due to business interruption. • Asset maintenance programmes. • Contracting with and regular performance evaluations of our service providers. • We maintain adequate service-level agreements with outsourcing parties. • We run SAP in most of our B2C businesses and invest in other support systems to optimise our inventory planning and management and to ensure efficient warehouse operations. • Our warehouse operations and procedures include rigid access control, separate storage of high-value goods, camera observation, etc.	Moving our IT operations to the cloud makes us asset lighter and more resilient against cyber-attacks but increases our dependency on outsourced services suppliers. Cybercrime remains rampant and requires significant focus and investment to protect our data and manage cybersecurity risks. The global Covid-19 pandemic outbreak may impact on the net realisable value of components of the inventory held by our businesses.

Monitoring of key risks continued

Capital	We aim to	Key risks	Measures to respond to opportunities and manage risk	Changes to risk to be considered
Intellectual capital				
Intellectual capital (knowledge-based intangibles) includes intellectual property (IP) such as patents, copyrights, trademarks, domain names, confidential information, as well as institutional knowledge, systems, procedures and culture.	• Use intellectual capital to drive customer-focused development and innovation strategies. • Adequately protect our intellectual capital and not infringe on rights of others. • Produce and acquire valuable content for consumption by our customers through our various platforms. • Cultivate positive, innovative, ethical cultures within the group. • Build intellectual capital through continuous investment in our people and knowledge-sharing programmes throughout the group.	• Ineffective response, including insufficient innovation, to meet our customers' changing demands and consumption patterns. • Improper use and/or inadequate protection of IP, customer and privacy-sensitive data and other confidential information may cause us to lose market share, revenue and opportunities, whereas loss of privacy-sensitive data could give rise to regulatory action, including levying of fines. • Reputational damage or liability due to infringement, theft or misuse of IP and rights of third parties by any of our businesses. • Our systems and the data that they store are subject to various IT security threats, which target sensitive information, integrity and continuity of our services and/or reputation of our businesses.	• Developing strategically important IP assets, as well as attracting, managing and developing talent, encouraging innovation, and managing performance to meet targets. • Developing relationships to grow intellectual capital, for example, relationships with universities, think tanks and others. • Research and development spend strategies linked to value creation. We hold regular strategy and operations reviews, also to assess product and service development. • Protect IP rights against infringement through effective cybersecurity measures guided by our global security policy. We prioritise cybersecurity and the continued development and enhancement of our controls, processes and practices designed to protect our systems and networks from attack, damage or unauthorised access. • Support provided by group head of IP. Group guidelines and monitoring in place. • Compliance with privacy-protection laws and, where applicable, Payment Card Industry – Digital Security Standards, forms part of management's responsibilities. • Internal audit and risk support have a cyber team that actively engages with the cybersecurity experts across the group. IARS focuses on security as part of the design and build process, as well as on the security of live platforms through IT control reviews, IT risk assessments, penetration testing and ethical hacking. • Our companies adopt agile development methods.	Increasing as we need to increase our investment in data-driven technologies and run heightened risk of technology obsolescence or falling short in building AI/ML solutions towards our service and product offering.
Social and relationship capital				
We acknowledge that we are required to act in line with our values and code of business ethics and conduct, and carefully manage both internal and a wide array of external stakeholder relationships.	• Build trust and maintain the businesses' licences to operate, our brands and reputation. • Cultivate an ethical culture. • Engage with our stakeholders and respond to legitimate and reasonable issues raised. • Meet the requirements of regulatory and financial authorities (including securities exchanges) and participate in the development of policies beneficial to societies and markets in which we operate. • Comply with relevant company and other applicable laws. • Sustain corporate social initiatives focused, targeted and linked to business strategy.	• Unethical behaviour in breach of our code of business ethics and conduct, including bribery and corruption and unfair treatment of stakeholders. • Loss of consumer trust, for example failing to deliver on our service promise, data-security breaches, non-compliance and inferior product offerings. • A breach in customer, employee or business-partner sensitive data resulting in identity theft, discrimination or possible financial losses. • Non-compliance with laws and regulations in the countries where we operate, specifically, but not limited to company law, data privacy, anti-bribery and anti-corruption, taxes and duties, licence conditions, consumer protection, anti-money-laundering, and international sanctions. • Non-compliance with the rules of Euronext Amsterdam, the JSE, LSE or Euronext Dublin stock exchanges could result in the suspension of Prosus and Naspers shares and bonds from trading. • Negative impact as a result of our business operations or products in societies in which we operate. • Infectious diseases affecting societies in which we operate.	• Management is committed to setting the right tone at the top and we communicate our values as per our code of business ethics and conduct. • We appoint leaders to develop and oversee the rollout of communications on company culture. This includes a company's purpose, mission, values and beliefs. • We run ethics awareness initiatives, ensuring ethical standards for services and products provided. • Anti-bribery and anti-corruption training and programmes as part of the legal compliance programme. • We make our OpenLine whistleblower facility available for employees to report suspected unethical behaviour. • Measuring and monitoring strength of customer relationships (such as Net Promoter Score) and strategy to ensure customer satisfaction. • The group actively manages stakeholder relationships and responds to legitimate and reasonable issues raised by major stakeholders. We strive to provide increasing transparency, primarily through our annual report and various stakeholder meetings, presentations and leadership interviews throughout the year. • We continue to strengthen our regulatory teams, increase engagement with regulators and invest in corporate affairs, government relations and communication while operating a robust legal compliance programme. • Adopting measures to protect customers (including frameworks and policies in place, and training and awareness) and ensuring customer privacy and data security are managed and monitored. This includes measures to protect against cyberthreats. • Data privacy is managed by our data-privacy team and measures are taken to protect all sensitive data, including compliance with laws per territory. We further ensure our platforms conform to data-privacy requirements.	No change.

Monitoring of key risks continued

Capital	We aim to	Key risks	Measures to respond to opportunities and manage risk	Changes to risk to be considered
Social and relationship capital – continued				
			• Corporate social investment programmes that benefit the community and the business, such as providing learning and internship opportunities to students, contributing to the community and improving employment in the country, but also contributing to the human, intellectual and financial capitals of the business in the long term. We have a number of social responsibility and social impact projects that aim to uplift communities in which we operate – these projects are based on the needs identified per territory. • The company secretary manages compliance with stock exchanges' rules where Prosus securities are traded, including required submissions of reports and updates. • The group's tax department proactively engages with tax authorities and has developed a tax control framework to enhance transparency and respond to increased scrutiny from tax authorities. • We apply best practice in our recruitment and selection processes. • We periodically survey employee engagement and take corrective action where needed. • Selection, onboarding and evaluation of drivers and running safety (awareness) programmes. • Our businesses increasingly put insurance programmes in place to cover relevant drivers' liabilities. The insurance markets, however, are still in development in this respect. • Management of our businesses run crisis simulation exercises from time to time. • Internal audit periodically assesses the risk culture of selected entities. Results are indicative of the company's control environment and are discussed with segment and local management. • The company accepts that infectious diseases are outside of our immediate control, and as a group we help to ease the impact on societies by way of financial assistance in some countries (refer to pages 14 and 15 for further information).	
Natural capital				
We acknowledge that we are required to act in an environmentally responsible way. As a technology investor, the group has a relatively low impact on natural resources. Our businesses consider the extent to which natural capital may significantly affect current or future operations; trigger legal or regulatory processes or fees, such as emission fees; have a financial impact, eg on insurance conditions; and affect company image or relationships with stakeholders, eg changing customer and employee preferences. Each business's responses to mitigate key risks and pursue opportunities will differ depending on the unique risks and opportunities in its operating environments.	• Comply with laws and regulations that relate to the environment. • To be useful to the communities we serve, acknowledging that environmentally responsible behaviour forms part of that. • Take advantage of opportunities to reduce our environmental footprint. • Invest in high-growth markets and credible sustainable products that may offer new revenue streams.	• Increased natural hazard costs, security costs or resource costs. Increased compliance costs, new regulations or licence fees. • Changing customer, supplier and employee values or preferences may lead to reduced market share and decreased loyalty. • Our businesses as well as local communities where we operate may face reduced access to, or availability of, natural capital (eg water) or related ecosystem services. • Worldwide extreme weather changes. • Rise in consumption of electricity due to increased use of technology, leading to increased carbon emission footprint, adversely impacting climate change.	• We comply with laws and regulations that relate to the environment. • We are a service company and prefer to invest in platform businesses, and as a result, our business models have an inherently lower natural capital requirement. Some contribute to reusing of products instead of buying new (eg Classifieds). • Our diverse businesses across the group adopt appropriate environmentally sustainable practices minimising the impact on the environment, for example energy-saving, water-saving and recycling initiatives. • Our sustainability programme initiatives include partnering with relevant climate groups to counter our effects, an example being zero-rating our travel carbon emissions by financing climate initiatives in emerging economies such as forestation and renewable-energy sources. • We continuously seek to address ESG issues in the countries where they are most needed, for example, through our Greenseat partnership we contribute to projects based in India, South Africa and Brazil. • Reducing operational costs by minimising consumption and impact. • Reducing environmental compliance/regulatory fees and charges.	Zero-rating of FY20 travel emissions. We currently report scope 1 and scope 2 emissions. We are in the process of prioritising the sustainability matters, including environmental matters, that are material to the group and to the individual businesses. Refer to progress made against our sustainability plan in the focusing on sustainability section on page 60. This will inform our action plans and focus areas. We will report on the outcome of this process in next year's report.

Sustainability review

Contents

We focus on ensuring sustainability
to empower people and enrich communities

Focusing on sustainability

At our core we strive to have a lasting positive impact on people's lives around the world – empowering people and enriching their communities long term. This has always been a fundamental part of who we are and what we do and we continue to evolve and strengthen the way we live up to our commitment to sustainability.

Our commitment

We are a responsible business committed to creating sustainable value for all our stakeholders.

Our commitment to sustainability is set out in our sustainable development policy on **www.prosus.com**. Operating as a sustainable business presents both opportunities and risks. Critical global risks include those reported on in the annual World Economic Forum's Global Risks Report. We recognise that our stakeholders are taking a growing interest in the long-term sustainability of our operations.

We take our responsibility seriously and are fully committed to identifying and focusing on our goals under our board-approved group sustainability plan.

The board oversees sustainability and the progress made against the sustainability plan. Our risk, and Naspers social, ethics and sustainability committees assist the board in this.

We measure and report on the sustainable value we create across the six capitals set out in the International Integrated Reporting Framework: financial, human, intellectual, manufacturing, social and relationship, and natural capital.

We recognise the importance of the six capitals and the United Nations' Sustainable Development Goals (UN SDGs), which address global challenges and aim to achieve a sustainable future for all.

As we continue to refine and evolve our sustainability strategy, we are working to identify and focus on the SDGs where we can make the biggest positive difference. Throughout this report we highlight examples of our impact against these SDGs.

Stepping up our sustainability focus

Our ongoing journey → **2019** → **2020** → **Next steps**

2019

In 2019, we began a programme of gap analysis:

- We researched and analysed the most prominent environment, social and governance (ESG) requests received by the group, as well as publicly available sustainability information of other peer and non-peer companies.
- We conducted interviews with key group stakeholders in the various group functions.
- We engaged with the in-scope businesses in a number of ways, including face-to-face and online workshops.

2020

In 2020, we identified key sustainability themes for the group to focus on in the next three years and what we need to do to develop detailed action plans. Identified topics cover employee, customer, societal and environmental themes.

Next steps

As we move forward we intend to articulate and prioritise our group approach and strategy on topics that cut across the group and others that are more business specific.

The next step is to more clearly define our sustainability objectives, including formulating business-specific strategy and actions. This will enable us to translate key themes into goals and key performance indicators in the business plan, and to track, monitor and report on progress made over time.

Our aim is to ensure our sustainability initiatives are incorporated into strategy, business plans and day-to-day decisionmaking, and to develop appropriate reporting.

We will focus on the material issues and SDGs on which we can have the biggest positive impact.

In the About this report section on page 4, we list the legislation and frameworks that inform our reporting.

We recognise the importance of the UN SDGs and the six capitals. On pages 19 and 20, we articulate our long-term value creation across the capitals, as well as our contribution to the SDGs.

Operating responsibly

We are committed to operating responsibly throughout the group. Our commitment starts at the top with our board. We reinforce it through our tried-and-tested strategy, our groupwide culture and the guiding principles and policies we share with our different businesses. We bring it to life across the key areas set out in the sustainability review and governance section.

Our framework

Every year we review our sustainability as part of our strategic planning. In the past two years we have progressively stepped up our planning in terms of sustainability and we are looking to continue with this in the years ahead. This builds on our long-term commitment as a group and also the different initiatives already under way across our diverse range of companies.

Our ongoing journey

To ensure we live up to our sustainability commitment, we will continue to:

- Align with the most appropriate reporting frameworks to support how we report.
- Engage with investors on environmental, social and governance (ESG) matters.
- Analyse the overlap between ESG reporting requirements and other reporting frameworks.
- Refine and evolve our sustainability approach through research, education and engagement.
- Report on progress to our risk committee and board, Naspers's social, ethics and sustainability committee, and also in our annual report.

We have also included the following disclosures as required by the EU non-financial reporting directive (NFRD):

Category	Criterion	Reference annual report
Company business model		Group overview: Delivering sustainable value throughout the year (page 19)
Diversity	Policy and targets	Governance, Governance for a sustainable business (page 79)
	Implementation and results	Governance, Governance for a sustainable business (page 79)
Social matters	Policy and description	Sustainability review, Data privacy and protection: Our commitment; Our approach (page62) Sustainability review, Our people: Attracting, developing and rewarding our great people (page 67); Investing in learning and development (page 67); Cultivating a strong groupwide culture (page 68); Focusing on health, safety and wellbeing (page 69)
	KPI/Outcome	Sustainability review, Our people: Attracting, developing and rewarding our great people (pages 67 to 70) Investing in learning and development (page 67); Focusing on health, safety and wellbeing (page 69);
	Risk	Managing risks and opportunities (page 53)
Environmental matters	Policy and description	Sustainability review, The environment (page 71)
	KPI/outcome	Sustainability review, The environment (page 71)
	Risk	Sustainability review, Our impact on the environment (page 71)
Human rights	Policy and description	Governance: Legal compliance, anti-bribery and anti-corruption, and human rights (page 84)
	KPI/Outcome	Governance: Legal compliance, anti-bribery and anti-corruption, and human rights (page 84)
	Risk	Governance: Governance for a sustainable business: Legal compliance, anti-bribery and anti-corruption, and human rights (page 84)
Bribery and corruption	Policy and description	Governance: Legal compliance, anti-bribery and anti-corruption, and human rights (page 84)
	KPI/Outcome	Governance: Legal compliance, anti-bribery and anti-corruption, and human rights (page 84)
	Risk	Governance: Legal compliance, anti-bribery and anti-corruption, and human rights (page 84)

Our alignment to the SDGs

As a global consumer internet group and technology investor, the group contributes to the UN SDGs on multiple levels and with different intensities. Prosus contributes to the SDGs on a group level through its strategy, its groupwide policies and its inherent investment activities. This results in a core focus on three main SDGs. Moreover, Prosus also contributes to the UN SDGs through the strategies and the initiatives sustained by many of its businesses worldwide.

Goal	Reference annual report
Contribution at group level	
5: Gender equality Prosus strives to contribute to global gender equality and inclusiveness through its employment practices by creating a diverse and inclusive work culture.	**Sustainability review:** • Our people: Focusing on gender diversity
8: Decent work and economic growth By investing in innovative businesses all around the world and actively promoting entrepreneurship, skills, development, access to financial services, Prosus is contributing to provide decent work and economic growth worldwide.	**Group overview:** • Our business model **Performance review:** • Introduction
9: Industry, innovation and infrastructure Prosus supports businesses that develop financial and trade infrastructure worldwide. By investing in payment businesses and online marketplaces, Prosus contributes to the development of infrastructures and innovation in development of countries.	**Group overview:** • Our business model **Performance review:** • Classifieds • Payments and Fintech • Food Delivery
Contribution at business level	
3: Good health and wellbeing Through our employee value proposition and employment practices worldwide, we actively promote and encourage the wellbeing of our employees by implementing health insurance coverage programs in our businesses locally. Through our various businesses, we also contribute to improving health and wellbeing of our delivery partners and communities.	**Performance review:** • Food Delivery (iFood) - Improving driver safety; Promoting wellbeing; and Helping drivers learn and prosper • Etail (eMAG): Promoting employee wellbeing **Sustainability review:** • Our people – Focusing on health, safety and wellbeing; and Taking the lead (Swiggy on welfare and training of delivery partners)
4: Quality education By developing and investing in online educational platforms, we enhance access to education by allowing the right skills to reach anyone in the world with an internet connection, no matter the age, gender, country, etc. We also allow technical and technological skills that are growing in importance in today's employment market to reach larger audience.	**Performance review:** • Food Delivery (iFood) – Helping drivers learn and prosper • Etail (eMAG) – Enhancing learning and development; and Encouraging educational excellence • Ventures – Focusing on education
12: Responsible consumption and production We actively contribute to more sustainable consumption practices by promoting products' circular journey and sustainable options but also by initiating waste management and waste reduction strategies in our businesses.	**Performance review:** • Classifieds – Championing conscious consumption • Food Delivery (iFood) – Environmental initiatives • Etail (eMAG) – Managing waste **Sustainability review:** • The environment
13: Climate action We recognise the increasing climate risks and strive to minimise our impact on the environment and play our part in addressing climate change. In order to understand our carbon footprint and how to better reduce it, we currently measure our scope 1 and scope 2 emissions. Across the group we have various initiatives underway to minimise our environmental impact.	**Performance review:** • Classifieds – Championing conscious consumption • Food Delivery (Swiggy) – Green cloud kitchens • Etail (eMAG) – Reducing carbon emissions • Ventures (Dott, Quick Ride) – Going green with Dott; and Focusing on India **Sustainability review:** • The environment
17: Partnerships for goals In addition to our own initiatives, we support many organisations and partner at a local level to support the community around our businesses. Our partnerships focus on education, employment, safety and awareness, financial inclusion, hunger, etc.	**Performance review:** • Classifieds – Investing in communities; and Making the most of sustainability • Payments and Fintech – Acquiring Wibmo; and Contributing to communities • Food Delivery – Training drivers in first aid; and Tackling hunger **Sustainability review:** • Artificial intelligence and machine learning – Looking ahead • Our people – Focusing on gender diversity

Data privacy and protection

We are committed to ensuring data privacy and protection. This is core to our business.

Our commitment

We recognise that privacy is an important value and an essential element of public trust.

We strive to be a trusted company and we expect the same of all our businesses. We expect each business to implement responsible data-privacy practices in a way that is adapted to its own circumstances, which considers its business model, the cultures of the countries in which it operates, its compliance obligations, and its human and financial resources.

For many years we have viewed data privacy as critical for the group, not only in terms of good governance and risk management, but also to do the right thing and build trust with our key stakeholders. Accordingly, we have a comprehensive data-privacy governance policy and a privacy programme designed to ensure the vast amount of data across the different businesses within the group is protected and managed.

Our approach

A groupwide policy
Our policy on data-privacy governance sets out the responsibilities, principles and programmes for ensuring data privacy across the group.

It is designed to define and document how data privacy is managed in the group; to promote best practice; to accommodate the different business models, resources, culture and legal requirements across the group; and to support trust in our businesses' products and services.

Clear accountability
The critical foundation is to give clear accountability to individual businesses. Each business is directly responsible for managing data privacy in its organisation.

This responsibility rests ultimately with the CEOs of each business – they lead in implementing the group's policy and are directly accountable for the data-protection programmes and privacy standards in their organisations.

This approach to data privacy aligns with our model of decentralised governance and broader belief in encouraging great leaders and businesses to excel. We believe setting the right shared principles and giving businesses the direct responsibility to enact them is the best way to have a greater long-term positive impact. More broadly, we are fostering a culture of data privacy and looking to businesses to ensure privacy by design, where privacy becomes part of the fabric of day-to-day work rather than an add-on.

Seven data-privacy principles
Each business is expected to respect and implement seven core data-privacy principles. Widely recognised internationally as fair information privacy principles, they are ethical guidelines for the responsible use of data. Critically, they are both universal and able to be applied to the different businesses in the group – from established global players to start-ups in jurisdictions that may not yet have a data-privacy law.

Data-privacy programme
To help businesses put the principles into practice, we have a data-privacy programme designed to scale to their different needs and circumstances. This ensures that our core data-privacy commitment and approach is followed in ways that really work for our businesses. The programme has seven key elements: ensuring executive buy-in; knowing your data; setting policies; training employees; managing vendors and third parties; legal compliance; and reporting.

We are investigating the performance indicators that are most relevant for our operations to report on to our stakeholders.

Supporting and monitoring
The group's data-privacy office supports and monitors the businesses. Help ranges from guidance on implementing the data-privacy programme, a secondment programme that develops and trains future privacy leaders nominated by companies within the group, and advice on any data-privacy implications of mergers and acquisitions.

Businesses provide regular privacy and security reports to group executives as an integral part of ongoing business reviews. The board's risk committee reviews the data-privacy policy and its implementation annually as part of its oversight and governance responsibilities.

Our seven data-privacy principles:

1. **Notice.** We offer appropriate notice about our data-privacy practices.
2. **Individual control.** We honour data subjects' choices regarding their personal data.
3. **Respect for context.** We recognise that data subjects' expectations about fair and ethical use of their personal data is informed by the context in which their data was first collected.
4. **Limited sharing.** We limit unnecessary personal data sharing with third parties.
5. **Retention.** We retain personal data only for as long as we need it.
6. **Security.** We ensure appropriate security.
7. **Governments.** We engage with governments responsibly.

Our progress this year

Artificial intelligence and machine learning
Throughout the year we focused on making sure we are using AI and ML in a responsible way for consumers. It is one of the key issues in our business and we work closely with the AI group team to align AI and ML with data privacy and protection. This includes providing training and setting up guidelines for the AI teams and data-privacy leads across the group. The aim is to make sure we are handling data in the right way across the different businesses both in terms of global policy and ethics, and local regulatory requirements and customer expectations. See page 65 for more information.

"Consumer digital businesses are all about providing customers with something that improves their lives, and doing that in a trusted way. Our user growth and retention are predicated on this underlying trust in good, responsible data practices and that includes data privacy."

Justin B Weiss
Global head of data privacy

Building trust
We also focused on making sure users' experiences are positive by honouring their expectations and avoiding unwelcome surprises. Looking after and using data responsibly to deliver on our promises to users builds trust – the key currency of our consumer internet business.

Increasing regulation
The proliferation of regulation around the world beyond the EU's General Data Protection Regulation (GDPR) was another key area for us. Important strategic markets where we operate, such as China, Russia, Central and Eastern Europe, North America, Latin America, India, Southeast Asia, Africa, and the Middle East have advanced the cause of privacy and in many cases have introduced new legislation, which brings additional focus on regulatory compliance.

In the US, letgo focused on making product and procedure changes to comply with the California Consumer Privacy Act (CCPA), which came into force in January 2020.

In Brazil, iFood and other companies inside the Movile group stepped up and formalised their programmes to ensure they are ready to comply with the LGPD, Brazil's General Data Protection Law, which comes into force in the summer of 2020.

Data privacy and protection continued

In India, we expect comprehensive data-protection legislation to come into force soon. We have been working hard to make sure our Indian investments have a strong awareness of the requirements and how they can leverage the group privacy model and expertise.

Raising awareness and understanding
Throughout the year, we significantly increased levels of awareness and understanding around data security and privacy. This included board-level engagement as well as developing and empowering data-privacy leaders across the segment.

Our secondment programme has been a highly effective way to grow our groupwide network of data-privacy leaders, and fortnightly calls are an invaluable opportunity for the network to share knowledge and discuss issues. In addition, we have been raising awareness among all group employees.

Data privacy and security by design
We have also been investing more time and effort in reinforcing our capabilities to address data-privacy and security issues at the design stage of new products and services and changes to operations. Building data privacy and protection in as early as possible is a key part of our commitment as a responsible consumer internet company and we will be increasing our focus on this in the coming year. We are working closely with the AI team on data privacy and security by design and we aim to do more, at scale, in the coming year.

We have been broadening the scale of our capacity as a group and as a collective of individual internet experts to do privacy assessments that anticipate customers' expectations at an early stage of product development.

To do this effectively, we aim to amplify our central data-privacy expertise and best practice with a growing army of data-privacy champions in the businesses themselves. We are empowering people around the world to understand the privacy issues and focus on local consumer-centric expectations and solutions in the most effective ways.

To this end we are keen to pursue a privacy engineering certification programme which will allow people across the different businesses to become qualified in privacy-by-design analysis. We are looking to cultivate this capability in the businesses across the group. It is an initiative in line with our broader groupwide decentralised approach which will help scale and accelerate our privacy by design. We aim to empower the businesses with the skills and resources to forge ahead in building privacy into their products and services at the earliest opportunity.

Camila's story

iFood Data Protection Officer (DPO) Camila Nagano shares her story of championing data privacy and protection in iFood and Brazil.

"Since college, I really liked the subject – I did my thesis on the right to be forgotten. My first contact with real privacy in practice was when Justin came to iFood and he gave a class on privacy 101 and I was amazed, I loved it. Justin proposed a secondment and the legal general counsel, Lucas, appointed me.

So, I went to Hong Kong on secondment in 2017 – it was a total life-changing experience. Besides getting to know the culture of a completely different country in Asia and meeting people from around the group, I learnt everything about privacy – not only how to understand privacy and prepare myself for the International Association of Privacy Professionals (IAPP) exam but also how to present at executive meetings. This was for me a turning point in what I really wanted to do.

I took and passed the IAPP exam in Europe. When I came back to Brazil, the Brazilian General Data Protection Law (LGPD) was due to be implemented the following year and it was interesting to be part of the preparations. Then the law was approved and everything started for real. That's when I stopped doing technology contracts and other roles and I started to be dedicated fulltime for privacy in iFood. I became one of the first Data Protection Officers (DPOs) in Brazil.

Here in Brazil, people don't have the same privacy culture as in Europe. It's very new, so it is much more than a legal role – it's an engagement role, a policy role and a tech role. I spend much more of my time talking with technology people than with lawyers, and that's very interesting for me. The best thing is that I can use all the experience I have learnt from GDPR and the Brazilian law and combine all the best practice.

One thing that also really helps is having biweekly calls with the group DPO network where we can all share experiences and insights.

We got a lot of attention from outside, because we are one of the few 100% Brazilian technology companies developing from scratch the means to be compliant with the privacy laws. We are pioneering a made-in-Brazil data-privacy solution. I'm really proud of it because we are building our privacy protection from zero. We want the best privacy standards for our users, for our drivers and our employees.

The thing I like the most is that it is never-ending work. Because it's not only about making sure we are compliant with LGPD – it's about the culture, policy-making and being the best we can, to keep building users' trust and bring much more value. There are always going to be new products, new technology and new regulation to discuss and to learn and new cases to think about. So, we can always keep improving privacy inside the company and across the country.

I've been invited to a lot of events to speak in the name of iFood. I am also part of a network of privacy professionals in Brazil, trying to plant the privacy seed around the country.

For me the main opportunity in Brazil is to be part of this educational moment, where we can teach people what privacy means, why it's important, how it's a differential in iFood's products and how we are building that to ensure we deliver data privacy and protection. The future is just starting. It's exciting!"

Cybersecurity

From senior leadership to our central team to the wider community across our businesses – we are deeply committed to ensuring strong cybersecurity.

Leading from the top
The board sets our groupwide cybersecurity policy. It has four key parts: good governance, good protection, good detection, and good response. This forms the backbone of our robust approach. We cascade the policy through the segments to the businesses, giving the businesses ultimate responsibility for making sure they implement strong cybersecurity in line with their own operations and challenges. For example, we expect each business to have the right level of incident management and crisis management to ensure a good response to any security incidents.

Central expertise
Our central cybersecurity team provides expert help and support to the segments and businesses. As part of our internal audit and risk function, the team's approach is to help the development of a competent, agile community of cyber and risk professionals. To this end, the team has three guiding principles:

1. **Cyber is an enabler, not a blocker**
2. **Help manage risk, not spread fear, uncertainty and doubt (FUD)**
3. **Every employee is a cyber warrior**

The team undertakes about 70 advisory and assurance projects a year to help ensure cybersecurity is implemented well around the world by the different businesses, in line with our groupwide policy.

Major focus areas include business resilience, the security of the platforms at the heart of the businesses and, in turn, the security embedded in the software development life cycle.

Regular reporting
The team reports to the risk and audit committees four times a year. On two occasions, it presents an extended report on how well the businesses are doing against the policy – where they are now, where they were six months ago and where they are expected to be in six months' time.

The reports for the risk committee give a comprehensive overview, including the key risks, the biggest challenges and any major incidents. Formal audit reports are provided for the audit committee. This regular reporting enables senior leadership and key governance committees to stay in touch and on top of cybersecurity.

In addition, every three months the team leader meets with the head of internal audit and the group CFO to discuss the most important cybersecurity issues and where to focus in the months ahead.

Focused help and support
The team's audit work ranges from regular informal discussions with security leaders across the group through to formal audits of businesses as and when required.

As part of its advisory brief, the team coordinates a high level of active testing, including hiring teams of ethical hackers as well as using the responsible disclosure platform to stress test defences.

The aim is to keep testing and strengthening the security and resilience of the individual businesses and group as a whole.

The team provides a range of other advisory help and support, from assessing the cybersecurity risks and strengths of a business as part of a mergers and acquisition (M&A) project through to specific issues around a particular platform upgrade or change. The emphasis is not just on providing security advice around the technology but also in terms of helping the businesses meet their challenges, make the most of their opportunities and achieve their ambitions. The ultimate aim is to help our businesses grow and succeed in a safe and secure way.

Building a strong cyber-community
We also cultivate a strong cyber-community across the group. By connecting everyone they can quickly and easily exchange updates and know-how. It's also a great way to build a shared sense of belonging to something bigger and playing an important part in the success of the group as a whole.

Every six weeks the security leads from the different businesses get together on a call hosted by the central team lead. It is a great way for everyone to discuss hot topics and share updates on key events and risks.

This coming September the first of an annual series of cyber-retreats is planned where the security leads can align on strategy and focus on the year ahead.

For the wider cyber-community across the group, an online workspace has proven to be a very popular and effective way for all the security professionals to stay in touch, discuss the latest security trends and risks, and also come together to coordinate responses to incidents.

Cultivating our cybersecurity culture
In November 2019 we held our first Cyber Forward Conference, in Amsterdam. Building on the success of this two-day event, the plan for 2020 is to hold three Cyber Labs, in Latin America, Europe and India. This will enable us to take the event around the world and introduce more experimentation and interactions around building the security and resilience of the businesses.

Looking ahead
As the group grows, we will continue to ensure that cybersecurity remains a key focus across all our businesses. We are looking to broaden and deepen our culture of cybersecurity and also to extend our capabilities. On this front, we will be exploring the creation of cyber-internships, working with a local university in the Netherlands to develop a joint six-month master's programme. It is one of the ways we are investing in the next wave of cybersecurity talent to ensure we keep growing and succeeding safely and securely.

Bringing everyone together
"We travel a lot and we see all the security people from around the group. Our job is to cross-pollinate knowledge and bring best practices to the businesses. No matter how much we share, we cannot share too much."

Trajce Dimkov
Group cyber coach

Our services at a glance

Risk-driven process reviews
- IT risk assessment
- Business resilience assessment
- SDLC assessment
- Application security assessment
- IT general controls assessment

Data-driven deep dives
- Cloud X-ray
- Data X-ray
- Process X-ray

Security testing
- Ethical hack
- Cloud ethical hack
- APT simulation

Resilience exercises
- Crisis simulation
- War gaming

Managed services
- Security posture evaluation
- Crowd-sourced vulnerability programmes

Artificial intelligence and machine learning

We continue to build on our capacity to capitalise on artificial intelligence (AI) and machine learning (ML) across the group.

Critical importance
We have reached the point at which AI and ML are powerful and mature enough to make a critical difference to value creation. Increasingly, AI and ML are part and parcel of how we grow and succeed in improving people's lives around the world. It is a mission-critical enabler for us.

From image-recognition to the ability to interpret text, AI and ML technology has advanced rapidly in recent years. As a data-rich business, we have the fundamental asset – the essential ingredient – to really make the most of this technology's strengths and potential.

Importantly, a natural positive cycle accelerates value creation – the more quality data you can flow into ML, the better your algorithms will be. Better algorithms make better tools which create better services that, in turn, attract and keep more customers, creating yet more good data to flow back into your ML. It is a quality and quantity game – one where we have a distinct advantage in our markets: strong local businesses generating volumes of valuable data for ML. So, for example, when we train open-source image-recognition tools on our proprietary data sets for classifieds, we obtain much more accurate models than otherwise possible. These models, in turn, serve to deliver a more personalised buyer experience and a more streamlined seller experience.

Our central AI and ML team focuses on three key tasks:

1. **To accelerate** – help all organisations in the portfolio activate the tools and opportunities necessary to get the value of ML realised as fast as possible.
2. **To scale** – ensure we use ML efficiently throughout the entire organisation, to serve customers better and improve our operational performance and efficiency.
3. **To embed AI and ML as a super-utility across the organisation** – a horizontal layer of competence and technology that everyone uses, much as we use electricity today. This naturally leads to a new and exciting era of AI and ML by design.

Extending our capabilities
Building on the foundation we established in the last financial year, we have significantly extended our capabilities in AI and ML across the group. The teams have grown as has the capacity to execute across our three core segments: Classifieds, Payments and Fintech, and Food Delivery.

Implementing more models
Fuelled by the increase in capabilities, the number and depth of ML models going into production have almost doubled in a year. We now have many different targeted models touching every aspect of the platforms.

Leveraging learning
We are looking to take full advantage of our platform businesses across Classifieds, Payments and Fintech, and Food Delivery. For example, by applying best practice from the centre and leveraging learning in one segment across all segments. This is one of the key ways we ensure we make the most of the opportunities to build better recommendations engines, enhance search and manage data more effectively – so we can ultimately provide ever-better services and experiences for our users.

Creating a network of collaboration
We are boosting collaboration across the group through shared technologies. We leverage the ecosystem of ML experts across the group to share knowledge, practices and ML models. This enables local teams to jump-start developments, accelerate learning and bring models into production faster so that different businesses can develop new ML models, for example, for recommendation or dynamic pricing, quicker and more efficiently.

Training leaders
This year we continued and accelerated our AI and ML training for senior leaders from across the different businesses. We offer all leaders in the group the opportunity to attend AI For Growth, a three-day residential programme focused-designed by Prosus. It focuses on building shared understanding, a common language and insights into how to apply and make the most of AI and ML in their businesses. By demystifying the subject, putting the emphasis on practical use cases, and by identifying the key elements of successful AI strategies, the programme gives leaders the tools to make decisions on AI and ML for positive business impact. The programme runs approximately every eight weeks. To date, more than 100 leaders from across the group have been trained on the programme. It has helped activate a number of AI and ML initiatives in businesses around the world.

We are looking to go further with our leadership training through the development of an additional programme, AI In Depth. Planned for the coming financial year, this programme will dig deeper into key areas such as AI by design.

Training engineers
Across the industry, demand for data scientists remains higher than supply. One of the ways we are tackling this is by upskilling our own people, particularly our engineers and others who have a good base knowledge. The training programme lasts about six months and participants can gain a recognised qualification in ML. So far, more than 80 people from across the group have gained this qualification.

Artificial intelligence and machine learning continued

Training product managers
As our AI and ML teams develop more and more models, our product managers need to be able to take these models, put them into production, manage, maintain and upgrade them. We have introduced Machine Learning for Product Managers, a training programme designed to ensure product managers have the tools and knowledge to make the most of the many models we develop.

Training everyone
Last but not least, we have also introduced AI For Everyone. As the name suggests, this introductory training programme aims to give everyone across the group a solid grounding in AI and ML.

So far, more than 4 000 people around the world have undertaken this training. It is a critical part of our ongoing aim to embed AI and ML throughout the group so that it becomes key to our thinking, our everyday work, our innovative, entrepreneurial, always-learning and advancing culture.

Building across the segments
In Classifieds, we continue to apply AI and ML to make every step of the value chain better, faster, and cheaper – from onboarding customers to listing, verifying, selling, searching for and buying items. It plays a key part in improving the experience for both buyers and sellers – making it quicker, easier, safer, more effective and in turn increasing trading activity and customer retention.

In Payments and Fintech, AI and ML are supporting advances in fraud detection. We are also offering ground-breaking new credit services to underbanked people in India, based on ML algorithms for credit risk management.

In Food Delivery, we are using AI and ML to manage the mass of data and many different elements that go into delivering the right food to the right place as quickly as possible and critically, on time. iFood for example is using ML to predict how long it takes to prepare a specific dish at a particular time, so that the driver arrives just in time to collect the food for delivery. iFood also leverages ML to optimise delivery, for instance by batching orders. These applications of ML orders drive down the total cost of operation as well as increasing customer satisfaction and retention.

Looking ahead
We have started to support a programme of education called Data Science For Social Good. It began last year and we plan to continue and increase our involvement, for example by some of our people mentoring on the programme. This is part of our wider commitment to support the responsible use of AI for good.

We continue to focus on increasing the scale and speed of our AI and ML implementation through the adoption of specific platforms that streamline ML at scale. The aim is to embed ML throughout our operations and businesses and to compress the time it takes for a good idea to get into the hands of the customer where it actually makes a difference and adds value.

Aligned to this, we will still further our focus on AI by design, or the practice of designing new products and services so that they can automatically learn from data and user interactions. Our goal is that AI by design becomes a mindset and a capability shared across the organisation.

We are bringing all this together into an exciting initiative that we are taking forward into next year. A team drawn from the AI and ML experts at Prosus, together with product and domain experts from the segment, is focusing on developing in a short period of time innovative product concepts that can be tested, with the best ones being taken further. We are focusing here on making big advances, rather than incremental innovation. It reflects how we are intensifying commitment to scale and speed up how we turn AI and ML to the advantage of our companies, our customers, and all our stakeholders.

For more information on how AI and ML are being applied across the group in various businesses, see the performance review on pages 35 to 52.

"As well as sharing technologies, we are also making sure people have access to all the AI and ML skills, knowledge and competence from across the group. This network of collaboration enables people in the different businesses to advance with a jump, rather than a small step – to go further, faster. We want to remove any bottlenecks from the idea to the moment when we can create value. So we can really increase the speed and positive impact of AI and ML on our business."

Euro Beinat
Global head for data science and artificial intelligence

Our people

Our people are at the heart of our business – they make all the difference to our success. We are dedicated to helping our people be the best they can be by creating a diverse, inclusive learning organisation.

Attracting, developing and rewarding our great people
We face the challenge of the global shortage of digital talent every day – digital talent is scarce in all our markets. The best people have real choices about how and where they work, and who they work for – and our employee value proposition therefore remains critical in enabling the continued growth and success of our business.

To this end, we focus on creating an experience which:
- delivers career-enhancing professional development, and ongoing opportunities to network, learn and collaborate internally and externally
- recognises excellent work with fair and competitive rewards and enables us to compete for talent with global and regional/local consumer internet players
- offers meaningful jobs with a sense of purpose, in a company committed to deploying technology to address big societal needs and to enriching the communities in which we operate, and
- puts positive, engaging and inclusive culture and leadership at the heart of everything we do, in an environment where many different types of people feel happy and are able to do their best work.

Investing in learning and development
With the pace of change happening in our industry, we need to continuously invest in learning resources so our people can acquire the new skills needed to build strong and scalable technology products and services. Our approach is to prepare our people for upcoming job challenges by giving them access to the best learning resources.

We employ smart people – we find them all around the world. We offer them interesting, relevant and meaningful work to do. We reward and recognise them for that work in a fair and market-competitive way. And we want them to be part of an engaging and positive culture in which the leadership standards, our ethics, and our commitment to doing the right thing is evidenced all around, and in which people know they are valued as the enablers of our business success.

PERMANENT EMPLOYEES[1]

20 524

(2019: 15 078) permanent employees in some 80 countries and markets

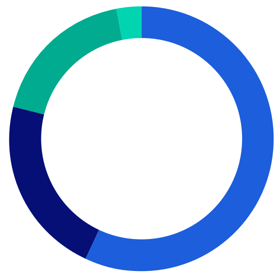
[1] Includes employees of controlled entities.

Making a wide range of learning accessible for everyone
MyAcademy, our group online learning hub, connects our people, wherever they are located, to learning materials. We have curated the very best learning experiences from providers around the world, including our own education partners (Udemy, Codecademy and Brainly) as well as other leading global providers such as Big Think, Harvard Business School, Ready, Vado and Rosetta Stone, and our own, home-grown content.

Growing rapidly
MyAcademy has 30 000 users who have spent more than 240 000 hours learning online over the past year. We have seen that number grow rapidly over the past three years, to an average of 12 000 monthly active users.

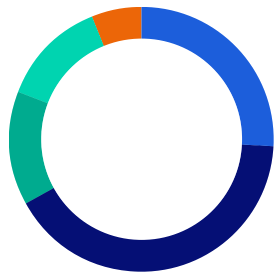
MyAcademy allows us to reach out quickly to our people all over the world in order to expose them to key topics and trends. This year MyAcademy has been a critical element in our ML and AI transformation plan. We used MyAcademy to train thousands of our non-engineering people in ML and AI, through our AI For Everyone course.

HEADCOUNT BY REGION (%)



Europe, Middle East and Africa	57
LatAm	22
Asia Pacific	18
America	3

HEADCOUNT BY SEGMENT FOR EMPLOYEES (%)



Etail	26
Classifieds	41
Ventures	0*
Payments and Fintech	14
Food Delivery	13
Group functions	6

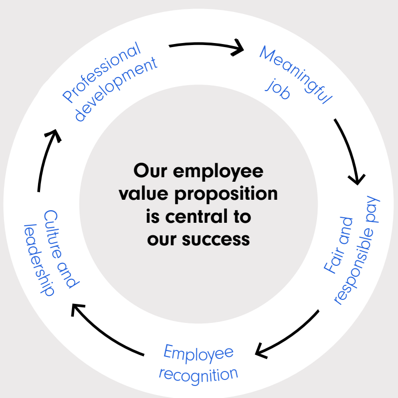
FEMALE VERSUS MALE EMPLOYEE HEADCOUNT (%)

Female	40
Male	60

* Denotes figures of less than 1%.

Our employee value proposition

To compete for and win the very best global talent, we need a compelling value proposition for our people. Our people seek meaningful jobs with line of sight to business outcomes and the opportunity to learn and grow professionally, in a purpose-driven environment that they enjoy; where they are recognised for a job well done and are paid fairly in line with personal and company performance.



Our people continued

MYACADEMY

240 000
hours of learning over the past year, compared to 180 000 hours in 2019

30 000
unique active users per month

12 000
monthly active users

We also provided ML and AI training for senior leaders, gave our engineers the opportunity to upskill through access to nanodegrees in ML, AI, and data science, and introduced ML programmes for product managers. See pages 65 and 66 for more information on AI and ML.

Training on machine learning, artificial intelligence and much more
Technology is in high demand and is a significant proportion of the total hours consumed online, but we also use MyAcademy to accelerate and strengthen our workforce capabilities on other topics critical to our future growth, from leadership and management skills to personal development and cross-cultural training.

Our live education programmes focus on leadership, management, business development, ML and AI. These sessions bring people together from across the group, giving them the opportunity to learn from each other, share best practices and interact with the best trainers and facilitators in their field.

We will continue to introduce our leaders to the latest innovations so they can translate them into practical business initiatives. For example, our AI For Growth programme equips business leaders with the skills and knowledge they need to build AI-centric businesses.

Cultivating a strong groupwide culture

We are a diverse group of global companies, but some things are consistent for our people regardless of where in the world we operate:

- **We empower.** We back local teams and learn from each other. We encourage diversity in our teams and in our thinking. Our people are empowered to be responsible and make decisions because we trust them to do an outstanding job. We believe in them and we want them to share their talent and expertise across the group. Each year we organise internal networking and learning events to bring together teams and communities of expertise, often from across the group, to share ideas and learn from internal and external experts.

"Our talent is a competitive advantage – it defines the experience we give to our customers, the value we deliver to our shareholders, the success of our business. We aim to attract, motivate and retain the best people to enhance this advantage and create sustainable shareholder value."

Aileen O'Toole
Chief people officer

- **We perform.** We push for performance in everything we do, and we link achievements and rewards. We agree on clear and ambitious goals, have continuous conversations about achieving even more and reward our people for what they deliver and how they deliver it. We encourage innovation from all our people.

To attract and retain the skills on which our sustainability depends, and to reward superior performance, we offer share options/share appreciation rights and/or restricted share units to our eligible employees through long-term incentive plans.

- **We matter.** We matter to the communities we serve and, wherever we operate, we hold ourselves to high standards. Our code of business ethics and conduct defines our commitment to conducting business fairly, ethically and with integrity. This code and related policies are communicated to all employees and are available on **www.prosus.com**.

We deliver positive impact

Many of our companies invest in corporate social responsibility programmes and we encourage our people to support these by investing their time. Wherever we operate we employ local people and we create supportive, flexible and pleasant environments to help them perform at their best while developing their skills. We focus on the ongoing development of our managers, as creating an environment where our people feel cared for, heard and supported in their ambitions, is ultimately in their hands. Together we are all responsible for the positive impact we have on our stakeholders.

We learn

Developing our talent is a critical enabler of present and future success as well as playing a role in the motivation and retention of our people. Most of our businesses around the world have a learning and development agenda focused on their own specific needs.

This is influenced by factors such as what the business is aiming to achieve, the maturity level of the business, the opportunities and challenges it is tackling, its competitive landscape, and the demographic nuances of the region or countries where it operates.

We base our people-development focus on three key areas:

- Reinforcing the leadership pipeline and accelerating the growth of top talent.
- Driving a performance culture.
- Supporting the ongoing development and growth of our businesses by equipping our people with core consumer internet and digital media skills such as new programming languages, cybersecurity, machine learning/data science, commercial/sales and business skills (eg finance).

We encourage positive engagement

We believe happy and engaged employees create satisfying customer experiences and in a competitive global talent market, it is important that we provide our people with a compelling place to work. Our businesses actively encourage participation, address issues raised and share best practices.

We continue to measure employee engagement across the group and ask our people for feedback on their experience of working at our various group companies. Engagement survey participation rates and engagement scores are in line with external benchmarks and we continue to focus on positive employee engagement across the group.

Building a diverse and inclusive workplace

Building a diverse and inclusive workplace is a key element of our future business growth and success. Throughout the year, we placed a big focus on diversity and inclusion (D&I) and we give an example in the performance review on pages 35 to 52 of specific initiatives undertaken by one of the segments.

Given the scarcity of talent in the consumer internet industry and our focus on emerging markets, we face the ongoing challenge of attracting and retaining talented and qualified candidates. We are proactively addressing that challenge with talent sourcing and acquisition strategies designed to attract a diverse range of people who in turn represent the full diversity of our customer base.

Reflecting the diversity of our consumers

People who understand the local markets we operate in are a key strength and asset for us in building products that consumers love. Like many other consumer internet companies, we pay specific attention to gender diversity to address the under-representation of women in the technology sector.

We think about diversity and inclusion broadly and respect the dignity and human rights of individuals and communities wherever we operate in the world. Building an inclusive workplace where everyone feels welcome and can thrive regardless of their gender, gender identity, gender expression, transgender status, sexual orientation, class, race, religion, creed, colour, marital or family status, age, nationality, political association, or disability is critical for us. All our people are on this journey with us and we have provided access to education and content, so that they understand the important role they play and the positive impact they can have.

Our people continued

Focusing on gender diversity
While our commitment to create an inclusive workplace attractive to many kinds of people is broad, we face the same specific challenge as our consumer internet competitors in attracting and retaining female talent, especially into product and technology roles. Our efforts to address diversity in general and gender diversity specifically, span the whole employee life cycle. Our drive for diversity is led and championed by our chief executive, Bob van Dijk, who is a member of the Male Champions of Change global technology group https://malechampionsofchange.com/globaltech/.

Involving our employees
We are assessing our progress in building an inclusive workplace by asking all our employees for their feedback as part of our annual engagement survey (at my company we care about gender diversity and we act on it). Monitoring the results enables us to understand if we are making the positive impact we want, and the results this year show great progress. We are further reinforcing the building of an inclusive workplace by including the topic in our leadership development programmes. We are committed to creating working environments that are free from harassment of any kind and have provided training and education to all our employees on our zero-tolerance approach to harassment, as well as guidance about how to raise any concerns.

Championing diversity beyond our business
This year, we have also hosted external events focused on diversity and inclusion in selected countries where we operate. In India, we hosted 100 senior female leaders from consumer internet companies in a series of events offering opportunities to network, join focus groups and share good practice.

Focusing on health, safety and wellbeing
The health, safety and wellness of our people is critical, given that our growth depends on their skills. Employee wellness is key to organisational sustainability. Accordingly, we care for our employees through various initiatives, recognising that a healthy and resilient workforce is essential to support the changes our business is navigating.

Managing risks
Health and safety risks are assessed as part of our risk management framework. Our group goal is to ensure the health and safety of our employees. Businesses are required to report on any health and safety-related incidents. Any reported matter gets reviewed by the group's governance committee that meets quarterly. In 2020, no reports of serious injuries sustained by employees while on duty were reported.

Ensuring a safe working environment
We regularly perform health and safety risk assessments to ensure that all our offices are safe working environments for all employees. In larger locations we have trained safety officers who know what actions to take to ensure employee safety and wellbeing in an emergency.

Focusing on safety for business travellers
We are committed to ensuring the safety of employees who travel for business purposes. All employees who travel are registered with International SOS, which provides real-time news and updates on global and local travel risks and issues, and guidance on health and safety matters when travelling. All our employees are covered by business travel insurance.

We actively monitor travel risks and issues on an ongoing basis and take precautionary measures where needed. Due to the Covid-19 pandemic, we suspended business travel throughout the group at an early stage.

Promoting wellbeing
We promote and encourage wellbeing, and our local businesses offer varying benefits and programmes, including health insurance and employee assistance programmes. Some of our larger offices also offer onsite employee services, for example fitness facilities. This year, we launched an employee assistance programme (EAP) in 36 countries, allowing our people to access confidential counselling and advice in their own language.

Enabling flexible working
As well as ensuring our offices are modern, pleasant and safe working environments, we also enable flexible working arrangements to help our people find good work-life balance wherever possible.

We actively support our employees to work remotely. This includes providing online collaboration tools and video-conferencing facilities to encourage and increase employee community and collaboration, and promote improved wellness through better work-life balance.

Our people continued

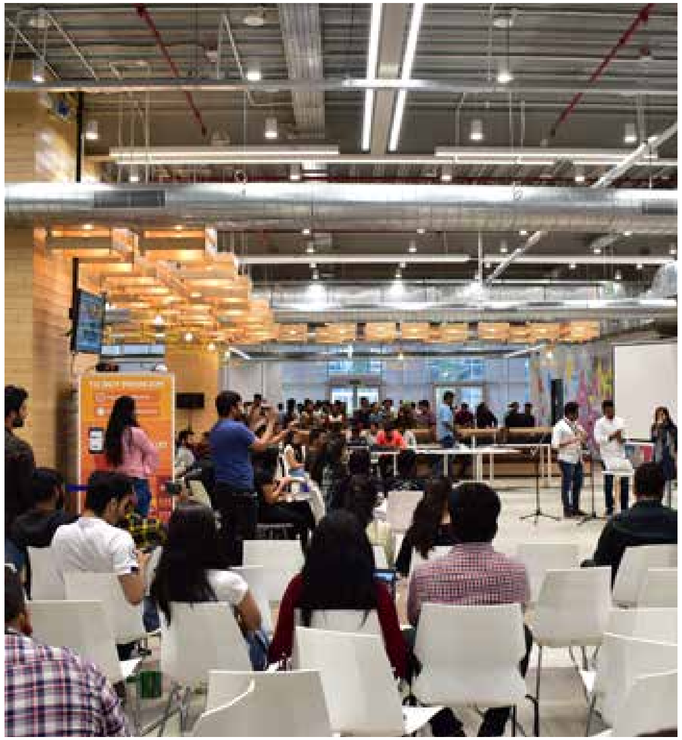
Encouraging positive employee relations

We strive to maintain a healthy employee relations environment in which ongoing dialogue is embedded in our work practices. We use various formal and informal channels to engage people and encourage open communication, including leadership and CEO updates, webcasts, town hall meetings, team meetings, face-to-face gatherings and online collaboration and content sharing.

We promote safe reporting of feedback or issues with our people processes and practices. There are various mechanisms through which our employees can report issues or concerns, including a whistleblower helpline managed by an independent third party. Our Dignity at Work programme emphasises our zero-tolerance approach to harassment of any kind.

Taking the lead

We are committed to being a responsible leader in deploying technology that addresses big societal needs, improves people's lives and enriches the communities we live and work in. We care about the key issues facing our sector, including people's health, safety and welfare. We strive to be thoughtful and responsible, always considering how we can have a positive impact.



To this end, we are actively supporting our companies and partners in adopting market-leading and forward-thinking positions to address these issues.

For example, our Brazilian online food-delivery company, iFood, was one of the first online delivery platforms to launch insurance benefits in Brazil for the delivery partners, using the iFood platform.

iFood also promotes educational opportunities for delivery partners, offering online courses regarding safety standards, personal finances and entrepreneurship, customer service and proper equipment usage. Broader educational programmes are due to take place in the future. In addition, iFood is developing restaurant owner online training in general management, finance and sustainability.

iFood continues to work side by side with government stakeholders in Brazil to shape and modernise the future regulatory framework for the gig economy sector.

In India, Swiggy has more than 240 000 delivery partners, many of whom are women. Swiggy has paid particular attention to creating a safe and positive experience for female delivery partners, identifying 'safe zones' for women drivers to operate in and advising them on safe working practices.

Swiggy invests in training delivery partners in technology, driver safety and customer service. The company also has programmes and benefits for delivery partners' general welfare, including life insurance, educational and personal loans, rewards and recognition for exemplary performance.

Find out more in our review of our Food Delivery segment on page 38.

iFood's commitment

Multiply Prosperous relations	Share meals to minimise hunger	Reduce Plastic delivery	Add Diversity and inclusion
Increase iFood restaurants' reputation and increase deliveries by drivers that make more than minimum wage	Offer more than 20 million meals for vulnerable Brazilian people	Avoid sending 400 million plastic items in our consumer food deliveries	Increase the diversity and sense of inclusion and belonging among our people
Drivers and restaurants	Vulnerable people	Society and environment	People

Key issues during the year

Covid-19

We prioritise the health and wellbeing of our people, whether in the country where they work or in the course of business travel, and we took early and decisive action to support this, such as requiring people to work from home, and suspending business travel.

We actively monitor travel risks and issues on an ongoing basis and take precautionary measures where needed.

Pollution in India

Our offices in Gurgaon were affected by pollution last year. We took several measures in response to the risks to employees during this period, including the provision of face masks and onsite safety advice, and encouraging employees to work from home.

The environment

We seek to minimise our impact on the environment. We also play our part in addressing critical issues, including climate change and the responsible use of natural resources.

Risks

As a group we acknowledge there are critical global risks, including those reported on in the World Economic Forum's Global Risks Report, notably the risk of climate change and global environmental and social risks. We are still investigating the extent to which these environmental and social risks impact our operations and how to mitigate these risks. Refer to progress made against our sustainability plan in the focusing on sustainability section on pages 60 and 61.

Impact

We currently report scope 1 and scope 2 emissions. We are in the process of prioritising the sustainability matters, including environmental matters, that are material to the group and to the individual businesses. Refer to progress made against our sustainability plan in the focusing on sustainability section on pages 60 and 61. This will inform our action plans and focus areas. We will report on the outcome of this process in next year's report.

Our measured carbon footprint (scope 1 and scope 2) totalled 14 044 tonnes of CO_2e with electricity the highest contributor of totalled measured emission at 65%. eMAG Group being the largest contributor within the scoped entities, representing 71% of the total emissions.

	2020 tonnes of CO_2e
Scope 1	**4 968**
Scope 2	**9 076**
Total emissions[1]	**14 044**

(1) Electricity is the highest contributor of total measured emissions at 65%.

The Financial Control Principle has been elected by the group for the purpose of reporting the carbon footprint, and therefore recognition of control will match that of the financial statements and will recognise 100% of greenhouse gas emissions for all subsidiaries and the equity share of greenhouse gas emissions of joint ventures.

Looking ahead

As part of our sustainability plan, we plan to measure our scope 3 impact in 2021 to enable us to formulate our strategy to address our impact and report against set goals. We are also planning to align to the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), and to cover this in next year's annual report.

Initiatives this year

Businesses across the group have various initiatives under way to minimise their environmental impact. More information on these initiatives can be found in the performance review on pages 35 to 52, but we highlight some of the key ones here.

Offsetting carbon credits

At a group level we have partnered with Greenseat, part of the Carbon Neutral group, to offset our carbon credits for our corporate functions' air travel in the past year. This initiative will contribute to projects based in India, South Africa and Brazil.

Championing conscious consumption in Classifieds

We believe that classifieds is a force for good in the world – helping people consciously reuse and extend the life of all kinds of items, which in turn benefits the planet and communities. During the year, we launched our first Global Impact Report (https://www.olxgroup.com/impact). This pioneering report looked in depth and detail at the positive impact of using our classifieds platform in four key product lines: mobile phones, tablets, laptops and fashion. Resource savings for these products include material weight (including conflict minerals), energy-savings equivalent, water, and carbon emission-savings equivalent.

See more on page 36

Reducing carbon emissions and waste at eMAG

eMAG strives to reduce its carbon emissions. The introduction of its EasyBOX network, for example, has reduced last-mile delivery and promoted stacked delivery. In addition, eMAG has a fleet of 100% electric delivery vehicles for last-mile urban deliveries and starting in 2020, the eMAG warehouse in Joița și Chitila will be powered by 100% green energy. eMAG's waste reduction initiatives include using recycled packaging material, choosing the smallest size box for shipping to avoid overpackaging, avoiding single-use plastic, promoting the recycling of shipping materials after customers receive their shipment, and also offering customers free-of-charge pick-up for their old white goods to ensure these are disposed of responsibly. As a result, eMAG has reduced cardboard used per delivered unit by 40% YoY, and plastic used per delivered unit by 17% YoY, while also reducing the incidence of product damages per delivery.

See more on page 47

Reducing single-use packaging and items at iFood

iFood is undertaking a number of environmental initiatives. In the year ahead, iFood is committed to reducing the amount of disposable plastic items delivered to consumers. The work includes providing awareness through marketing campaigns and stimulating restaurants to rethink their procurement practices. Through the app, iFood will implement several initiatives to encourage sustainability practices. The first pilot is an opt in/out to give customers the choice not to receive unwanted disposable items – like cutlery, straws and cups. The second initiative is to give customers the option to replace plastic packaging and items by choosing biodegradable and other sustainable materials.

See more on page 41

Reducing fuel consumption in Swiggy cloud kitchens

In Swiggy Access cloud kitchens, sensors monitor and regulate fuel and electricity consumption. In addition, infra-red burners have reduced fuel consumption by 20%.

See more on page 42

Going green with Dott

With our US$21m investment in Dott through Ventures, we are backing green mobility across Europe. Dott makes it easy for people to share dockless electrical scooters and bikes for short-distance travel across cities in Belgium, France, Germany, Italy and beyond. More inner-city mobility; less inner-city pollution.

See more on page 49

Society

As we grow our business around the world, we want to increase the positive impact we have on society. So that people's lives improve and communities prosper in meaningful, sustainable ways.

We invest in improving the communities we operate, live and work in, in a number of ways.

Social matters

Our approach to our employee value proposition, health and safety, data privacy, and diversity and inclusion can be found on pages 24, 36, 45 and 68.

The group encourages and supports different businesses to implement corporate social responsibility initiatives that have the biggest positive impact locally. Businesses on the ground around the world are best placed to identify and back the corporate social responsibility initiatives that will deliver the most impact.

Responding to the Covid-19 pandemic

The Covid-19 pandemic has created unprecedented challenges and uncertainties for everyone around the world. In responding to the evolving situation, we are ensuring that we safeguard our people, maintain our ability to serve our customers, and protect our businesses for the long term. As ever, the health and wellbeing of our people and our impact on the communities we serve remain our priority during this difficult period.

See more on pages 14 and 15

Looking ahead

As part of our sustainability plan, we plan to better articulate the scale of our socio-economic impact.

EMERGENCY AID

INR 1bn

Prosus donated 1bn rupees in emergency aid in response to Covid-19

See more on pages 14 and 15

Initiatives this year

There are various corporate social responsibility initiatives across the group. More information on these initiatives can be found in the performance reviews on pages 35 to 52, but we highlight some of the key ones here.

Classifieds is delivering social good

We are proud of the social good we deliver in Classifieds. We are the lifeline for individuals, from all walks of life, and for small businesses. We are good for individuals – enabling them to manage their own budgets and lifestyles, either buying items they could not afford new, or making money from items they no longer need, and especially in times of crisis. We are good for small businesses, too – providing a simple, easy-to-use and low-cost leads channel. We enable valuable social transactions whereby people meet in person, improving social cohesion in a more individualistic world.

See more on page 37

PayU is building a world without financial borders where everybody can prosper

To build a world without financial borders where everyone can prosper, PayU is connecting consumers and merchants across high-growth markets in innovative, seamless, helpful ways that are revolutionising payments, credit and other financial services for people. In India for example, PayU has been pioneering credit for underbanked people.

See more on page 43

Contributing to communities

PayU also undertakes a range of initiatives designed to contribute to communities across the Payments and Fintech segment. In Poland for example, PayU is one of the co-organisers of the RogaLOVE campaign, which aims to help improve the treatment conditions for children with cancer.

See more on page 45

iFood is targeting affordable lunches with Loop

iFood has launched Loop – an innovative way to provide affordable lunches. Customers receive reasonably priced meals and save time; restaurants can fully use their kitchens' spare capacity; and couriers generate incremental income across a full day. At the same time, order batching significantly improves unit economics for iFood. With Loop, everybody wins. Loop is proving to be very successful. Currently in 54 cities across Brazil, the plan is to expand and scale Loop as quickly as possible.

See more on page 40

Making lives better

Through its Make Lives Better programme, iFood is committed to delivering ever-greater sustainability benefits to restaurants, drivers, consumers – everyone involved in its rapidly expanding food-delivery ecosystem. Initiatives include improving driver safety; promoting the wellbeing of drivers; helping drivers learn and prosper through the iFood Academy; training drivers on first aid; providing learning and support to restaurants; and tackling hunger in Brazil.

See more on page 40

eMAG is encouraging educational excellence and promoting employee wellbeing

Across Romania, eMAG's Let's Go to School Olympics! and We Care About programmes focus on supporting and raising the level of education of children. eMAG also places a big emphasis on wellness and wellbeing – for employees and communities. Employees are encouraged to develop and exercise both mentally and physically. And through the 140 Beats per Minute Foundation programme, eMAG works with communities to promote sports as an essential part of education.

See more on page 47

Supporting local businesses

eMAG also supports local businesses with the Open Romania programme. Introduced in 2019, it enables small businesses to trade their products and services on eMAG's platform without paying any commission.

See more on page 46

Ventures is investing in better education for more people

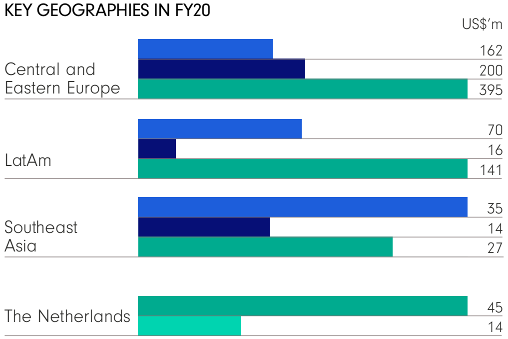
Education is at the heart of strong societies and it is a key focus area for Ventures. There is a big demand around the world to enable people to learn more effectively and efficiently – whether that is helping schoolchildren learn or lifetime learning. Technology is playing a key part in meeting this fundamental social need. To date, we have invested over US$560m in five education businesses.

See more on page 48

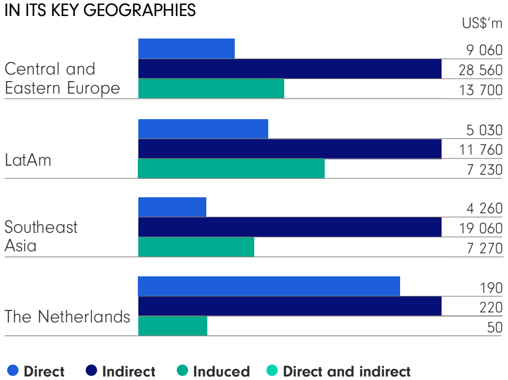
Tax

Prosus aims to contribute positively to the communities and countries in which it operates. We are a global group and our businesses are located and operate in many countries around the world. Although we are a global group, we operate and pay taxes locally. We employ people in the countries where the businesses are, we contribute to supply chains in those countries, we develop businesses and create opportunities in those countries and we pay taxes locally in those countries. We recognise that the tax we pay is an important element of our broader economic and social contribution to the communities and the countries in which we operate.

PROSUS CONTRIBUTED AN ESTIMATED US$1.1BN IN TAXES IN ITS KEY GEOGRAPHIES IN FY20



PROSUS ALSO SUPPORTED A TOTAL OF 106 400 JOBS IN ITS KEY GEOGRAPHIES



Prosus businesses pay taxes locally, in the countries in which the businesses operate. At Prosus there is zero tolerance for non-compliance with tax laws in all jurisdictions in which our businesses find themselves. In managing our tax affairs we take into account the interests of all our stakeholders, including governments and our shareholders. Our tax principles are set out in the Prosus group tax policy which is available on our website at www.prosus.com/about/tax-page/tax-policy.

The digitalisation of the economy is raising various tax challenges that need to be addressed. Prosus regards it as important that consensus is reached on a global basis for the solutions to these challenges. Tax profiles of companies can be skewed as a consequence of size and footprint. At Prosus we like to keep it simple: businesses should pay tax locally, ie where their operations are and where their clients and users are. Paying taxes in the countries where one operates is an important contribution to local societies and economies.

GLOBAL TAXES

US$1bn

Prosus's contribution in taxes in its key geographies in FY20

We, at Prosus, are of the view that local taxes should be equally applicable to all companies irrespective whether companies have a global, regional or local footprint. The playing field should be level.

The global Covid-19 pandemic has challenged the corporate world to work closely with governments, communities and citizens to ensure an effective response to Covid-19. "Could this mark the dawn of a new era of social awareness and contribution?", Bob van Dijk recently asked. We at Prosus are well positioned to further our contributions in the countries where we operate as we are already closely aligned with and integrated into those communities – a global group with local businesses.

Prosus shows a meaningful normalised effective tax rate of 22.2% for the 2020 financial year. The group accounts for its share of the results of its equity-accounted investments net of the taxation recognised by those investments. In order to provide a more comparable effective tax rate, the tax recognised as part of the group's share of the results from equity-accounted investments is included, for purposes of the calculation of the normalised effective tax rate, in the total tax recognised by the group.

Furthermore, exceptional items like tax-free capital gains on the sale of subsidiaries are excluded from the profit before tax to arrive at the normalised effective tax rate of 22.2%.

As part of its mission to create value by improving people's lives, the Prosus group measures and reports on the social and economic contribution it generates.

The benefits that Prosus's activities generate in local economies and societies have been estimated in order to assess to what extent Prosus's strategy to create value by improving lives realises. Prosus's tax contribution assists governments in addressing some of the most pressing needs within their societies. During FY20, Prosus made a substantial contribution to societies and economies in its key geographies.

During FY20, Prosus contributed US$619m in direct and indirect taxes globally.[1] In its key geographies, Prosus's activities generated US$543m in direct and indirect taxes and a further US$577m in induced taxes (see Figure 1).[2]

Prosus contributed an estimated US$1.1bn in taxes in its key geographies in FY20

Through its tax contribution, Prosus supported local societies in tackling some of their most pressing issues. A summary of the social impact of Prosus's tax contributions is presented below.

In addition to the social benefits enabled by its tax contributions, Prosus also supported a total of 106 400 jobs in its key geographies, both directly and through its connections to the wider economy. This includes 51 320 in Central and Eastern Europe, 24 020 in LatAm, 30 590 in Southeast Asia and 470 in the Netherlands.

(1) This excludes taxes paid by Naspers in South Africa.
(2) Induced impacts presented in this study relate to impacts in up to five main countries in each geography representing 95% or more of Prosus's revenue.

Tax continued

1

Central and Eastern Europe

In FY20, Prosus's total tax contribution in Central and Eastern Europe amounted to US$757m, including US$362m in direct and indirect taxes and a further US$395m in induced taxes.

Prosus's activities supported Central and Eastern European countries in achieving their social objectives as governments used this total tax contribution to address some of the most pressing social priorities.

In FY20, Prosus employed 9 060 permanent employees[(1)] in Central and Eastern Europe and generated a further 42 260 jobs in the rest of the economy through its connections with the wider economy.

Illustrative examples of social impacts enabled by Prosus's tax contribution in Central and Eastern Europe in FY20

- **3 860** health personnel
- **11 430** primary school children educated
- **3 900** educators
- **4 710** SMEs funded
- **US$122m** public sector investment supported
- **265 850** people covered with social protection

[(1)] This excludes temporary and contract employees.

2

LatAm

In FY20, Prosus's total tax contribution in LatAm amounted to US$227m, including US$87m in direct and indirect taxes and a further US$141m in induced taxes.

Prosus's activities supported LatAm countries in achieving their social objectives as governments used this total tax contribution to address some of the most pressing social priorities.

In FY20, Prosus employed 5 030 permanent employees in LatAm and generated a further 18 990 jobs in the rest of the economy through its connections with the wider economy.

Illustrative examples of social impacts enabled by Prosus's tax contribution in LatAm in FY20

- **1 120** health personnel
- **4 450** primary school children educated
- **530** educators
- **530** SMEs funded
- **US$11m** public sector investment supported
- **47 650** people covered with social protection

Prosus contributed an estimated US$757m to public finances in Central and Eastern Europe in FY20

US$198.4m Value-added taxes (VAT)
US$79.0m Labour and employee taxes
US$67.5m Corporate income tax (CIT)
US$7.6m Withholding tax (collected)
US$5.5m Other taxes paid
US$2.7m Withholding tax (entity cost)
US$1.5m Customs, excise and ad valorem
US$0.0m Securities transfer tax (STT)

→ **US$362m** US$162m direct and US$200m indirect tax contribution → **US$395m** induced tax → **US$757m** total tax contribution in Central and Eastern Europe

Prosus contributed an estimated US$227m to public finances in LatAm in FY20

US$42.6m Labour and employee taxes
US$14.9m Value-added taxes (VAT)
US$12.3m Other taxes paid
US$10.6m Withholding tax (entity cost)
US$7.0m Withholding tax (collected)
US$1.4m Customs, excise and ad valorem
US$0.0m Securities transfer tax (STT)
US$-2.3m Corporate income tax (CIT)

→ **US$87m** US$70m direct and US$16m indirect tax contribution → **US$141m** induced tax → **US$227m** total tax contribution in LatAm

Prosus generated an estimated 51 300 jobs in Central and Eastern Europe in FY20

9 060 permanent employees at Prosus → **42 260** indirect and induced jobs enabled in the rest of economy → **51 320** total number of jobs enabled by Prosus in Central and Eastern Europe

Prosus generated an estimated 24 000 jobs in LatAm in FY20

5 030 permanent employees at Prosus → **18 990** indirect and induced jobs enabled in the rest of economy → **24 020** total number of jobs enabled by Prosus in LatAm

Tax continued

3

Southeast Asia

In FY20, Prosus's total tax contribution in Southeast Asia amounted to US$76m, including US$49m in direct and indirect taxes and a further US$27m in induced taxes.

Prosus's activities supported Southeast Asian countries in achieving their social objectives as governments used this total tax contribution to address some of the most pressing social priorities.

In FY20, Prosus employed 4 260 permanent employees in Southeast Asia and generated a further 26 330 jobs in the rest of the economy through its connections with the wider economy.

Illustrative examples of social impacts enabled by Prosus's tax contribution in Southeast Asia in FY20

410 health personnel

6 990 primary school children educated

420 educators

2 230 SMEs funded

US$9m public sector investment supported

67 880 people covered with social protection

4

The Netherlands

While the Netherlands is a relatively small market in terms of revenue, it plays an important role as the group's head office location for Prosus. Corporate activities including management services and corporate support are provided to segments, subsidiaries and associates by the Prosus staff based in the Netherlands. Prosus has no significant local businesses in the Netherlands.

In FY20, Prosus's total tax contribution in the Netherlands amounted to US$59m, including US$45m in direct and indirect taxes and a further US$14m in induced taxes.

In FY20, Prosus employed 190 permanent employees in the Netherlands and generated a further 270 jobs in the rest of the economy through its connections with the wider economy.

Illustrative examples of social impacts enabled by Prosus's tax contribution in the Netherlands in FY20

90 health personnel

600 primary school children educated

110 educators

40 SMEs funded

US$6m public sector investment supported

4 200 people covered with social protection

Prosus contributed an estimated US$76m to public finances in Southeast Asia in FY20

US$16.1m
Labour and employee taxes

US$14.3m
Value-added taxes (VAT)

US$13.3m
Withholding tax (collected)

US$2.9m
Withholding tax (entity cost)

US$2.3m
Corporate income tax (CIT)

US$0.1m
Securities transfer tax (STT)

US$0.0m
Customs, excise and ad valorem

US$0.0m
Other taxes paid

→ US$49m — US$35m direct and US$14m indirect tax contribution → **US$27m** induced tax → US$76m — total tax contribution in Southeast Asia

Prosus contributed an estimated US$59m to public finances in the Netherlands in FY20

US$42.7m
Labour and employee taxes

US$11.2m
Withholding tax (entity cost)

US$2.7m
Corporate income tax (CIT)

US$-11.6m
Value-added taxes (VAT)

US$0.0m
Withholding tax (collected)

US$0.0m
Securities transfer tax (STT)

US$0.0m
Customs, excise and ad valorem

US$0.0m
Other taxes paid

→ US$45m — direct and indirect tax contribution → **US$14m** induced tax → US$59m — total tax contribution in the Netherlands

Prosus generated an estimated 30 600 jobs in Southeast Asia in FY20

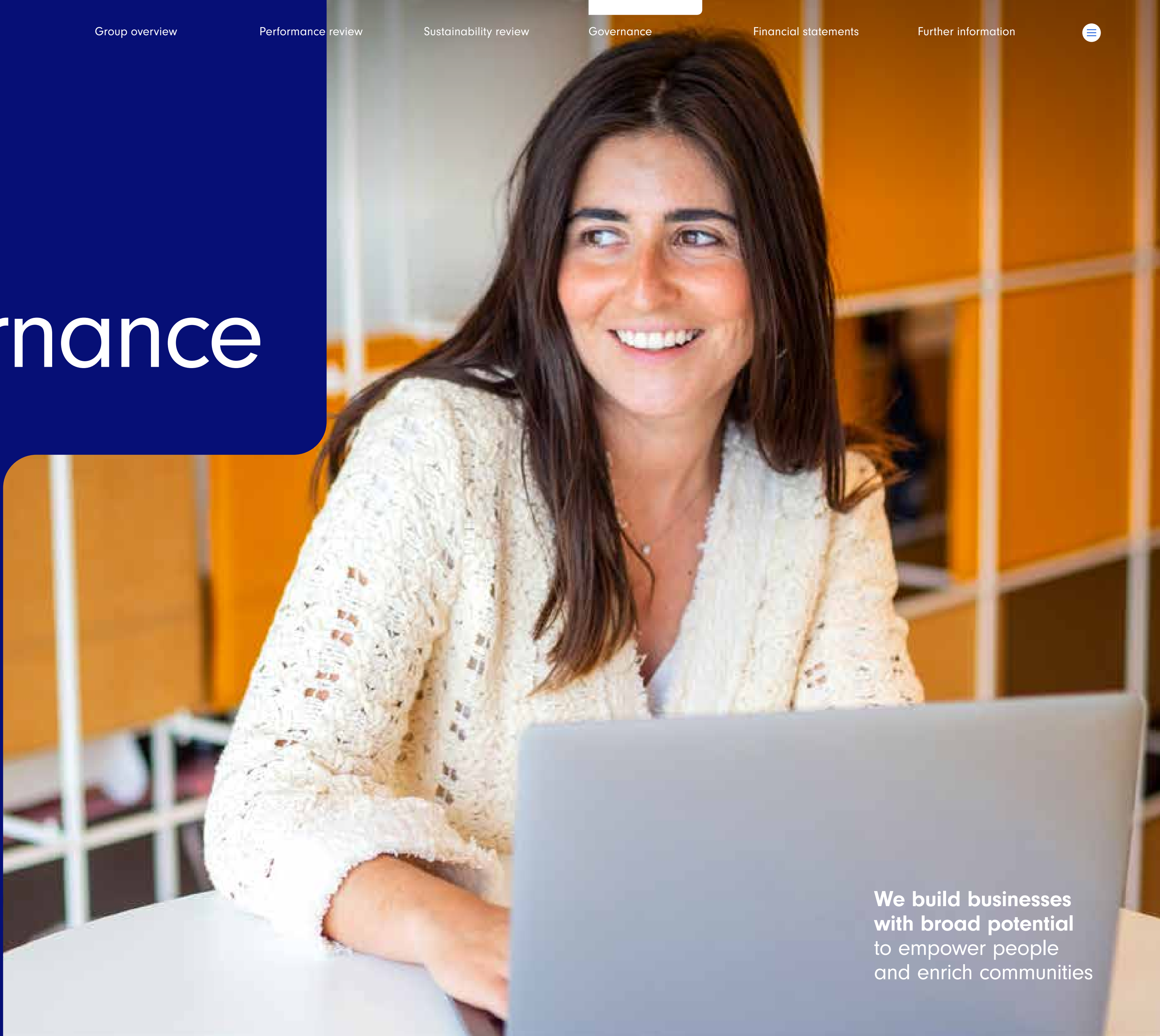
4 260 permanent employees at Prosus → 26 330 indirect and induced jobs enabled in the rest of economy → 30 590 total number of jobs enabled by Prosus in Southeast Asia

Prosus generated an estimated 470 jobs in the Netherlands in FY20

190 permanent employees at Prosus → 270 indirect and induced jobs enabled in the rest of economy → 470 total number of jobs enabled by Prosus in the Netherlands

Governance

Contents



We build businesses with broad potential to empower people and enrich communities

Our board

A Audit committee
R Risk committee

P Project committee (previously referred to as the executive committee)
N Nomination committee
H Human resources and remuneration committee

● Executive
● Non-independent non-executive
● Independent non-executive
* Chair

Koos Bekker

67, South African and Dutch

Non-independent non-executive chair

Koos Bekker is the non-independent non-executive chair of the board. He led the founding team of the M-Net/MultiChoice pay-television business in 1985. He was also a founder of MTN Group Limited, a South Africa-based multinational mobile telecommunications company. He headed the group in its international and internet expansion until 1997, when he became chief executive officer of Naspers. He retired as the chief executive officer of Naspers on 31 March 2014. On 17 April 2015, he succeeded Ton Vosloo as chair of the Naspers board. He holds a BAHons and honorary doctorate in commerce from Stellenbosch University, an LLB from the University of the Witwatersrand and an MBA from Columbia University.

Bob van Dijk

47, Dutch

Chief executive officer and executive director

Bob van Dijk is our chief executive officer and an executive director. He was appointed as chief executive officer of Naspers in April 2014. He joined the group as Allegro Group chief financial officer in August 2013 and was promoted to chief executive officer Global Transactions Ecommerce in October 2013. He has over 15 years of general management experience in online growth businesses globally, spanning the online marketplaces, online classifieds and fashion segments. Prior to his general management career, he was a founder of an online financial derivatives marketplace. Bob was appointed to the board of Booking Holdings Inc. at the company's annual general meeting in June 2020. He started his career at McKinsey & Company, focusing on mergers and acquisitions, and media. He holds an MBAHons from INSEAD and an MSc (cum laude) in econometrics from Erasmus University Rotterdam.

Basil Sgourdos

50, South African and Greek

Financial director and executive director

Basil Sgourdos is our financial director and an executive director. He was appointed as the financial director of Naspers in July 2014. He worked for PricewaterhouseCoopers Inc. from 1989 to 1994. Thereafter he joined Naspers, initially as the finance manager of the South African operations division in MultiChoice and then as chief financial officer of Naspers's investment in United Broadcasting Corporation plc, listed on the Stock Exchange of Thailand, where he remained for 10 years. He then spent two years in Amsterdam as the general manager of the video-entertainment business development globally before being appointed as financial director of MIH Holdings Proprietary Limited (MIH Holdings) in January 2009. He held this position until he became the financial director of Naspers. He is a qualified South African chartered accountant and holds a BCom from the University of the Witwatersrand and BAccHons from the University of South Africa.

Hendrik du Toit

58, South African and British

Lead Independent non-executive director

Hendrik du Toit is an independent non-executive director. He was appointed lead independent director of Naspers on 1 April 2020. Hendrik is chief executive officer of Ninety One (previously Investec Asset Management). Hendrik entered the asset management industry in 1988. He joined Investec in 1991 as founding member of Investec Asset Management and remained chief executive officer until he assumed the role of joint chief executive officer of the Investec Group on 1 October 2018 up to the demerger and listing of Ninety One on 16 March 2020. In 2019, Hendrik joined the Advisory Boards of the UN Business and Human Security Initiative and the Impact Investing Institute. Previously, Hendrik served as a non-executive director of the Industrial Development Corporation of South Africa. He has also served on the Advisory Board of the Sustainable Development Solutions Network, the Expert Board of HM Treasury's Belt and Road Initiative, and as Commissioner of the Business and Sustainable Development Commission, which authored the report Better Business Better World in 2017. Hendrik holds an MPhil in economics and politics of development from Cambridge University, as well as an MCom in economics from Stellenbosch University. Hendrik holds an MPhil in Economics and Politics of Development from Cambridge University, as well as an MCom in Economics from Stellenbosch University.

Emilie Choi

41, American

Independent non-executive director

Emilie Choi is an independent non-executive director. She serves as chief operating officer at Coinbase, Inc. (Coinbase), the world's largest regulated cryptocurrency exchange. She oversees operations in seven countries, across three continents. Since joining Coinbase in early 2018, she has overseen more than 10 acquisitions and 50 venture investments. Prior to Coinbase, she spent more than eight years at LinkedIn Corporation as the vice president of corporate development, and led all M&A deals in the company's history, including its biggest deal to date, Lynda, as well as leading a number of joint ventures in China. She has also worked in corporate development and strategy roles at Warner Bros. Entertainment Inc. and Yahoo, Inc. She is also on the board of directors of ZipRecruiter, Inc., a marketplace for jobseekers and employers. She holds an MBA from the Wharton School of the University of Pennsylvania as well as a BA in economics from the Johns Hopkins University.

Don Eriksson

75, South African

Independent non-executive director

Don Eriksson is an independent non-executive director. He is the chair of Oakleaf Insurance Company Limited and Renasa Insurance Company Limited. On 11 June 2020, he retired from the board of MultiChoice Group and other MultiChoice companies. He served on the council of the Institute of Directors of South Africa (IoDSA) for a number of years, of which he is an honorary life member, and as a trustee to the Discovery Health Medical Scheme. He was a partner at Coopers & Lybrand (now PricewaterhouseCoopers Inc.) and an executive director of the Commercial Union group of companies (CGU Insurance Company (SA) Limited, Commercial Union Life Insurance Company Limited and Sentrasure Limited). He is a qualified South African chartered accountant and holds a certificate in the Theory of Accountancy from the University of the Witwatersrand.

Manisha Girotra

50, Indian

Independent non-executive director

Manisha Girotra is an independent non-executive director. She is the chief executive officer of Moelis India. She has more than 25 years of investment banking experience, with crossborder mergers and acquisitions expertise across a broad range of industries. Prior to joining Moelis & Company, she was the chief executive officer and country head of UBS AG in India, managing its investment bank, commercial bank, markets, equity research and wealth management divisions. Previously, she was head of North India of Barclays Bank PLC. She began her investment banking career at ANZ Grindlays in London. She serves on the boards of directors of Ashok Leyland Limited and Jio Payments Bank Limited. She holds a BAHons in economics from St. Stephen's College, India and a masters in economics from the Delhi School of Economics, India.

Craig Enenstein

51, American

Independent non-executive director

Craig Enenstein is an independent non-executive director. He is also the chief executive officer of Corridor Capital, LLC, an operationally intensive private equity firm focused on the lower middle market. Corridor Capital, LLC is based in Los Angeles and was founded by him in 2005. He holds an MBA in finance from the Wharton School of Business of the University of Pennsylvania, an MA in international studies from the Lauder Institute: University of Pennsylvania and a BA from the University of California, Berkeley.

Rachel Jafta

59, South African

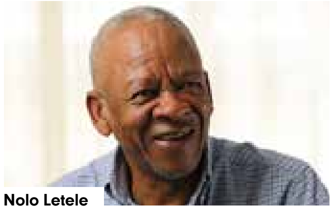
Independent non-executive director

Rachel Jafta is an independent non-executive director. She is a professor in economics at Stellenbosch University. She joined Naspers as a director in 2003 and was appointed a director of Media24 in 2007. She is a member of the South African Economic Society, chair of the Cape Town Carnival Trust, a member of the Management Committee of the Bureau for Economic Research at Stellenbosch University and a member of the International Advisory Board of Fundação Dom Cabral Business School, Brazil. She was appointed as chair of the Media24 board of directors in April 2013. She is the chair of the Media24 nomination committee. She is also a director of Naspers Beleggings (RF) Limited. She holds an MEcon and an PhD from the University of Stellenbosch.

Our board continued

A	Audit committee
R	Risk committee
P	Project committee (previously referred to as the executive committee)
N	Nomination committee
H	Human resources and remuneration committee

- Executive
- Non-independent non-executive
- Independent non-executive
- * Chair



Nolo Letele

70, South African

Independent non-executive director

Nolo Letele is an independent non-executive director. He joined M-Net in 1990 and pioneered MultiChoice's expansion outside South Africa. In 1995, he moved to the Republic of Ghana, where he served as MultiChoice's West African regional general manager. In 1999, he was appointed chief executive officer of MultiChoice South Africa Holdings Proprietary Limited (MultiChoice SA), and later served as the MultiChoice group chief executive officer until 2010, when he was appointed executive chair of MultiChoice SA; currently non-executive chair. He has won several awards including Media Man of the Year in 2001 (Saturday Star—Business Report); Media Owner of the Year in 2003 (Financial Mail Adfocus); and the Lifetime Africa Achievement Prize for media development in Africa (Millennium Excellence Foundation). He holds a BScHons in electronic engineering from the University of Southampton.

Roberto Oliveira de Lima

69, Brazilian

Independent non-executive director

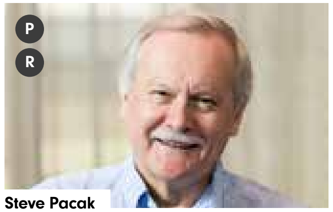
Roberto Oliveira de Lima is an independent non-executive director. He developed his career at companies like Accor S.A., Rhone Poulenc S.A. (now part of Sanofi S.A.) and Compagnie de Saint-Gobain S.A. in the information technology and finance areas. He was chair and chief executive officer of Credicard Group, chief executive officer of Vivo S.A., the largest mobile telecommunications company in Brazil, chair of Publicis Brazil and president of Natura S.A. (Natura). He was previously a board member of Edenred S.A. in France, Pão de Açúcar S.A. (Casino) and Natura in Brazil. He is a member of the board of directors of RNI Negócios Imobiliários S.A. In April 2019, he left the board of directors of Telefônica Brasil S.A. after 14 years with that company, having served six of those years as president and chief executive officer and eight years as a board member as well as quality and services committee member. He holds a BA and MA in business management from Fundação Getúlio Vargas in Brazil and an MA from Institut Superieur des Affaires at Jouy en Josas—France.

Debra Meyer

53, South African

Independent non-executive director

Debra Meyer is an independent non-executive director. She is a professor of biochemistry and executive dean of the Faculty of Science at the University of Johannesburg. She has completed modules in media strategy and academic leadership at Harvard University and the Gordon Institute of Business Science, University of Pretoria and makes regular contributions to several newspapers and magazines. She serves as a trustee or board member for several organisations. She is also a director of Naspers Beleggings (RF) Limited. She holds a BSc in biological sciences, a BScHons and an MSc in biochemistry from the University of Johannesburg (then, the Rand Afrikaans University) and a PhD in biochemistry and molecular biology from the University of California, Davis (which she attended as a Fulbright Scholar).

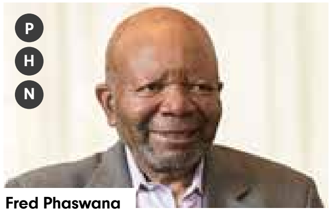


Steve Pacak

65, South African

Independent non-executive director

Steve Pacak is an independent non-executive director. He began his career with Naspers at M-Net in 1988 and has held various executive positions in the Naspers group. He is a director of MultiChoice Group Limited as well as companies in the Naspers group. He was appointed as an executive director of Naspers in 1998 and a non-executive director on the Naspers board on 15 January 2015. He retired as Naspers's financial director on 30 June 2014 and remained on the Naspers board as a non-executive director. He is a qualified South African chartered accountant and holds a BAcc from the University of the Witwatersrand.



Fred Phaswana

75, South African

Independent non-executive director

Fred Phaswana was an independent non-executive director and the lead independent director of the board. He joined the Naspers board as a director in 2003. He is the joint chair of Mondi Group Limited and Mondi Group plc and former chair of the Standard Bank Group Limited and of The Standard Bank of South Africa Limited. He holds an MA from the University of South Africa and BComHons from the University of Johannesburg (at that time, the Rand Afrikaans University) and BA (philosophy, politics and economics) from the University of South Africa. He retired from the Naspers and Prosus boards and committees with effect from 1 April 2020.

Mark Sorour

58, South African

Non-independent non-executive director

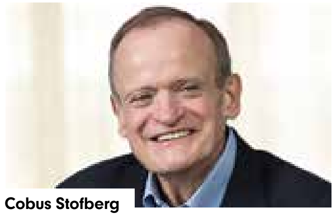
Mark Sorour is a non-independent non-executive director. He joined the Naspers group in 1994, leading business development and corporate finance, globally. Following assignments in Hong Kong and Amsterdam, he returned to Cape Town in 2002 as the Naspers group's chief investment officer, being responsible for all global investment activities. On 31 March 2018, he retired after more than 20 years with the Naspers group. He remained on the Naspers board as a non-executive director. He is a qualified South African chartered accountant and holds a BCom and DipAcc from the University of KwaZulu-Natal.

Ben van der Ross

73, South African

Independent non-executive director

Ben van der Ross is an independent non-executive director. He was chair of Strategic Real Estate Management Proprietary Limited, the managers of the Emira Property Fund. He served on the boards of directors of, among others, Distell Limited, FirstRand Limited, Lewis Group Limited, Pick n Pay Holdings Limited and MMI Holdings Limited. He is also a director of Naspers Beleggings. He is an attorney of the High Court of South Africa and holds a DipLaw from the University of Cape Town.



Cobus Stofberg

69, South African and Dutch

Independent non-executive director

Cobus Stofberg is an independent non-executive director. He was a member of the founding team of the M-Net/ MultiChoice pay-television business in 1985. He served as chief executive officer of the group from 1997 to 2011, and has been instrumental in the expansion of the Naspers group. Prior to joining M-Net, he was a partner of Coopers & Lybrand (now PricewaterhouseCoopers Inc.). He is a qualified South African chartered accountant and holds a BComLaw and LLB from Stellenbosch University and a BComptHons from the University of South Africa.

Governance for a sustainable business

Focus areas this year

Strategy

Review the group's strategy, three-year plan and budget.

Continue to address the discount and unlock value through the listing of Prosus N.V. on Euronext Amsterdam, with a secondary inward listing on the JSE. In addition, Prosus carried out a bond offering of US$1 250 000 000 of its 3.680% senior notes due in 2030 under its Global Medium Term Note Program. The bond offering serves as a means to raise additional capital for the company. The net proceeds from the bond offering will be applied by us for the redemption of the 2020 Notes and for general corporate purposes.

Focus on future investment and value creation in the portfolio.

Read more on page 32

Financial

Review the group's performance and results.

Read more on pages 6 to 11

Governance and sustainability

Application of the Dutch Corporate Governance Code.

Started the journey to determine which of the United Nations' Sustainable Development Goals (SDGs) are best aligned to our impact areas.

Embed data privacy and cybersecurity throughout the group.

Read more on page 61

People and learning

Recognise the importance of machine learning and embed learning throughout the group, including board level.

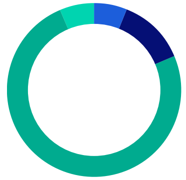
Read more on page 67

Covid-19

Review the work undertaken to protect employees and other stakeholders and manage the potential impacts for the business.

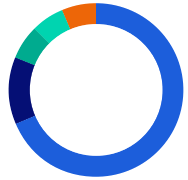
Read more on page 14

BOARD COMPOSITION
(NUMBER OF DIRECTORS)[(i)(ii)]



Chair	1
Executive	2
Independent non-executive	12
Non-executive	1

NATIONALITIES
(NUMBER OF DIRECTORS)[(i)(ii)]



South Africa	11
USA	2
Brazil	1
The Netherlands	1
India	1

GENDER DIVERSITY
(NUMBER OF DIRECTORS)[(ii)]

Female Male

(i) In accordance with principle 2.1.7 and 2.1.9 of the Dutch corporate governance code we have a non-independent non-executive chair, two executive directors, one non-executive director and 12 independent non-executive directors.
(ii) Excludes Fred Phaswana who retired on 31 March 2020.

Directors[(1)]	Age	Start and end of current term	Prosus board meetings attended	Category
J P Bekker	67	AGM 2019 – AGM 2022	9	Non-independent non-executive chair
B van Dijk	47	Not applicable	9	Chief executive officer and executive director
V Sgourdos	50	Not applicable	9	Financial director and executive director
E M Choi	41	AGM 2019 – AGM 2020	9	Independent non-executive director
H J du Toit[(2)]	58	AGM 2019 – AGM 2021	7	Independent non-executive director and lead independent director
C L Enenstein	51	AGM 2019 – AGM 2021	9	Independent non-executive director
D G Eriksson	75	AGM 2019 – AGM 2020	9	Independent non-executive director
M Girotra[(3)]	50	AGM 2020	6	Independent non-executive director
R C C Jafta	59	AGM 2019 – AGM 2020	9	Independent non-executive director
F L N Letele	70	AGM 2019 – AGM 2021	8	Independent non-executive director
D Meyer	53	AGM 2019 – AGM 2022	9	Independent non-executive director
R Oliveira de Lima	69	AGM 2019 – AGM 2021	9	Independent non-executive director
S J Z Pacak	65	AGM 2019 – AGM 2022	7	Independent non-executive director
T M F Phaswana[(4)]	75	Not applicable	9	Independent non-executive director
M R Sorour	58	AGM 2019 – AGM 2020	9	Non-independent non-executive director
J D T Stofberg	69	AGM 2019 – AGM 2022	9	Independent non-executive director
B J van der Ross	73	AGM 2019 – AGM 2022	9	Independent non-executive director

(1) Bob van Dijk and Basil Sgourdos were appointed to the board on 16 May 2019. All the non-executive directors were appointed to the board on 14 August 2019 apart from Manisha Girotra who was appointed on 1 October 2019.
(2) Appointed as lead independent director on 1 April 2020.
(3) Appointed on 1 October 2019.
(4) Retired as a director on 31 March 2020.

Prior to the listing of Prosus, the directors of Prosus (formerly, Myriad International Holdings B.V.) were:

Directors	Date of first appointment	Date of resignation	Meetings attended	Category
G B De Carvalho	16 May 2017	16 May 2019	1	Executive
A Moondhra	1 February 2017	16 May 2019	1	Executive
S De Reus	1 April 2011	16 May 2019	1	Executive
J van der Merwe	1 April 2011	16 May 2019	1	Executive
E F Barker	8 December 2016	16 May 2019	1	Executive
P J P Olivier	29 August 2016	16 May 2019	1	Executive
R C Rabalais	1 February 2017	16 May 2019	1	Executive

Governance for a sustainable business continued

Ultimately we report to stakeholders in the annual report and other releases

Prosus governance framework

Board
Supported by company secretary/ governance framework

Board

Board committees
Supported by company secretary/ governance framework

Audit
Finance policies and group levels of authority, internal and external audit

Risk
Management of information
Management of technology
Management of risk
Compliance management

Human resources and remuneration
Remuneration
Ethical business culture

Nomination
Board diversity
Board and board committee

Naspers social, ethics and sustainability
Organisational ethics
Corporate citizenship and sustainability
Stakeholder relationships

Management and group support functions

Management of operating business

Group and segment management

Governance committee

Group support functions

- Human resources and remuneration
- Legal and compliance
- Data privacy
- Intellectual property
- Tax
- Public relations
- Corporate communications
- Investor relations
- Internal audit and risk support
- Finance
- Machine learning

Underlying framework foundation

Values | Code of business ethics and conduct | Strategy | Various charters and policies | Good governance guidelines

Governance for a sustainable business continued

"I am pleased to present this year's governance report. We are committed to ensuring high standards of corporate governance are maintained around the group."

Koos Bekker
Chair: Prosus

The board of directors conducts the group's business with integrity by applying appropriate corporate governance policies and practices. Our aim is to keep abreast of regulatory developments, further enhance our governance standards, monitor and ensure compliance with relevant laws and regulations, and cultivate a thriving organisational ethical culture in the different geographies in which we operate. We also aim to maintain a high standard of reporting and disclosure, keeping in mind the best interests of our stakeholders and disclosing what is relevant and important to the sustainability of the group.

Introduction

Prosus has a primary listing on Euronext Amsterdam and a secondary listing on the JSE Limited (the South African stock exchange). It is therefore primarily regulated by the Netherlands Authority for the Financial Markets *(Stichting Autoriteit Financiële Markten)* whose oversight includes the Dutch Civil Code *(Burgerlijk Wetboek), the Financial Supervision Act (Wet op het financieel toezicht)* and the Dutch Corporate Governance Code dated 8 December 2016 as established under Section 2:391, subsection 5 of the Dutch Civil Code.

The governance structures of Prosus and Naspers substantially mirror each other.

Prosus and Naspers have an identical one-tier board structure comprising executive and non-executive directors. The executive directors are responsible for the group's day-to-day management, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives. The non-executive directors supervise and advise the executive directors. Each director has a duty to the company to properly perform the duties assigned to each director and to act in its corporate interest. Under Dutch law, Prosus's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees.

The audit and risk committees of the board monitor compliance with the Dutch Civil Code and the Dutch Corporate Governance Code and the Euronext Dublin requirements applicable in relation to the Prosus bonds listed on that exchange.

The board's projects, audit, risk, human resources and remuneration, nomination, and Naspers's social, ethics and sustainability committees fulfil key roles in ensuring good corporate governance. Prosus reports to the Naspers social, ethics and sustainability committee on social, ethics and sustainability matters as these apply to Dutch law and the Dutch Corporate Governance Code.

The group uses independent external advisers to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the board on matters of corporate governance.

How we integrate governance into our business

We recognise the value of an integrated approach to assurance and compliance. The adopted governance, risk and compliance framework is the basis for how we manage governance.

The governance framework illustrates how we achieve a sustainable business integrated with governance, assurance, risk management and compliance, in line with legislated requirements and Dutch Corporate Governance Code recommendations, and reported through the relevant structures.

Group governance framework

The board is the focal point for, and custodian of, the group's corporate governance systems. The board conducts the group's business with integrity and applies appropriate corporate governance policies and practices in the group.

The board, its committees, and the boards and committees of subsidiaries are responsible for ensuring the appropriate principles and practices of the Dutch Corporate Governance Code are applied and embedded in the governance practices of group companies.

A disciplined reporting structure ensures the board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are required to subscribe to the principles of the Dutch Corporate Governance Code. Business and governance structures have clear approval frameworks.

The group has a governance committee comprising the segment CEOs, chief financial officers (CFOs) of Naspers and Prosus, as well as the group company secretary, global sustainability partner, group general counsel, global compliance lead and head of internal audit and risk support. The committee was tasked to ensure the group's governance structures and framework are employed across the in-scope entities in the group during the financial year. Governance and progress are monitored by the audit and risk committees, and reported to the board.

The composition of committees of the board is reviewed annually and, where required, amended.

Details of the enterprisewide risk management framework (including principal risks) appear on pages 53 to 58 of the annual report. Furthermore, the board's responsibility statement which relates to risk management appears on page 12.

Our approach to applying the Dutch Corporate Governance Code and statement by the board

Prosus is required to report its application of the principles of the Dutch Corporate Governance Code. The board, to the best of its knowledge, believes the group has satisfactorily applied the principles of the Dutch corporate governance code. Our Corporate Governance Statement can be found on page 82.

The group considers proportionality when we apply corporate governance. This means we apply the practices needed to demonstrate the group's governance as appropriate across the group.

As required, Prosus assesses the independence of the non-executive directors for purposes of the Dutch Corporate Governance Code on an ongoing basis considering all the relevant facts (including whether or not the Protection Structure has not been activated). A director's independence for purposes of the Dutch Corporate Governance Code may not necessarily correspond with their independence for purposes of the South African King Code, which provides different criteria for determining independence.

As the companies in our group are diverse and at different maturity stages, a one-size-fits-all approach cannot be followed in implementing governance practices. All good governance principles apply to all types and sizes of companies, but the practices implemented by different companies to achieve the principles may be different. Practices must be implemented as appropriate for each company, in line with the overarching good governance principles. Prosus will not comply with the following principles of the Dutch Corporate Governance Code as at 31 March 2020:

- Best practice provision 1.3.1: internal audit function: appointment and dismissal: the board has delegated

Governance for a sustainable business continued

certain powers to the audit committee, including overseeing the internal audit function. The board believes that the audit committee, whose members are financially literate and have business as well as financial acumen, are well placed to do so. As such, the audit committee, and not the board, appoints the group head of internal audit.

- Best practice provision 1.3.2: internal audit function: assessment of the internal audit function: as discussed above, the board has delegated certain powers to the audit committee. The audit committee (pursuant to the powers delegated to it by the board), and not the board, assesses the internal audit function.
- Best practice provision 2.1.7: independence of the non-executive directors: Each director is also a member of the Naspers board and the composition of each board committee is the same as the corresponding Naspers board committee. Prosus believes that it is in the best interests of the group and its shareholders that the Prosus board and the Naspers board (and their respective committees) have the same composition. Following the annual evaluation of independence, it was determined that Rachel Jafta, Debra Meyer, Nolo Letele, Steve Pacak, Fred Phaswana, Cobus Stofberg and Ben van der Ross are independent for purposes of the Dutch Corporate Governance Code. In light of this assessment, the board complies with best practice provision 2.1.7.
- Best practice provision 2.1.9: independence of the chair of the board and best practice provision 5.1.3: independence of the chair of the board: Koos Bekker is chair of the Prosus board and the Naspers board. He is a former chief executive of Naspers and a former executive director. The group believes that his experience and industry knowledge (gained while at Naspers) benefit Prosus and its shareholders, which outweigh any perceived disadvantage of being a former executive director of Prosus. Prosus has also appointed a lead independent director. In accordance with the board charter, the responsibilities of the lead independent director are: (i) to lead in the absence of the chair; (ii) to serve as a sounding board for the chair; (iii) to act as an intermediary between the chair and other members of the board, if necessary; (iv) to deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate; (v) to strengthen independence on the board if the chair is not an independent non-executive member or the board; (vii) to chair discussions and decision-making by the board on matters where the chair has a conflict of interest; and (viii) to lead the performance appraisal of the chair.
- Best practice provision 2.2.1: appointment and reappointment periods — management board members: neither the chief executive officer nor the financial director has a fixed appointment term. The group intends to continue to focus on building platforms that address major societal needs in high-growth markets. This strategy requires the group, and its chief executive officer and the financial director, to take a long-term perspective. Considering its business and strategy, the group believes that it is appropriate not to limit their appointment to a four-year term.
- Best practice provision 2.2.2: appointment and reappointment periods — to match the appointment periods of Naspers, non-executive directors are appointed for a period of not more than three years. A director's term of office shall lapse in accordance with the rotation schedule drawn up by the board. A non-executive director may be reappointed for additional periods of not more than three years.
- Best practice provision 2.3.4: composition of the committees – audit committee and remuneration committee: As discussed under best practice provision 2.1.7, each director is also a member of the Naspers board and the composition of each board committee is the same as the corresponding Naspers board committee. For the year ended 31 March 2020, the audit committee and the human resources and remuneration committee did not comprise a majority of independent directors. However, following the appointment of Ms Manisha Girotra to, and the resignation of Mr Ben van der Ross from, the audit committee and the resignation of Mr Fred Phaswana from the human resources and remuneration committee, these committees comprise a majority of independent directors and comply with best practice provision 2.3.4.
- Best practice provision 4.1.3: the general meeting – agenda: Prosus does not have a defined dividend policy and, as such, there are no restrictions on, or a target range for, the payment of dividends. The board will generally consider dividend declarations annually during the month of June when it finalises the annual financial statements. The ability and intention of Prosus to declare and pay dividends in the future: (i) will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity and such other factors as the board may deem relevant; and (ii) are subject to numerous assumptions, risks and uncertainties, many of which are beyond Prosus's control.

For reference purposes the full text of the Dutch Corporate Governance Code is available on www.mccg.nl.

Corporate governance statement

Prosus is required to make a statement concerning corporate governance as referred to in article 2a of the decree on the content of the management report (*Besluit inhoud bestuursverslag*) (the Decree). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections or pages of the annual report, including the annual financial statements for the year ended 31 March 2020:

- The information concerning compliance with the principles and best practice provisions of the Dutch Corporate Governance Code, as required by article 3(1) of the Decree, can be found under Our approach to applying the Dutch Corporate Governance Code and statement by the board on page 81.
- The information concerning compliance with other codes of conduct and other corporate governance practices as required by article 3(2) of the Decree, can be found under Legal compliance, anti-bribery and anti-corruption and human rights on page 84.
- The information concerning the main features of Prosus's risk management and control systems relating to the financial reporting process, as required by article 3a(a) of the Decree, can be found in the report of the audit committee on pages 92 to 95 and on pages 53 and 54 of the risk and opportunities section in the annual report.
- The information regarding the functioning of Prosus's annual general meeting, and the main authority and rights of Prosus's shareholders, as required by article 3a(b) of the Decree, can be found within the relevant sections under Annual general meeting on page 236.
- The information regarding the composition and functioning of the Prosus board and its committees, as required by article 3a(c) of the Decree, can be found within the relevant sections on pages 87 to 90 of the governance report.
- The information regarding the diversity policy for the composition of the Prosus board, as required by article 3a(d) of the Decree, can be found on page 87 of the governance report.
- The information referred to in the Decree article 10 Takeover Directive *(Besluit artikel 10 overnamerichtlijn)*, as required by article 3b of the Decree, can be found within the relevant sections under Voting overview and protection structure on page 245 of the annual report.

In accordance with article 2a(3) of the Decree, this corporate governance statement is deemed to be part of the annual report, including the annual financial statements for the year ended 31 March 2020.

Our focus areas this year

In the 2020 financial year, we implemented recommended practices in light of the Dutch Corporate Governance Code for the group.

Focus areas for the year included reporting to our board committees and board on how we implement good corporate governance in the group in light of the Dutch Corporate Governance Code and corporate governance disclosures in the annual report. Governance of information and technology, particularly data privacy and cybersecurity, remain focus areas for the group. The group increased its focus on sustainability this year and will continue to do so.

Sustainability

We take our responsibility seriously and are fully committed to identifying and focusing on our goals under our board-approved group sustainability plan. The group's commitment to sustainability, our framework and progress made are dealt with in the focusing on sustainability section on page 60.

To support the board in fulfilling its governance role, the risk committee and the Naspers social, ethics and sustainability committee (which also considers sustainability aspects pertaining to the Prosus group) report on sustainability matters at each scheduled board meeting.

Governance for a sustainable business continued

Culture and business ethics

The board recognises that creating value for both shareholders and society in a responsible, efficient and sustainable way requires a healthy business culture. Although we operate a wide range of businesses, we are united behind a common purpose to address big societal needs and help improve the lives of half the world's population over the next few years.

We believe our culture is a key strength of our business and we see the benefits of this in our employees' engagement, retention and productivity. Our corporate values are approved by the board and our subsidiaries adopt values aligned to our expectations, tailored for their business environment.

Our values as an organisation are reflected in our culture. These values, at the core of our strategy, and the code of business ethics and conduct are the guiding principles for all of our actions as an organisation.

Our culture reflects

At our heart, we are entrepreneurs.

- We push for performance in everything we do – it's good for the group, our stakeholders and our careers.
- We do the right thing.
- We matter to the communities we serve and, wherever we operate, we hold ourselves to high standards.
- We encourage diversity in our teams and in our thinking.

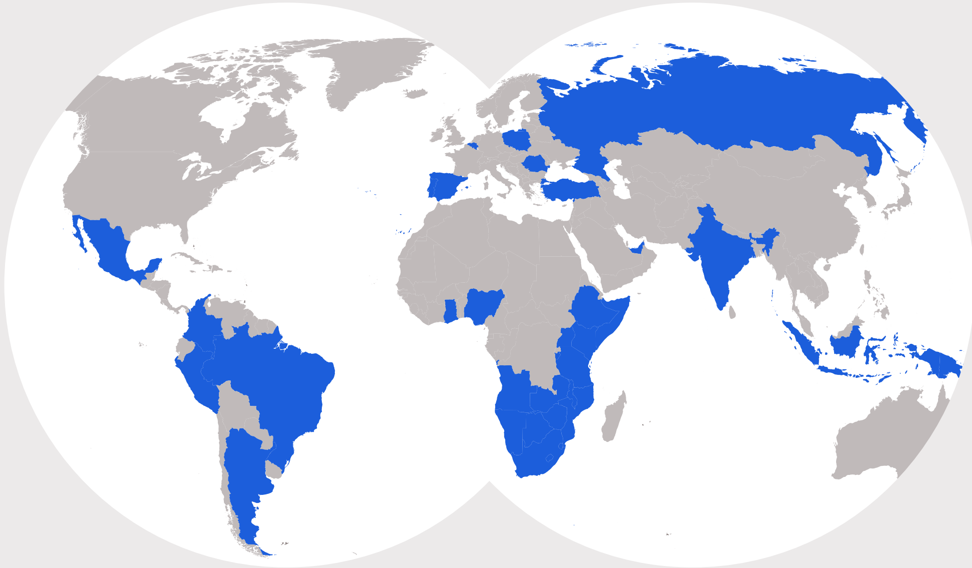
The group's code of business ethics and conduct is available on **www.prosus.com**. This code applies to all directors and employees in the group. Ensuring that group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process. We focus on policies and procedures that address key ethical risks, such as conflicts of interest, accepting inappropriate gifts and unacceptable business conduct.

The Naspers social, ethics and sustainability committee is responsible for overseeing and reporting on business ethics in the group, taking into account specific disclosures and best practice as recommended by the Dutch Corporate Governance Code.

Businesses in our group apply zero tolerance to violations of the code. Appropriate action is taken, including disciplinary, criminal or civil procedures or improving the control environment. Reports are provided to the Naspers social, ethics and sustainability committee to demonstrate this. Unethical behaviour by senior employees is also reported to the human resources and remuneration committee, along with the way the company's disciplinary code was applied.

We are committed to conducting our business on the basis of complying with the law, with integrity and with proper regard for ethical business practices. We expect all directors and employees to comply with these principles and, in particular, to avoid conflicts of interest and not to engage in insider trading, illegal anti-competitive activities, and bribery and corruption.

OpenLine operates globally



Ethics officers

We have 12 designated ethics officers in the group. They serve as central points of contact for advice on ethics-related queries, improprieties, allegations and complaints. They report on related matters to the ethics officer (who is the central contact for the group). Reports are provided regularly to the Naspers social, ethics and sustainability committee.

Ethics officers' responsibilities include:

- understanding and applying the code of business ethics and conduct, whistleblower policy, and upholding corporate values
- managing internal 'speak-ups' and providing guidance
- assisting with awareness campaigns on the code and whistleblower policy
- maintaining confidentiality on ethics-related matters, and
- maintaining records and reporting on ethics-related matters.

Encouraging whistleblowing through OpenLine

Under the global whistleblower policy, employees are encouraged to report suspected unethical behaviour and matters contrary to the code. Employees enjoy protection when they report such matters in good faith. The whistleblower facility (OpenLine) is a safe platform for employees to report misconduct in the workplace, with the option to have their identity protected or to remain completely anonymous. All stakeholders can report unethical behaviour and wrongdoing anonymously and confidentially.

The line operates globally, around the clock, with live answering. In addition, the facility offers the opportunity to report matters through a dedicated website, or through email or postal service.

COUNT OF REPORTS BY FINANCIAL YEAR

The OpenLine facility is independently managed by Navex Global (a global ethics and fraud hotline service provider).

The internal audit and risk support function oversees the effective operation of OpenLine and ensures employees are sufficiently aware of its existence. This function also monitors that reports are dealt with and independently investigated in line with the whistleblower policy. Where appropriate, internal audit and/or external forensic consultants investigate reported matters.

Significant allegations and validated cases of wrongdoing are reported to the audit and risk committees. The Naspers social, ethics and sustainability committee also receives regular reports on whistleblower activity and ethics performance around the group.

This year there were 35 reports.

Creating awareness and training

During the year we created awareness on the code and whistleblower policy throughout the group. Training methods used by subsidiaries included elearning modules on the MyAcademy platform, face-to-face training, presentations and storyboarding for disabled employees.

The Naspers social, ethics and sustainability committee receives reports on business ethics management and monitoring.

Governance for a sustainable business continued

OpenLine process flow

Collect

Hotline

Web

Email

Postal service

Manage

- Navex's anonymous whistleblower reports
- IARS system oversight
- IARS independent monitoring and appropriate escalation of incident
- Investigating internal audit and/or external forensic consultants

Navex's anonymous whistleblower reports incident management system and the internal audit and risk support (IARS) system monitor and escalate incidents as appropriate and oversee investigations by internal audit and/or external forensic consultants.

Future focus

Future focus areas include regular engagement between the group's ethics officers, to share experiences, identify ethics challenges and share best practice. This will establish a designated ethics officers' community and assist us in tailoring tools and support.

We also plan to launch an ethics refresher campaign for our in-scope subsidiaries. The campaign will educate employees on ethics learnings, based on principles from our code of business ethics and conduct.

Stakeholder relationships

Representatives of our businesses manage various external and internal stakeholder relationships. Our businesses manage their stakeholder relationships using an inclusive approach that balances the needs, interests and expectations of material stakeholders with the best interests of the businesses.

To support the board in fulfilling its governance role, the Naspers social, ethics and sustainability committee receives reports on stakeholder management across the group.

An overview of our stakeholders and stakeholder engagement appears on pages 29 to 31 of the annual report.

Read more on pages 29 to 31

Legal compliance, anti-bribery and anti-corruption, and human rights

Non-compliance with laws and regulations, including anti-bribery and anti-corruption and other similar laws, could expose the group to legal liability and negatively impact the group's reputation, business, financial condition, as well as the communities in which we operate. The group is committed to conducting business in compliance with the law, with integrity and with proper regard for ethical business practices, as described in the code of business ethics and conduct and the group legal compliance policies, including the anti-bribery and anti-corruption policy. From a governance perspective, it is expected that we execute demonstrable and effective compliance management.

In order to execute demonstrable and effective compliance management, Prosus developed and communicated a legal compliance framework that sets out minimum standards that are required for Prosus's subsidiaries (a company in which Prosus has control (whether direct or indirect)).

This framework requires that all subsidiaries:

- have a legal compliance programme which is 'fit for purpose' and risk-based, including a clearly defined legal compliance structure
- appoint a legal compliance officer
- identify and monitor applicable laws, regulations, and key compliance risks on an ongoing basis
- have clear policies and procedures based on group minimum standards (code of business ethics and conduct, and legal compliance, anti-bribery and anti-corruption, competition compliance, sanctions and export controls policies) and supplemented with business specific or local requirements (focused on the risks pertaining to the relevant business)
- implement training and awareness programme focused on key compliance risk areas
- have a process setting out how to identify and respond to compliance risks, incidents and issues (including escalation and notification process)
- monitor, review, and improve the legal compliance programme on an ongoing basis, and
- submit compliance reporting as required (including details of legal compliance incidents and investigations).

The company uses its influence to encourage its associates and investees (non-controlled entities) to adopt, at least, minimum governance standards (for example, code of business ethics and conduct, anti-bribery and anti-corruption, competition compliance, sanctions and export controls) as well as to comply with applicable laws and regulations. A risk-based legal compliance programme (including anti-bribery and anti-corruption) has been implemented as per this framework in all subsidiaries.

If the group conducts business in or expands operations to countries that may present increased corruption risks (ie countries with potentially weak legal institutions or a lack of transparency) and where the group's businesses may interact with government entities/officials, we expect that subsidiaries should, at a minimum, have processes in place to cover the following risk areas, as part of their anti-bribery and anti-corruption compliance programmes:

- gifts, hospitality, travel, and entertainment
- conflicts of interest
- charities/charitable donations, political contributions, and sponsoring activities
- contact with government officials;
- third party vetting and due diligence, and
- accurate books and record keeping.

This year

The Prosus board and risk committee exercise oversight of compliance risk management across the group. Group compliance is responsible for monitoring the design, implementation and effectiveness of local compliance programmes, by way of legal compliance operational reviews, quarterly reporting (including compliance incidents/investigations and escalations), and onsite compliance reviews.

The results of these monitoring activities (including, but not limited to, observations, potential red flags, and opportunities for enhancement) support the board and risk committee with their oversight role. In the current financial year, group compliance monitoring activities extended to all segments within the group.

Through these monitoring activities, we have noted that all subsidiaries have made good progress in implementing and adapting the legal compliance framework, as applicable to their local/core business. This includes the development and rollout of various training and awareness initiatives.

In the future

In the future, group compliance will continue to raise compliance awareness across the group. Improvements to the legal compliance framework will be made based on emerging risks, feedback from monitoring activities, and a continued focus on third-party risks. It is expected that the businesses develop key performance indicators (KPIs) for their localised legal compliance programmes (specifically relating to anti-bribery and anti-corruption).

An emerging risk or trend that group compliance has identified, and will continue to focus on, is the topic of human rights. To date, group compliance has developed a risk-based framework, with input from various international guidelines, industry best practices, and external advice. This framework addresses various human rights considerations, including but not limited to, supply chain, employee rights, and end-user rights. Using this framework, we developed a human rights risk assessment which we are using to analyse the potential risk in the various subsidiaries. These outputs will inform a future risk-based human rights compliance approach to the extent necessary.

In 2021 we will further develop our plans, policies, risk management processes and KPIs, as appropriate, for human rights and anti-bribery and anti-corruption.

There were no material or repeated regulatory penalties, including General Data Protection Regulation (GDPR), sanctions or fines for contraventions of, or non-compliance with, statutory obligations. There were no inspections by environmental regulators that resulted in findings of non-compliance.

To support the board to fulfil its governance role, the Prosus risk committee receives reports on legal compliance.

Governance for a sustainable business continued

Information and technology governance

Information and technology (I&T) governance is integrated in the operations of the Prosus businesses. Management of each subsidiary or business unit is responsible for ensuring effective processes on I&T governance are in place.

The risk committee assists the board in overseeing I&T-related matters. I&T governance is a standing point on its agenda, and I&T objectives have been included in its charter. The committee considers the risk register, as well as reports on I&T from internal audit and risk support, and our legal compliance function.

The group's subsidiaries are required to act in line with the company's good governance guidelines, which detail I&T governance-related matters. Subsidiaries of each major entity are required to submit an annual formal written report on the extent to which they have implemented the principles, and chief executives and chief financial officers sign off on this.

Any notable exceptions are summarised and reported to the risk committee.

We continuously look at how we can better integrate people, technologies and processes. During our annual business-planning process, our businesses consider their platform requirements. The platform strategy starts from the business strategy and is translated into technical and process requirements.

Business continuity is included in the group's risk register, which is reviewed and discussed by the risk committee twice a year, and annually by the board. Business resilience is the key objective of our cybersecurity policy. The capability of businesses to respond to disruption is in-scope for internal audit, bearing in mind the perspective of our customers and end users.

Operational boundaries to dealing with I&T are subject to the group's code of business ethics and conduct, and legal compliance policy. Our risk management practices ensure that relevant risks on the ethical and responsible use of I&T are identified and assessed. The Naspers social, ethics and sustainability committee oversees this area.

We run a privacy programme to ensure that personal data is stored and processed ethically and in compliance with applicable privacy laws, such as the GDPR in Europe. Internal audit provides assurance to management, the audit committee and the board on the effectiveness of I&T governance. The detail of controls to manage identified risks and reduce vulnerability forms the basis of internal audit's assurance plans.

To support the board in fulfilling its governance role, the risk committee receives reports on I&T management – refer to risk committee report on page 99.

Read more on page 99

In the future

Planned focus areas for I&T governance include developing and deploying data-driven technologies (such as machine learning), accounting for cybersecurity and data privacy by design.

For data acquisition and data processing undertaken in the context of our central machine learning team's services to group companies, we have established internal guidelines and contractual measures to ensure compliance with applicable laws and integrating best practice. Ethical use of machine learning and artificial intelligence is a rapidly developing field. We intend to enhance our guidelines in this area over time, based on our learnings and as best practice develops.

Cybersecurity and data privacy

The focusing on cybersecurity section on page 64 articulates our commitment to ensuring strong cybersecurity. Refer to the ensuring data privacy and protection section on pages 62 and 63 for our commitment, approach and progress made.

Read more on pages 62 to 64

Internal control systems

Our system of internal controls in all material subsidiaries and joint ventures under Prosus's control aims to prevent or detect risks materialising and to mitigate any adverse consequences. The system provides reasonable assurance on achieving company objectives. This includes the integrity and reliability of the financial statements; safeguarding and maintaining accountability of its assets; and to detect fraud, potential liability, loss and material misstatements while complying with regulations. The directors representing Prosus on boards of entities where the company does not have a controlling interest, seek assurance that significant risks are managed, and systems of internal control are effective.

Management, with assistance from internal audit, regularly reviews risks and the design and operating effectiveness of internal controls seeking opportunities for improvement. The external auditor considers elements of the internal controls system and communicates deficiencies when identified.

The board reviewed the effectiveness of controls on key risks for the year ended 31 March 2020. This assurance was obtained principally through a process of management self-assessment, including formal confirmation via representation letters by executive management. Consideration was also given to other input, including reports from internal audit, compliance and the risk management process. Where necessary, programmes for corrective actions have been initiated and progress is being monitored.

While we work towards continuous improvement of our processes and procedures regarding financial reporting, no major failings have occurred to the knowledge of the directors and therefore the directors are of the opinion that these systems provide reasonable assurance that the financial reporting does not contain material inaccuracies.

Internal audit

An internal audit and risk support (IARS) function is in place for the group that aims to provide world-class support, including assurance, insights, solutions and ideas to help management protect and enhance value. The head of internal audit and risk support reports to the chair of the audit committee, with administrative reporting to the financial director.

Our core competency lies in our risk-based IT and business process assurance work, the foundation of our department. We provide management with assurance on their risk management efforts, while realising where they are in terms of growth and maturity. In addition to the traditional assurance work, we provide risk support through an evolving portfolio of innovative consulting services and we are steadily moving beyond projects into ad hoc and continuous support for businesses. This includes the development of risk communities, in which risk specialists from all our businesses and associates can share ideas and lessons learned. In FY20, we continued to rapidly grow our inhouse teams based in Dubai, Amsterdam, Cape Town and Hong Kong. With the energetic and highly motivated talent on board, we can serve our global companies with quicker and more relevant results.

Intermittently (at least once every five years), the group's internal audit function (IARS) submits itself to an external quality review by a qualified independent assessor to assess its conformance with the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors. Such a review was concluded most recently in March 2020, resulting in the assessment rating "Generally Conforms" to the commonly accepted standards for professional practice as defined in the IPPF. This is the highest rating achievable for such an assessment.

Amongst other aspects, IARS is responsible for providing a statement annually on the effectiveness of the group's governance, risk management and control processes to the board of directors and, to the audit committee specifically, of the results of its review of financial controls. In its periodic reports to the audit committee IARS represents that the function continues to meet the commonly accepted standards for professional practice as defined in the IPPF standards and that it has remained independent from management.

Non-audit services

The group's policy on non-audit services provides guidelines on dealing with audit, audit-related, tax and other non-audit services that may be provided by the independent auditor to group entities. It also sets out services that may not be performed by the independent auditor.

The audit committee preapproves audit and non-audit services to ensure these do not impair the auditor's independence and comply with legislation. Under our guiding principles, the auditor's independence will be deemed impaired if the auditor provides a service where they:

- function in the role of management of the company, or
- audit their own work, or
- serve in an advocacy role for the company.

Company secretary

The company secretary, Gillian Kisbey-Green, and David Tudor, group general counsel (and legal compliance officer), are responsible for guiding the board in discharging its regulatory responsibilities.

Directors have unlimited access to the advice and services of the company

Governance for a sustainable business continued

secretary whose functions and responsibilities include:

- Playing a pivotal role in the company's corporate governance and ensuring that, in line with pertinent laws, the proceedings and affairs of the board, the company and, where appropriate, shareholders are properly administered.
- Monitoring directors' dealings in securities and ensuring adherence to closed periods.
- Attending all board and committee meetings.

The performance and independence of the company secretary is evaluated annually.

The board has determined that the company secretary, a chartered accountant (SA) with over 30 years' company secretarial experience, has the requisite competence, knowledge and experience to carry out the duties of a secretary of a public company and has an arm's length relationship with the board. The board is satisfied that arrangements for providing corporate governance services are effective.

Investor relations

Prosus's investor relations policy can be found on **www.prosus.com**. It describes the principles and practices applied in interacting with shareholders and investors. Prosus is committed to providing timely and transparent information on corporate strategies and financial data to the investing public. In addition, we consider the demand for transparency and accountability on our non-financial (or sustainability) performance. We recognise that this performance is based on the group's risk profile and strategy, which includes non-financial risks and opportunities.

The company manages communications with its key financial audiences, including institutional shareholders and financial (debt and equity) analysts, through a dedicated investor relations unit. Presentations and conference calls take place after publishing interim and full year results.

A broad range of public communication channels (including stock exchange news services, corporate website, press agencies, news wires and news distribution service providers) are used to disseminate news releases. These channels are supplemented by direct communication via email, conference calls, group presentations and one-on-one meetings. Our policy is not to provide forward-looking information. Prosus also complies with legislation and stock exchange rules on forward-looking statements.

Closed periods

Prosus would typically be in a closed period on the day after the end of a reporting period (30 September or 31 March) until releasing results. General investor interaction during this time is limited to discussions on strategy and/or historical, publicly available information.

Analyst reports

To enhance the quantity and quality of research, Prosus maintains working relationships with stockbrokers, investment banks and credit-rating agencies – irrespective of their views or recommendations on the group. Prosus may review an analyst's report or earnings model for factual accuracy of information in the public domain but, in line with regulations and group policy, we do not provide guidance or forecasts.

The board encourages shareholders to attend the annual general meeting, notice of which appears in this annual report, where shareholders have the opportunity to put questions to the board, management and chairs of the various committees.

The company's website provides the latest and historical financial and other information, including financial reports.

Annual general meeting

In 2020, Prosus shall hold its first annual general meeting as a listed company. The external auditors are welcomed to the annual general meeting and are entitled to address the meeting. In accordance with provision 4.1.8 of the Dutch Corporate Governance Code, we require all directors up for re-election to virtually attend the Prosus annual general meeting. The chair, chief executive and the chief financial officer and the chairs of our board committees shall attend the Prosus annual general meeting.

The annual general meeting for Prosus will be held virtually via Amsterdam, the Netherlands, in accordance with the notice of the annual general meeting contained in the annual report.

Shareholders of Prosus may propose resolutions if they meet the requirements set forth in section 2:114a subsection 1 of the Dutch Civil Code. Shareholders who together represent at least 10% of the issued capital of Prosus can, under certain circumstances, also requisition the District Court to allow them to convene an extraordinary general meeting to deal with specific resolutions.

Information on the 2020 annual general meeting can be found in the notice of the annual general meeting which will be published on 29 June 2020.

Required majorities

Resolutions are usually adopted at Prosus general meetings by an absolute majority of votes cast, unless there are other requirements under the applicable laws or Prosus's articles of association.

Right to hold and transfer shares

Prosus's constitutional documents place no limitations on the right to hold or transfer Prosus ordinary shares N. There are no limitations on the right to hold or exercise voting rights on the ordinary listed shares of Prosus imposed by Dutch law.

More information on the Prosus protection structure can be found on page 245.

Delegated authorities

On 14 August 2019, the annual general meeting of Prosus resolved to designate the board as the competent body to resolve to issue shares and rights to subscribe for shares up to 5% of the issued capital in aggregate per annum for general purposes, plus an additional 5% of the issued capital in aggregate per annum if the issuance of granting of rights occurs within the context of a merger or acquisition. The board has been granted the authority to exclude any related pre-emptive rights. The authority was granted for a period of eighteen (18) months.

On 14 August 2019, the annual general meeting of Prosus also resolved to designate the board as the competent body to resolve to acquire fully paid-up shares in the capital of Prosus, up to a maximum of 20% of the total issued capital. The repurchase can take place for a price, excluding expenses, not lower than the nominal value of the shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10%. This authority was also granted for a period of eighteen (18) months.

Amendment to articles of association

At the annual general meeting of Prosus, a resolution may be passed to amend the articles of association of Prosus, but only on a proposal of the board.

A resolution made at the annual general meeting amending the articles of association of Prosus such that rights attributable to ordinary shares A or ordinary shares N are adversely affected, is subject to approval by holders of the relevant class of shares.

The resolution can be adopted by an absolute majority of votes cast, until the ownership of Prosus shares by Naspers falls below 50%. Then, a resolution made at the annual general meeting amending the articles of association requires a majority of at least 75% of the votes that may be cast at the annual general meeting.

More detailed information can be found in Prosus's articles of association on **www.prosus.com**.

Governance for a sustainable business continued

The board

Long-term value creation and strategy

The board ensures that a culture of business ethics and conduct aimed at long-term value creation is promoted to underpin the group's activities as a responsible corporate citizen. This includes adopting values and a code of business ethics and conduct, leading by example, and monitoring implementation to make the required disclosures on incorporation, compliance and effectiveness. In this regard the board is responsible for group performance by steering and providing strategic direction to the company, taking responsibility for the adoption of a view on long-term value creation and aligned strategy and plans (such strategies and plans to originate in the first instance from management). The board must approve the annual business plan and budget compiled by management, for implementation by management, taking cognisance of sustainability aspects in long-term planning.

For more information on the group's strategic approach please refer to page 32 of the annual report.

Read more on page 32

Appointment and dismissal

Directors are appointed at the annual general meeting. A director shall be appointed either as an executive director or as a non-executive director. Each non-executive director will be appointed for a term of not more than three (3) years.

The board may nominate one or more candidates for each vacancy. A resolution of the annual general meeting to appoint a director, other than in accordance with a nomination by the board, may only be adopted by an absolute majority of the votes cast by shareholders representing more than one third of the issued capital of Prosus.

A director may be removed at the annual general meeting at any time, subject to the applicable laws and regulations. A resolution to suspend or remove a director, other than on the proposal of the board, may only be adopted at the annual general meeting with an absolute majority of the votes cast, representing more than one third of the issued capital of Prosus.

Composition

Details of directors at 31 March 2020 are set out on page 79.

Prosus has a unitary board, which provides oversight and control. The board charter sets out the division of responsibilities. The majority of board members are independent non-executive directors and are independent of management. To ensure that no one individual has unfettered powers of decisionmaking and authority, the roles of chair and chief executive are separate.

At 31 March 2020, in terms of the Dutch Corporate Governance Code, we have a non-independent non-executive chair, two executive directors, twelve independent directors and one non-executive director. Four of the 16 directors are female.

The board diversity policy addresses the Dutch Corporate Governance Code for all listed companies to have a policy on how they address gender diversity at board level.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

As set out in the board diversity policy, the board recognises the importance of gender diversity and aims to achieve 30% female (and male) representation. Subject to shareholders approving the appointment of Ying Xu at the upcoming annual general meeting, one third of the non-executive directors are women. This demonstrates the board's ongoing commitment to transformation in line with its board diversity policy.

The group recognises and embraces the benefits of having a diverse board, and sees diversity at board level as an essential element in maintaining a competitive advantage. A diverse board will include and make good use of differences in the skills, geographical and industry experience, background, race, gender and other distinctions between members of the board. These differences will be considered in determining the optimum composition of the board and when possible will be balanced appropriately. All board appointments are made on merit, in the context of skills, experience, diversity, independence and knowledge, that the board as a whole requires to be effective.

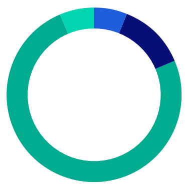
The nomination committee reviews and assesses board composition on behalf of the board and recommends the appointment of new directors. This committee also oversees the conduct of the annual review of board effectiveness.

Conflicts of interest

Dutch law provides that a member of the board of directors of a Dutch public company with limited liability (naamloze vennootschap), such as Prosus, may not participate in the deliberation or decisionmaking of a relevant board resolution if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it. Such a conflict of interest in any event exists if, in the situation at hand, the director is deemed to be unable to serve the interests of Prosus and the business connected with it with the required level of integrity and objectivity.

Pursuant to the articles of association, a director having a conflict of interest must declare the nature and extent of that interest to the other directors. If the conflict of interest concerns all directors, the declaration must be made to the annual general meeting as well. We confirm that there have been no conflicts of interests which need to be reported at this time. Furthermore, there have been no transactions with shareholders which need to be disclosed.

BOARD COMPOSITION (NUMBER OF DIRECTORS)[1]



Chair	1
Executive	2
Independent non-executive	12
Non-executive	1

GENDER DIVERSITY (NUMBER OF DIRECTORS)[1]

Female Male

[1] Excludes Fred Phaswana who retired on 31 March 2020.

Related party transactions

In the 2020 financial year, there have not been material transactions between any member of the board or with Naspers, that involved any conflicts of interests, or any transactions that would be considered related party transactions in the meaning of Dutch law.

Best practice provisions 2.7.3, 2.7.4 and 2.7.5 of the Dutch Corporate Governance Code have been complied with.

To protect relevant stakeholders' interests, the audit committee monitors all related party transactions and depending on the size of the transaction may be required to give approval to these transactions, or refer matters above certain thresholds to the board for approval. Naspers and Prosus have also undergone a cost-allocation exercise. This will ensure that both companies' interests are adequately protected.

Refer to note 17 on pages 170 to 172 of the consolidated financial statements which sets out the details of all related party transactions and balances.

Governance for a sustainable business continued

Role and function of the board
The board focuses on long-term value creation of the company and its affiliated enterprises and takes into account the stakeholder interests that are relevant in this context.

The board serves as the focal point and custodian of corporate governance and has adopted a charter setting out its responsibilities as follows:

- Determining what business we are building, what we offer users and key objectives.
- Ensuring and monitoring that a culture of business ethics and conduct aimed at long-term value creation is promoted to underpin the group's activities as a responsible corporate citizen. With regard to Prosus, this includes adopting values and a code of business ethics and conduct, leading by example, and monitoring implementation to make the required disclosures on incorporation, compliance and effectiveness.

The board acknowledges that the group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process. In this regard the board is responsible for the following:

- Group performance by steering and providing strategic direction to the company, taking responsibility for the adoption of a view on long-term value creation and aligned strategy and plans (such strategies and plans to originate in the first instance from management). The board must approve the annual business plan and budget compiled by management, for implementation by management, taking cognisance of sustainability aspects in long-term planning.
- Ongoing oversight of the implementation of the strategy and business plan by management against agreed performance measures and targets. As part of its oversight of performance, the board should:
  - Retain full and effective control over the company and monitor management with regard to the implementation of the approved annual budget and business plan, as amended from time to time.
  - Oversee that assessments of the negative impacts of the group's activities in the total environment in which the group operates are conducted and addressed responsibly. The board must be alert to the general viability of the organisation with regard to its reliance on the resources it uses or affects, its solvency and liquidity, and its status as a going concern.
  - Consider and, if appropriate, declare the payment of dividends to shareholders.
  - Evaluate the viability of the company and the group as a going concern, such evaluation to be properly recorded.
  - Determine the selection and orientation of directors.
  - Appoint the chief executive officer, who reports to the board, as well as the financial director, and ensure that succession is planned.
  - Establish board committees, including appointing its members, as and when appropriate, with clear terms of reference and responsibilities to promote independent judgement and assist with balance of power and effective discharge of its duties.
  - Appoint the chairs of the board and its committees.
  - Ensure the evaluation of performance and effectiveness of directors, the chair, the board as a whole and its committees to support continued improvement in their performance and effectiveness, including succession planning, and make the required annual disclosures in terms of the Dutch Corporate Governance Code, as applicable.
  - Govern risk in a way that supports the group in setting and achieving its strategic objectives through structured, appropriate and effective enterprisewide risk management and internal control systems, which allow the board to set tolerance levels from time to time and annually assess the risk management and internal control system.
  - Ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decisionmaking and of the company's external reports.
  - Ensure that there is effective risk-based internal audit, which allows it to report on the effectiveness of the company's system of internal controls in its annual report.
  - Define levels of delegation in respect of specific matters, with appropriate authority delegated to board committees and management.
- Monitoring the whistleblower process, including appropriate and independent investigations, and adequate follow-up of recommended remedial actions. The board is assisted by the risk, audit and Naspers social, ethics and sustainability committees, with regular feedback provided by the committees to the board. In addition, executive board members should inform the chair of the board without delay of any signs of actual or suspected material misconduct or irregularities in the company or the group.
- Governing compliance with applicable laws and adopted rules, codes and standards in a way that supports the group being ethical and a good corporate citizen.
- Governing technology and information in a way that supports the group setting and achieving its strategic objectives.
- Ensuring that the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes.
- Adopting a stakeholder-inclusive approach in the execution of its governance role, that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. This includes:
  - Identifying material stakeholders and monitoring management's process of engagement with those stakeholders.
  - Determining the company's communication policy.
  - Proactively engaging with shareholders and ensuring shareholders are treated equitably.
  - Ensuring dispute resolution mechanisms and processes are adopted and implemented as part of the overall management of stakeholder relationships.
- Overseeing the preparation of and approving the company's annual report including the financial statements (for adoption by shareholders), including non-executive reports (as reviewed by the audit committee) and ensuring the integrity and fair presentation thereof. The board should ensure integrity and quality of external reports and set the direction for how assurance of these should be approached and addressed where appropriate. External reports should enable stakeholders to make informed assessments of the group's performance and its prospects.
- Reviewing and assessing annually the charters of the group's significant subsidiary companies' boards, and reviewing their annual assessment of compliance with their charters to establish if the board can rely on the work of the subsidiary companies' boards.
- Reviewing annually the charters of the committees of the board.
- Annually evaluating performance and effectiveness of the company secretary (delegated to the human resources and remuneration, and nomination committees).
- Delegation of certain responsibilities to board committees assists the board with effective discharge of the board's duties. The board remains ultimately responsible for such delegated responsibilities.

Governance for a sustainable business continued

The chair

The chair, Koos Bekker, is a non-independent non-executive director who previously served as an executive director of the company. Hendrik du Toit was appointed to act as lead director in all matters where there may be an actual or perceived conflict subsequent to Fred Phaswana's retirement effective 1 April 2020.

The responsibilities of the chair include:

- Providing overall leadership to the board without limiting the principle of collective responsibility for board decisions, while at the same time being aware of individual duties of board members.
- Ensuring a balanced composition and proper functioning of the board and its committees.
- Ensuring a culture of openness and accountability within the board.
- In conjunction with the chief executive officer, representing the board in respect of communication with shareholders, other stakeholders and, indirectly, the general public.
- Assisted by the board, its committees and the boards and committees of the company's subsidiary companies, ensuring the integrity and effectiveness of the governance process.
- Maintaining regular dialogue with the group's chief executive officer on operational matters and consulting on an ongoing basis with other board members on any matter of concern to him/her, including managing conflicts of interests.
- In consultation with the group's chief executive officer and company secretary, ensuring appropriate content and order of the agendas of board meetings and ensuring that members of the board receive documentation promptly.
- Ensuring that board members are properly informed about issues arising from board meetings and that relevant information is submitted to the board.
- Acting as facilitator at board meetings to ensure a sound flow of opinions. The chair ensures that adequate time is scheduled for discussions, and that they lead to logical and acceptable conclusions.
- Monitoring how the board works together and how individual directors perform and interact at meetings. The chair meets with directors annually to evaluate their performance.
- Chairing the general meetings and ensuring general meetings proceed in an orderly and efficient manner and ensuring the proper conduct of business at meetings to promote a meaningful discussion at the meetings.
- Ensuring that the directors discuss the reports provided by the committees to the board.
- With the assistance of the company secretary, ensuring all directors follow their induction and training programmes.
- Pre-clearing all dealings in Prosus shares by directors.

The chief executive

The chief executive reports to the board and is responsible for the day-to-day business of the group and implementing policies and strategies approved by the board. Chief executives of the various businesses assist him in this task. Board authority conferred on management is delegated through the chief executive, against approved authority levels. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities. Bob van Dijk is the appointed chief executive. He has no other professional commitments outside the group, except for his appointment to the board of Booking.com. Succession planning for the chief executive is considered annually.

The functions and responsibilities of the chief executive include:

- Developing the company's strategy for consideration, determination and approval by the board.
- Developing and recommending to the board yearly business plans and budgets that support the company's long-term strategy.
- Monitoring and reporting to the board about the performance of the company.
- Establishing an organisational structure for the company, which is necessary to enable execution of its strategic planning.
- Recommending/appointing the executive team and ensuring proper succession planning and performance appraisals take place.
- Ensuring that the company complies with relevant laws, corporate governance principles, business ethics and appropriate best practice and, if not, that the failure to do so is justifiably explained.

Directors

Directors fulfil their governance duties individually and collectively taking into account:

- the role of the board as set out in the charter
- applicable laws, regulations and good governance guidelines, and
- their duties as directors, including fiduciary duties and duty of care and skill.

Independent advice

Individual directors may, after consulting with the chair or chief executive, seek independent professional advice, at the expense of the company, on any matter connected with discharging their responsibilities as directors.

Board meetings and attendance

The board meets at least five times per year, or more as required. The projects committee attends to matters that cannot wait for the next scheduled meeting. The board held 9 meetings in the past financial year. Non-executive directors meet at least once annually without the chief executive, financial director and chair present, to discuss the performance of these individuals.

The company secretary acts as secretary to the board and its committees and attends all meetings.

Board rotation

All non-executive directors are subject to retirement and re-election by shareholders every three years. A director's term of office shall lapse in accordance with the rotation schedule drawn up by the board.

Neither the chief executive officer nor the financial director has a fixed appointment term. The group intends to continue to focus on building platforms that address major societal needs in high-growth markets. This strategy requires the group, and its chief executive officer and the financial director, to take a long-term perspective. Considering its business and strategy, the group believes that it is appropriate not to limit their appointment to a four-year term

Indemnification

The Prosus articles of association include provisions regarding the indemnification of current and former directors against: (i) the reasonable costs of conducting a defence against claims for damages or of conducting defence in other legal proceedings; (ii) any damages payable by them; and (iii) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf, based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at Prosus's request – in the latter situation only if and to the extent that these costs and damages are not reimbursed on account of these other duties.

However, there shall be no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) a Dutch court, or in the case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful *(opzettelijk)*, intentionally reckless *(bewust roekeloos)* or seriously culpable *(ernstig verwijtbaar)* conduct, unless Dutch law provides otherwise or this would be unacceptable according to standards of reasonableness and fairness; (ii) the costs or damages directly relate to or arise from legal proceedings between a current or former director and Prosus, with the exception of legal proceedings that have been brought by one or more shareholders, according to Dutch law or otherwise, on behalf of Prosus; or (iii) the costs or financial loss of the person concerned is covered by an insurance policy and the insurer has paid out the costs or financial loss.

While the whole board remains accountable for the performance and affairs of the company, it delegates certain functions to committees and management to assist in discharging its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems.

Each committee acts within agreed, written terms of reference. The chair of each committee reports at each scheduled board meeting. The terms of reference of each of the board committees can be found at www.prosus.com/about/policies.

The chairs of the audit, risk, human resources and remuneration, and nomination committees are independent non-executive directors and are required to attend annual general meetings to answer questions.

The established board committees in operation during the financial year are as follows and the names of the members who were in office during the financial year and the details of the committee meetings attended by each of the members are shown in the table on page 90.

Read more on page 90

Governance for a sustainable business continued

Board committees

Projects committee

The projects committee acts on behalf of the board in managing urgent issues when the board is not in session, subject to statutory limits and the board's limitations on delegation. The majority of the projects committee are non-executive directors. It is chaired by Koos Bekker.

Nomination committee

The nomination committee assists the board to determine, and regularly review, the size, structure, composition and effectiveness of the board and its committees, in the context of the company's strategy. The committee comprises a minimum of three non-executive directors, the majority of whom are independent. It is chaired by Rachel Jafta.

The report of the nomination committee is shown on page 99.

Audit committee

The audit committee seeks to support the board in assessing the integrity of the group's financial reporting, and by providing constructive challenge and oversight of the group's activities and of its audit functions. It comprises a majority independent non-executive directors and is chaired by Don Eriksson.

The report of the audit committee is shown on page 92.

Human resources and remuneration committee

The main objective of the human resources and remuneration committee is to fulfil the board's responsibility for the strategic human resources issues of the group, particularly focusing on the appointment, remuneration and succession of the most senior executives. The committee comprises a majority independent non-executive directors. It is chaired by Craig Enenstein.

The report of the human resources and remuneration committee is shown on page 96.

Risk committee

The purpose of the risk committee is to assist the board to discharge its responsibilities regarding the governance of risk through formal processes, including an enterprisewide risk management process and system. The committee is chaired by Don Eriksson.

The report of the risk committee is shown on page 99.

Prior to the conversion to public company with limited liability (naamloze vennootschap) and the listing of Prosus, the directors of Prosus (formerly Myriad International Holdings B.V.) were:

Directors	Date of first appointment	Date of resignation	Meetings attended	Category
G B De Carvalho	16 May 2017	16 May 2019	1	Executive
A Moondhra	1 February 2017	16 May 2019	1	Executive
S De Reus	1 April 2011	16 May 2019	1	Executive
J van der Merwe	1 April 2011	16 May 2019	1	Executive
E F Barker	8 December 2016	16 May 2019	1	Executive
P J P Olivier	29 August 2016	16 May 2019	1	Executive
R C Rabalais	1 February 2017	16 May 2019	1	Executive

Committees' composition and number of meetings attended

Directors[1]	Board	Projects committee	Audit committee	Human resources and remuneration committee	Nomination committee	Risk committee	Category
J P Bekker	9*	5*		3	1		Non-independent non-executive
B van Dijk	9	5				3	Executive
V Sgourdos	9	5				4	Executive
E M Choi	9			3		4	Independent non-executive
H J du Toit[4]	7				1		Independent non-executive
C L Enenstein	9			3*	1		Independent non-executive
D G Eriksson	9		4*			4*	Independent non-executive
M Girotra[2]	6		2				Independent non-executive
R C C Jafta[5]	9		4		1*	4	Independent non-executive
F L N Letele	8						Independent non-executive
D Meyer	9						Independent non-executive
R Oliveira de Lima	9			3	1		Independent non-executive
S J Z Pacak	7	5				4	Independent non-executive
T M F Phaswana[3]	9	5		3	1		Independent non-executive
M R Sorour[6]	9						Non-independent non-executive
J D T Stofberg	9						Independent non-executive
B J van der Ross[7]	9		4			4	Independent non-executive
Total meetings held	**9**	**5**	**4**	**3**	**1**	**4**	

* Chair.
(1) Bob van Dijk and Basil Sgourdos were appointed to the board on 16 May 2019. All the non-executive directors were appointed to the board on 14 August 2019, apart from Manisha Girotra.
(2) Appointed as an independent non-executive director and audit committee member on 1 October 2019.
(3) Retired as a director on 31 March 2020.
(4) Appointed as lead independent director on 1 April 2020.
(5) Appointed as member of the projects committee on 1 April 2020.
(6) Appointed as a member of the projects committee on 24 April 2020.
(7) Resigned from the audit and risk committees and appointed as a member of the Naspers social, ethics and sustainability committee on 24 April 2020.

Governance for a sustainable business continued

Board evaluation process

Performance in general

Considered as part of the review of the composition of the board and its committees

Committees perform self-evaluations against their charters for consideration by the board

Performance of each director

Performance of each director is evaluated by the other board members, using an evaluation questionnaire

Chair discusses the results with each director

Consolidated summary of the evaluation is reported to and discussed by the board, including any actions required

Evaluation

The nomination committee carries out the evaluation process, which is not externally facilitated, on an annual basis in accordance with the Dutch Corporate Governance Code.

Performance in general will be considered every year as part of the review of the composition of the board and its committees. The performance of the board and its committees, as well as the chair of the board, against their respective mandates in terms of the board charter and the charters of its committees, is appraised. The committees perform self-evaluations against their charters for consideration by the board.

For the annual formal inhouse self-assessment, the performance of each director will be evaluated by the other board members, using an evaluation questionnaire. The chair of the board shall discuss the results with each director and agree on any training needs or areas requiring attention by that director. Where a director's performance is not considered satisfactory, the board will not recommend his/her re-election. A consolidated summary of the evaluation is reported to and discussed by the board, including any actions required. The lead independent director leads the discussion on the performance of the chair, with reference to the results of the evaluation questionnaire, and provides feedback to the chair.

The board is satisfied that the evaluation process will improve its performance and effectiveness.

Furthermore, the independence of each director is evaluated annually in accordance with the Dutch corporate governance code. Although Prosus deviates from best practice provisions 2.1.9 and 5.1.3 of the Dutch corporate governance code, the board is of the opinion that the chair's experience and industry knowledge benefits Prosus and its shareholders and outweighs any perceived disadvantage of non-independence. The board believes that it is in the best interests of the group and its shareholders that the governance structures of Naspers and Prosus substantially mirror each other.

The formal annual evaluation process showed that the board and its committees had functioned well and discharged their duties as per the mandates in their charters. The board is satisfied that the evaluation process is improving its performance and effectiveness. The results of the board evaluation indicated that board members, collectively and individually, effectively discharged their governance role. There were no remedial actions identified.

Induction and development

An induction programme is held for new members of the board and key committees, tailored to the needs of individual appointees. This involves industry and company-specific orientation, such as meetings with senior management to facilitate an understanding of operations. Board members are exposed to the main markets in which the group operates as well as relevant evolving trends in technology and business models. The company secretary assists the chair with the induction and orientation of directors, and arranges specific training if required.

The company will continue with directors' development and training to build on expertise and develop an understanding of the businesses and main markets in which the group operates. During the year board training and development initiatives included artificial intelligence and machine learning, blockchain and bitcoin, development of regulation in relation to technology/internet, global developments, development in certain markets such as India and China and responsibilities of directors in terms of Dutch law and the Dutch corporate governance code.

Conflicts of interest

Potential conflicts are appropriately managed to ensure candidate and existing directors have no conflicting interests between their obligations to the company and their personal interests. All directors are required to declare personal interests on an annual basis. Declaration of directors' interests is a standing agenda point on the board's agenda. Directors who believe there may be a conflict of interest on a matter are to advise the company secretary and are recused from the decisionmaking process. Directors must also adhere to a policy on trading in securities of the company.

Discharge of responsibilities

The board is satisfied that the committees properly discharged their responsibilities over the past year.

Report of the audit committee

"Prosus prides itself on strong financial management that creates long-term value for its stakeholders."

Don Eriksson
Chair: Audit committee

Members of the audit committee

- D G Eriksson (chair)
- M Girotra
- R C C Jafta
- B J van der Ross[(1)]

I am pleased to present the report of the audit committee (the committee) for the year ended 31 March 2020. The committee assists the board of directors (the board) in fulfilling its supervisory responsibilities for, among other things, ensuring the quality and integrity of the company's financial statements, reviewing the company's internal controls and risk management.

Members of the audit committee and attendance at meetings

This committee, chaired by Don Eriksson, comprises a majority independent non-executive directors. All members are financially literate and have business and financial acumen. The committee held four meetings during the past financial year. The chief executive and financial director attend committee meetings by invitation.

The names of the members who were in office during the financial year and the details of the committee meetings attended by each of the members are shown on page 90.

The committee has unrestricted access to company information falling within the committee's mandate and will liaise with management on the information it requires to carry out its responsibilities. Both internal and external auditors have unrestricted access to the committee through the chair. The internal and external auditors also have the opportunity at two meetings per year to report to the committee in the absence of management, or when appropriate to do so.

The chair of the board is not a member of the committee but may attend meetings by invitation. Board members are entitled to attend committee meetings as observers. However, non-committee members are not entitled to participate without the consent of the chair; do not have a vote; and are not entitled to fees for attendance.

Responsibilities

This committee's main responsibilities, in addition to its responsibilities in terms of the Dutch Civil Code *(Burgerlijk Wetboek)*, are as follows:

- Execute the committee's statutory obligations in terms of the Dutch laws applicable to Prosus
- Annually review and assess the committee's charter and, if appropriate, recommend, for approval by the board, required amendments thereto
- Annually review and assess the charters of the group's significant subsidiaries' audit committees and review their annual assessment of compliance with their charters to establish if the committee can rely on the work of the subsidiary companies' committees
- Perform a formal annual evaluation of whether the committee has fulfilled its responsibilities in terms of its charter and reporting these findings to the board
- Review and approve for presentation to and approval by the board, the company's annual report including non-executive director reports, annual financial statements, interim reports and summarised consolidated financial statements, and any other company press releases with material financial or internal control impacts
- Disclose in the annual report significant matters that the committee has considered in relation to the annual financial statements, and how these were addressed by the committee
- Review the documented assessment of the viability of the company and the group on a going concern basis, making recommendations to the board relating thereto. The committee should be alert to the general viability of the company and the group with regard to its reliance and effects on the total resources it uses and affect, its solvency and liquidity, and its status as a going concern
- Receive the external auditors' reports directly from the external auditors, including the receipt and review of reports, which furnish, in a timely fashion, information relating to:
  - Significant critical accounting policies and practices to be used in the preparation of the financial statements
  - Significant alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the external auditors' preferred treatment
  - The external auditors' internal quality control procedures (such reports to be received annually), describing any material issues raised by the most recent internal quality control review or peer review of the external auditors, (such reports to be received annually), or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issue
  - How written statement in respect of relationships between the external auditors and the company, which the audit committee will use to investigate any relationships disclosed therein that may impact the external auditors' objectivity and independence,
  - Other material written communications between the external auditors and management, and
  - Other required disclosures to the audit committee by the external auditors
- Annually review external audit and disclose the committee's views on the quality of the external audit and independence, when required, with reference to audit quality indicators such as those that may be included in inspection reports issued by external audit regulators
- Evaluate the lead partner of the external auditors, who will be subject to regular rotation as required by applicable regulations
- Present the committee's conclusions in respect of the nomination for appointment as external auditors to the board, preceding the annual request to shareholders to approve the appointment of the external auditors. In the case of appointing a new external auditor, this includes the responsibility for the mandatory public tendering process
- Approve the external auditor's terms of engagement and remuneration. Evaluate and provide commentary on the external auditors' audit plans, scope of findings, identified issues and reports
- Pre-approve all audit and audit-related services provided by the external auditors
- Develop a policy for the board to approve with regard to non-audit services performed by the external auditors. Approve non-audit services provided by the external auditor in accordance with the policy
- Oversee the management of financial and other risks that affect the integrity of external reports issued by the company

(1) Effective 24 April 2020, Mr van der Ross, independent non-executive director, stepped down from the audit and risk committees and was appointed to the Naspers social, ethics and sustainability committee.

Report of the audit committee continued

- Based on the information provided by the various assurance providers, evaluate the effectiveness of internal financial controls. The audit committee undertakes preparatory work to assist the board in its decisionmaking regarding the integrity and quality of the company's financial reporting and the effectiveness of internal risk management and control systems, monitoring. Such views must be reported to the board and in the annual report:
  - the relationship with internal and external auditors and following up with comments and recommendations made by internal and external auditors;
  - funding;
  - the application of information and communication technology (ICT), including the risks relating to cyber security, and
  - the tax policy.
- The audit committee reports to the Prosus board on:
  - the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems
  - the methods used to assess the effectiveness of the internal and external audit processes
  - the material considerations concerning the financial reporting, and
  - the way material risks and uncertainties referred to in the report of the Prosus board have been analysed and discussed, along with a description of the most important findings of the audit committee.

Such views must be reported to the board and in the annual report.

- Approve and recommend to the board for approval the internal audit charter, which must be reviewed annually.
- Overseeing the internal audit function and assisting the board in fulfilling the following responsibilities:
  - Setting the direction for internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes
  - Ensure that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the company, and that internal audit is supplemented as required by specialists
  - Confirm the appointment or dismissal of the head of the group's internal audit function and periodically review his or her performance
  - Monitor that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile regularly, and propose adaptations to the internal audit plan accordingly
  - Ensure internal audit provides a statement annually as to the effectiveness of the company's governance, risk management and control process
  - Ensure the internal audit function is subject to an external, independent quality review every five years,
  - Obtain confirmation annually from the head of the group's internal audit function that internal audit conforms to a recognised industry code of ethics.
- Evaluate and disclose the audit committee's views on the effectiveness of the head of internal audit and the arrangements for internal audit, as well as approving the annual internal audit plan and any material changes thereto
- Review internal audit's and the risk committee's reports to the committee
- Review procedures to ensure that the requirements of the relevant stock exchanges are complied with
- Review Prosus practices in light of the Dutch Corporate Governance Code, as amended from time to time, and make specific disclosures recommended by the Dutch Corporate Governance Code
- Monitor compliance with the board-approved group levels of authority
- Related party transactions
  - Approve all related party transactions between US$5m and US$50m (in excess of US$50m only the board to approve) (except those between wholly owned, direct and indirect subsidiaries of Prosus, which would be reviewed in the context of accounting disclosure requirements) as defined by IAS 24 *Related Party Disclosures* (IAS 24)
  - All related party transactions as defined by IAS 24 to a value of less than US$5m must be brought to the attention of the audit committee at the most convenient meeting closest to when the transaction is concluded, and
  - Furthermore, the audit committee will review, approve and recommend to the board for approval material related party transactions outside the ordinary course of business, or on terms other than normal market terms, as required by the relevant laws and regulations.
- Evaluate:
  - Legal matters which may affect the financial statements
  - Matters of significance reported by the internal and external auditors, and any other parties, including implied potential risks to the group and recommendations on appropriate improvements
  - Major unresolved accounting or auditing issues, and
  - Progress in respect of the completion of all unfinished matters reported by the internal and external auditors.
- Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal control, auditing matters, risk management and management or other fraudulent activities, including procedures for confidential, anonymous reporting by employees in respect of questionable matters
- Annually evaluate the performance of and appropriateness of the expertise and experience of the financial director and the finance function. The results of the review to be disclosed in the annual report
- Compile a report to be inserted in the financial statements, describing how the committee carried out its functions and stating whether the committee is satisfied that the external auditors were independent of the company. Include in that report a statement regarding the effectiveness of the internal controls and, specifically, of the internal financial controls
- Assisting the board in fulfilling the following responsibilities:
  - Ensuring that arrangements for assurance services are effective in achieving the following objectives:
    - Enabling an effective internal control environment
    - Supporting the integrity of information used for internal decisionmaking by management, the board and its committees, and
    - Supporting the integrity of external reports.
- Execute assignments commissioned by the board.

Some responsibilities of this committee may also be a responsibility of the company's risk committee.

Key focus areas during the year

The committee's key focus areas during the year included:

- Discharging its functions in terms of its charter
- Assessing and reviewing the preparation of the Prosus N.V. prospectus, the combined financial information and policies in anticipation of the listing of the company
- Assessing the impact of changes to accounting standards
- The preparation of the company's initial public interim and year-end financial statements, including the first-time preparation of IFRS-based financial statements
- Ensuring group reporting meets the Dutch Civil Code *(Burgerlijk Wetboek)* and the Dutch Financial Supervision Act *(Wet op het Financieel Toezicht)* requirements as supervised by the AFM and to the extent required, JSE Listings Requirements, and
- Implementing the Dutch Corporate Governance Code recommendations.

Report of the audit committee continued

Financial statement reporting matters

The committee's main responsibility in relation to the group's financial reporting is to review, with both management and the external auditor, the appropriateness of the group's annual financial statements with its primary focus on:

- The quality and acceptability of accounting policies and practices
- Material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor, and
- An assessment of whether the annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the group's position and performance, business model and strategy.

The significant judgements and matters and conclusions reached/actions taken by the committee in relation to the 2020 annual financial statements are outlined in the table adjacent. Each of these matters was discussed with the external auditor and, where appropriate, has been addressed as a key audit matter in the report on the audit of the consolidated and company financial statements on pages 219 to 227.

Significant reporting matter	Conclusions reached/actions taken
Financial reporting implications of Prosus's listing on Euronext Following its listing, Prosus prepared consolidated financial statements in accordance with IFRS as adopted by the European Union (IFRS-EU) for the first time. In applying IFRS 1 *First time adoption of IFRS*, the group elected to use the carrying amounts previously recognised in the consolidated financial statements of its parent, Naspers Limited. Further, the comparative financial information presented in the consolidated financial statements is different in comparison with the Combined Carve-out Financial Statements of the combined Prosus group included in the listing prospectus (refer "Other information to the consolidated financial statements"). The company also elected to prepare the company financial statements on the basis of IFRS-EU. On transition, the company also applied the option to include assets, liabilities, income and expenses for the same amounts as previously recognised in the consolidated financial statements of its parent, Naspers Limited. The company's investment in subsidiaries were measured in transition to IFRS-EU at their respective deemed cost based on the former Dutch GAAP's carrying amounts (refer to note 1 "Basis of preparation – First-time adoption of International Financial Statements" of the company financial statements).	The committee noted the differences in the combined and consolidated Prosus group comparative information as set out in the reconciliation in "Other information to the consolidated financial statements". The committee further noted the accounting principles applied to the company's first-time adoption of IFRS. Consequently, the committee was satisfied with the appropriateness of the analysis performed by management and disclosures in the consolidated and company financial statements related to the adoption of IFRS-EU.
Impairment testing of goodwill and intangible assets and investments in subsidiaries The group's net asset value includes significant amounts of goodwill and intangible assets (refer to notes 6 "Goodwill" and 7 "Other intangible assets" in the consolidated financial statements), while the company's net asset value includes significant investments in subsidiaries (refer to note 3 "Investments in subsidiaries" in the company financial statements). These balances are tested at least annually for impairment and this process involves complex calculations and the exercise of critical management judgement regarding assumptions and estimates. The outbreak of the Covid-19 pandemic is a triggering event for potential impairment and the impairment tests as of 31 March 2020 were updated using revised forecasts to take the impact of Covid-19 into account.	The committee received impairment reporting from management including the results of the group's annual impairment testing of goodwill and those assets where indicators of impairment existed. The committee reviewed this reporting in terms of the consistent application of management's testing methodology, the achievability of business plans and forecasts based on the Prosus board approval thereof and the critical assumptions applied. In addition, as impairment testing remains a key area of focus for the group's external auditor, the committee reviewed the external auditor's reporting on impairment testing and the valuations used for this purpose. The committee also received detailed written feedback from management on how valuation principles, areas of judgement and forecasts have been impacted by Covid-19. Consequently, the committee was satisfied with the appropriateness of the analysis performed by management and the impairment-related disclosures in the annual financial statements.
Share-based payments The group has a number of share-based compensation schemes (refer to note 42 "Equity compensation benefits" of the consolidated financial statements). The share-based payments arising therefrom involve complex valuations and the use of critical management judgement regarding assumptions and estimates.	The committee acknowledged that the human resources and remuneration committee reviews the valuations, including assumptions and allocations, of the share-based compensation schemes as well as the various scheme rules. The committee noted the report of the human resources and remuneration committee will be tabled at the Prosus board meeting in August 2020 and will detail the results of these reviews as per the normal process. The committee noted that these valuations and the underlying assumptions are used for the accounting of share-based payments. The committee also reviewed the accounting and disclosure of share-based payments in the annual financial statements. As a result, the committee concluded that that accounting and disclosure of share-based payments in the consolidated annual financial statements is appropriate.
Equity-accounted investments – Tencent Holdings Limited (Tencent) Equity-accounted investments (refer to notes 9 "Investments in Associates" and 10 "Investments in joint ventures" in the consolidated financial statements) are significant to the consolidated annual financial statements and the group is required to make certain adjustments to the underlying results of investees in respect of any significant transactions that occur between the investees' year ends and 31 March. These adjustments require the exercise of critical management judgement and are significant in terms of magnitude. Accounting for the group's investment in Tencent was a significant matter due to the significant contribution of the entity to the consolidated results of the group and the fact that Tencent has a year end that is not coterminous with that of the group. For further information refer to note 2 "Principal accounting policies" and note 9 "Investments in associates" in the consolidated financial statements.	The committee received feedback from the group's representatives on the committees of Tencent and other significant equity-accounted investments. The committee reviewed the reporting of the contribution of equity-accounted investments to the group's results and financial position as part of their review of the consolidated annual financial statements. In addition, the committee received reporting from management on significant lag-period adjustments and/or adjustments made to the underlying results of investees to align the investees' accounting policies to those of the group. The committee was satisfied with the adjustments made and the critical judgements applied by management.

Report of the audit committee continued

Internal audit

The committee has oversight of the group's and company's annual financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties.

The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports functionally to the chair of the committee and administratively to the financial director. An assessment of the effectiveness of the internal audit function, as well as the head of internal audit, is performed annually by the committee. Based on the assessment, the committee is of the opinion that the internal audit function, as well as the head of internal audit, is effective.

Effectiveness of the company's internal financial controls

The committee reports to the board that it is of the opinion that, based on enquiries made and the reports from the internal auditors, the internal financial controls of the company and its investments are effective. Although the committee was appraised of certain areas in which control improvements are recommended, have started or have been completed, after consideration it is of the opinion that none of these imply a material weakness in financial control of the company and its subsidiaries for the year under review.

Independence and effectiveness of the external auditor

PricewaterhouseCoopers Accountants N.V. (PwC) was reappointed as auditor of the company until the next annual general meeting. The committee believes that the auditor has observed the highest level of business and professional ethics. The committee is satisfied that the auditor has at all times acted with unimpaired independence.

Details of fees paid to the external auditor are disclosed in note 27 to the consolidated annual financial statements on page 180. All non-audit services were approved by the committee during the current financial year in accordance with the board-approved policy on non-audit services performed by the external auditor. The partner responsible for the audit is required to rotate every five years. The committee meets with the auditor independently of senior management.

During the year, the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor. The quality of the external audit was reviewed, focusing on a range of factors considered relevant to audit quality and feedback from PwC on their performance against their own objectives, the committee concluded the external audit to be satisfactory.

It was confirmed that no unresolved issues of concern exist between the group and the external auditor.

Confidential meetings

The committee held confidential meetings between committee members and the internal and external auditors during the year. The committee held four meetings with the internal and external auditors.

Expertise and experience of financial director and the finance function

The committee has satisfied itself that the financial director has appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skillset of the finance function met the group's requirements.

Based on an assessment performed annually, the committee is of the opinion that the finance function, as well as the financial director, is effective.

Discharge of responsibilities

The committee determined that, during the financial year under review, it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included in the full corporate governance report on **www.prosus.com**. The board concurred with this assessment.

Key focus areas going forward

The committee's key focus for the 2021 financial year include:

- discharging its functions in terms of its charter;
- assessing the impact of changes to accounting standards;
- ensuring group reporting meets the Dutch Civil Code *(Burgerlijk Wetboek)* and the Financial Reporting Supervision Act *(Wet Toezicht Financiële Verslaggeving)* requirements as supervised by the AFM and to the extent required the JSE Listings Requirements;
- implementing the Dutch Corporate Governance Code recommendations;
- overseeing the mandatory audit firm rotation process;
- focusing regularly on the group's working capital requirements and ensuring that the group and its subsidiaries continue to operate as going concerns; and
- reviewing and monitoring the accounting for potential mergers, acquisitions and disposal and the conduct of impairment tests.

Don Eriksson
Chair: Audit committee

29 June 2020

Report of the human resources and remuneration committee

"We aim to attract, motivate and retain the best people to create sustainable shareholder value."

Craig Enenstein
Chair: Human resources and remuneration committee

[(1)] Retired on 31 March 2020.

Members of the committee
C L Enenstein (chair)
J P Bekker
E M Choi
R Oliveira de Lima
T M F Phaswana[(1)]

Key focus areas during the year
- Ensuring that the group has a market competitive remuneration policy, structure and tools to attract and retain the world's best talent.
- Considering independent external advice on non-executive directors' fees.
- Improving disclosure of executive remuneration in the annual report in a bid for greater transparency.
- Amending the design of executive remuneration: introducing performance share units (PSUs) to the blend of longer-term incentives that may be awarded, to ensure an even closer alignment between executive remuneration and shareholder outcomes.
- Ensuring succession plans are in place for the chief executive and key positions across the group.

I am pleased to present the human resources and remuneration committee's report for the year ended 31 March 2020. The committee's main objective is to fulfil the board's responsibility regarding the strategic human resources and remuneration aspects of the group.

There is a global shortage of digital talent and we face stiff competition from global, regional and local competitors for talent. While remuneration is not the only basis on which we attract and retain people, it is an important consideration in our industry.

The committee has a charter that encompasses Dutch Corporate Governance Code recommendations and is approved by the board.

Purpose
The purpose of this committee is to fulfil the board's responsibility for the strategic human resources matters of the group, particularly focusing on the remuneration and succession of the most senior executives.

Primary objectives include: promoting superior performance; directing employees' energies to key business goals; achieving the most effective returns for employee spend; and addressing diverse needs across differing cultures.

The group's remuneration strategy aims to attract, motivate and retain the best people to create sustainable shareholder value.

Policies and practices align the remuneration and incentives for executives and employees to the group's business strategy.

It is the board, based on the recommendation from the human resources and remuneration committee, that approves the remuneration policy. Implementation is delegated to the human resources and remuneration committee. The subsidiary boards follow a similar practice, within the parameters of the remuneration policy.

We are committed to ensure that the design and structure of our remuneration policy continue to be appropriately aligned to and support our business strategy going forward.

The human resources and remuneration committee has endeavoured to improve the remuneration disclosure this year while applying the recommendations of the Dutch Corporate Governance Code, as appropriate.

Membership and meetings attendance
The committee comprises a minimum of three directors. All of the members of the committee must be non-executive directors, the majority of whom are independent (as defined in terms of the Dutch Corporate Governance Code and, where appropriate, other international exchanges on which the company's shares are listed).

Board members are entitled to attend committee meetings as observers. However, non-committee members are not entitled to participate without the consent of the chair; do not have a vote; and are not entitled to fees for attendance.

The chair of the committee is an independent non-executive director. The committee held three meetings during the past financial year.

The names of the members who were in office during the financial year and the details of the committee meetings attended by each of the members are shown on page 90.

The committee has unrestricted access to company information falling within the committee's mandate and will liaise with management on the information it requires to carry out its responsibilities.

Responsibilities
This committee's main responsibilities are to:

- With respect to Prosus:
  - every four years, submit a clear and understandable proposal to the board of Prosus of a remuneration policy for directors of Prosus
  - make a proposal to the board concerning the remuneration of individual executive directors in accordance with the remuneration policy
  - make proposals to the general meeting of Prosus for the remuneration of the non-executive directors of Prosus in accordance with the remuneration policy, and
  - annually prepare for publication on the Prosus website a remuneration report in accordance with applicable Dutch laws and Dutch Corporate Governance Code recommendations.
- Determine and approve the Prosus remuneration report, which must be tabled at each annual general meeting of Prosus for a non-binding advisory vote by shareholders.
- Make recommendations to the non-executive directors on the remuneration of executive directors and review and approve annually the remuneration packages of the most senior executives, ensuring they are appropriate and in line with the remuneration policy.
- Appraise annually the performance of the chief executive.
- Review annually the remuneration of non-executive directors of the board and its committees. The necessary proposals in this regard must be presented to the board for approval by the shareholders. Non-executive remuneration must be approved by shareholders in advance.

Report of the human resources and remuneration committee continued

- Fulfil delegated responsibilities with regard to share-based incentive plans, eg the appointment of trustees.
- Make recommendations to the board regarding the appointment of the executive directors.
- Review incidents of unethical behaviour by senior managers and the executive directors of the company.
- Review annually the company's code of ethics and code of business conduct.
- Review annually the committee's charter and, if appropriate, recommend, for approval by the board, required amendments thereto.
- Approve amendments to share-based incentive plans.
- Perform a formal annual evaluation of whether the committee has fulfilled its responsibilities in terms of its charter, and reporting these findings to the board of directors.
- Review and assess annually the charters of the group's significant subsidiaries' remuneration committees, and review their annual assessment of compliance with their charters to establish if the committee can rely on the work of the subsidiary companies' committees.
- Evaluate annually the performance of the company secretary, and make the necessary recommendations to the board in this regard.

Key focus areas during the year

During the financial year, the human resources and remuneration committee focused on:

- Gathering and analysing current and relevant industry reward trends to ensure that the group has a market competitive remuneration policy, structure and tools to attract and retain the world's best talent. This included ensuring that the right pay-for-performance mix is applied; ensuring short-term bonuses are measurable and linked to the group's strategy and targets; aligning the terms of the group's various long-term share-based incentive schemes to industry norms, where appropriate to do so; and setting parameters and criteria for allocations of share-based incentives based on individual performance.
- Considering independent external advice on non-executive directors' fees.
- Improving disclosure of executive remuneration in the annual report in a bid for greater transparency.
- Introducing a shareholding requirement for the chief executive.
- Amending the design of executive remuneration by introducing performance share units to the blend of longer-term incentives granted to senior management as detailed in the remuneration report.
- Thoroughly reviewing detailed succession plans to ensure plans are in place for the chief executive and key positions across the group that identify successors, taking into account diversity and potential, along with any professional development required.

Key focus areas going forward

Key focus areas for the year ahead include, but are not limited to:

- Continued engagement with shareholders on remuneration topics.
- Ongoing monitoring of market developments to ensure our remuneration structure allows us to compete globally for talent, and that our offering is compelling, fair and responsible.
- Achieving appropriate mix of longer-term incentives, including those to which performance conditions are attached.

Remuneration report

Having achieved its objectives for the financial year, the committee sets out the remuneration disclosure in the remuneration report, comprising our overarching remuneration policy for executive directors and non-executive directors and commentary on how it has been implemented during the year. The remuneration report is prepared in accordance with the requirements of the Dutch Corporate Governance Code and Dutch law. It is divided into three sections (background statement, remuneration policy, and implementation) and is detailed on pages 101 to 137 of the annual report.

Craig Enenstein
Chair: Human resources and remuneration committee

29 June 2020

Report of the nomination committee

"The right balance of skills, knowledge and experience on the board help us deliver the best possible outcomes for our stakeholders."

Rachel Jafta
Chair: Nomination committee

(1) Retired on 31 March 2020.

Members of the committee

R C C Jafta (chair)
J P Bekker
H J du Toit
C L Enenstein
R Oliveira de Lima
T M F Phaswana[1]

Key focus areas during the year

- Assessing the composition of the board with regard to executing its duties effectively.
- Assessing compliance with the committee's charter.
- Assessing the effectiveness of the board, its members and the committees through a board evaluation process.
- Evaluating the performance and independence of the company secretary.

I am pleased to present the nomination committee's report for the year ended 31 March 2020. The committee has a charter approved by the board.

Purpose

The main objective of the nomination committee is to assist the board to determine, and regularly review, the size, structure, composition and effectiveness of the board and its committees, in the context of the company's strategy.

Membership and meetings attendance

The committee comprises a minimum of three directors, the majority of whom are independent. All of the members of the committee must be non-executive directors, the majority of whom are independent (as defined in terms of the Dutch Corporate Governance Code and, where appropriate, other international exchanges on which the company's shares are listed).

The committee held one meeting during the past financial year. The chair of the committee is an independent non-executive director.

The names of the members who were in office during the financial year and the details of the committee meetings attended by each of the members are shown on page 90.

Board members are entitled to attend committee meetings as observers. However, non-committee members are not entitled to participate without the consent of the chair; do not have a vote; and are not entitled to fees for attendance.

This committee has unrestricted access to company information falling within the committee's mandate and will liaise with management on the information it requires to carry out its responsibilities.

Responsibilities

This committee's main responsibilities are to:

- Review annually the board charter and the committee charter and, if appropriate, recommend, for approval by the board, required amendments thereto.
- Determine for approval by the board:
  - the policy for diversity at board level
  - restrictions on the number of listed company boards on which a director may serve, taking into account the relevant provisions of the applicable laws
  - the service period of directors
  - retirement and succession in respect of directors, including the Prosus retirement schedule for publication on the website, and
  - a policy governing the seeking of independent professional advice by individual board members.
- Review annually the structure, size and composition of the board and, where appropriate, make recommendations to the board in respect thereof. The following should be taken into account when considering the composition of the board:
  - the appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience, needed to govern the company
  - the appropriate mix of executive, non-executive and independent non-executive members
  - the need for a sufficient number of members that qualify to serve on the committees of the board
  - the need to secure a quorum at meetings
  - regulatory requirements, and
  - diversity as elaborated on in the board diversity policy.
- Make recommendations to the board with regard to the appointment of new directors. For all nominations in respect of board appointments a 'fit and proper' test must be conducted. Nominated candidates must complete the required declarations in compliance with Euronext Amsterdam requirements and any other exchange on which the company's shares are listed, where applicable.
- Identify and nominate candidates to fill board vacancies.
- Approve the role and responsibilities of the chair and the lead independent director and ensure there is a succession plan in place for the position of the chair.
- Formally evaluate annually the board and the individual directors to make disclosures in the annual report and the board report of Prosus as required by the Dutch Corporate Governance Code and to establish whether the service of any director should be terminated. This includes a recommendation to the board about the reappointment of directors who retire by rotation at the annual general meeting every year on the basis of those directors' performance, including attendance at meetings of the board and its committees, as well as the evaluation of independence. For a reappointment after an eight-year period, reasons must be provided in the report of the non-executive directors of Prosus.
- Formally evaluate every year the performance of the chair of the board and make the necessary recommendations to the board in this regard.
- Review the allocation of roles and associated responsibilities, composition and effectiveness of committees of the board collectively, and make recommendations to the board with regard to:
  - the continuance (or not) of the service of any director as a member of any committee
  - effective collaboration through cross-membership of committees
  - ensuring adequate coverage of all matters delegated by the board, and
  - ensuring an efficient approach is followed on matters dealt with by more than one committee.
- Perform a formal annual evaluation of whether the committee has fulfilled its responsibilities in terms of its charter, and reporting these findings to the board of directors.
- Review and assess annually the charters of the group's significant subsidiaries' nomination committees, and review their annual assessment of compliance with their charters to establish if the committee can rely on the work of the subsidiary companies' committees.
- Evaluate annually the performance and independence of the company secretary, and make the necessary recommendations to the board in this regard.

Key areas of focus during the year

The duties completed by the committee this financial year include:

- Assessment of the composition of the board to execute its duties effectively.
- Assessment of compliance with the committee's charter.
- Assessment of the effectiveness of the board, its members and the committees through a board evaluation process.
- Evaluation of the performance and independence of the company secretary.

Key areas of focus going forward

Focus areas for the committee going forward will continue to include, but will not be limited to:

- Assessment of the composition of the board to execute its duties effectively.
- Evaluation of the board, including structure, size, composition, balance of skills, and experience and diversity of the board and its committees.
- Ensuring there is a succession plan in place for the position of the chair of the board.

Conclusion

Following the review by the committee for the year ended 31 March 2020, the committee is of the view that, in all material respects, the committee has fulfilled its remit for the financial year. The board concurred.

Rachel Jafta
Chair: Nomination committee

29 June 2020

Report of the risk committee

"Rigorous and consistent risk management is critical to our success."

Don Eriksson
Chair: Risk committee

(1) Effective 24 April 2020, Mr van der Ross, independent non-executive director, stepped down from the audit and risk committees and was appointed to the Naspers social, ethics and sustainability committee.

Members of the committee

D G Eriksson (chair)
E M Choi
R C C Jafta
S J Z Pacak
V Sgourdos
B J van der Ross[1]
B van Dijk

Key focus areas during the year

- Recognising material risks to which the group is exposed and ensuring that the culture, policies and systems are implemented and functioning effectively.
- Implementing and monitoring the processes of risk management and for integrating this into day-to-day activities.
- Ensuring risks are adequately identified, evaluated and managed at the appropriate level in each business, and that their individual and joint impact on the group is considered via the enterprisewide risk management process.
- Particularly focusing on data privacy and cybersecurity, sustainability, and tax.

I am pleased to present the risk committee's report for the year ended 31 March 2020.

Purpose

The purpose of the risk committee is to assist the board to discharge its responsibilities regarding the governance of risk and opportunities through formal processes, including an enterprisewide risk management process and system. Risk governance encompasses both:

- considering the opportunities and associated risks when developing strategy, and
- the potential positive and negative effects of the same risks on the achievement of the group objectives.

We acknowledge that no risk management system on risk levels and controls, can give us absolute certainty that we fully understand all risks or avoid any failure.

Refer to pages 53 to 58 where we set out in the risk and opportunities report a detailed explanation of the group's approach to risk.

Meetings and attendance

The chair is Don Eriksson. Board members are entitled to attend committee meetings as observers. However, non-committee members are not entitled to participate without the consent of the chair; do not have a vote; and are not entitled to fees for attendance.

The names of the members who were in office during the financial year and the details of the risk committee meetings attended by each of the members are shown on page 90.

All risk committee members served on the committee for the full financial year. The committee held four meetings during the past financial year.

The committee has unrestricted access to company information falling within the committee's mandate and will liaise with management on the information it requires to carry out its responsibilities.

Members of the committee are individuals with risk management skills and experience.

Responsibilities

The committee's responsibilities include the following:

- Review and approve a risk management policy and plan developed by management and recommend such policy and plan to the board for approval. The risk policy and plan must be reviewed annually.
- Monitor the implementation of the risk management policy and plan, ensuring that an appropriate enterprisewide risk management system and process is in place with adequate and effective risk management processes that include strategy, ethics, operations, reporting, compliance, IT and sustainability.
- Make recommendations to the board concerning risk indicators, levels of risk tolerance and risk appetite (namely the board's propensity to take appropriate levels of risk) as well as the limit of the potential loss that the group has the capacity to tolerate
- Monitor that risks are reviewed by management, and that management considers and implements appropriate responses to identified risks, so that they are managed within the levels of risk tolerance and appetite approved by the board.
- Exercise ongoing oversight of risk management and ensure that the following results are achieved:
  - Assessing risks and opportunities emanating from the total environment in which the group operates and resources that the group uses and affects.
  - Assessing the opportunity together with potentially negative effects on achieving group objectives.
  - Assessing the group's dependence on resources.
  - Designing and implementing appropriate risk responses.
  - Establishing and implementing business continuity arrangements that allow the group to operate under conditions of volatility, and to withstand and recover from acute shocks.
  - Integrating and embedding risk management in the business activities and culture of the group.
- Ensure that risk management assessments are performed regularly by management.
- Ensure that an overall statement to the board about the effectiveness of the group's governance and system of risk management and internal control is issued by internal audit and reviewed prior to the submission to the board by this committee, to enable the board to annually assess the risk management and control systems and processes.
- Review and approve the legal compliance policy and recommend such policy to the board for approval.
- Oversee compliance and, in particular, doing so in such a way that:
  - Compliance is understood not only for the obligations it creates, but also for the rights and protections it affords.
  - Compliance management takes a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another.
  - The regulatory environment is continually monitored and appropriate responses to changes and developments are formulated.
- Review and approve the information and technology charter and recommend such charter to the board for approval.
- Oversee technology and information management and, in particular, doing so in such a way that it results in the following:
  - Integration of people, technologies, information and processes across the company.
  - Integration of technology and information risks into companywide risk management.
  - Arrangements to provide for business resilience.
  - Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events.
  - Management of the performance of, and the risks pertaining to, third-party and outsourced service providers.
  - The assessment of value delivered to the company through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure.

Report of the risk committee continued

- The responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.
- Ethical and responsible use of technology and information.
- Compliance with relevant laws.

- Oversee the management of information and, in particular, doing so in such a way that it results in the following:
  - The leveraging of information to sustain and enhance the company's intellectual capital.
  - An information architecture that supports confidentiality, integrity and availability of information.
  - The protection of privacy of personal information.
  - The continual monitoring of security of information.
- Oversight of the management of technology and, in particular, doing so in such a way that it results in the following:
  - A technology architecture that enables the achievement of strategic and operational objectives.
  - The management of the risks pertaining to the sourcing of technology.
  - Monitoring and appropriately responding to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on the company and its business model.
- Review reporting concerning risk management, information and technology management and compliance management that is to be included in the annual report, ensuring it is timely, comprehensive and relevant.
- Review and assess annually the charters of the group's significant subsidiary companies' risk committees, and review their annual assessment of compliance with their charters to establish if the committee can rely on the work of the subsidiary companies' risk committees.
- Perform a formal annual evaluation of whether the committee has fulfilled its responsibilities in terms of its charter, reporting these findings to the board.

Key areas of focus during the year

The committee assists the board in recognising material risks to which the group is exposed and ensuring that the culture, policies and systems are implemented and are functioning effectively.

Management is accountable to the board for implementing and monitoring the processes of risk management and for integrating this into day-to-day activities. The PayU risk advisory committee reports to the risk committee to ensure that PayU management receives external independent advice and acts as an independent guardian to the risk committee on PayU-related matters.

An ongoing enterprisewide risk assessment process supports the group. This ensures risks are adequately identified, evaluated and managed at the appropriate level in each business, and that their individual and joint impact on the group is considered.

Internal audit assists in evaluating the effectiveness of the risk management process, and comments on this in its own assessment report.

During the year the committee reviewed regular updated reports on management of risk, compliance, technology and information, including data privacy, cybersecurity and tax. These reports enabled the committee to discharge its responsibilities in respect of oversight of management of risk and compliance, as well as information and technology management. Sustainability is also now a standing item on the committee's agenda.

Details of how we manage, govern and monitor information and technology, and compliance appear on Pages 84 and 85.

Details of how risk, compliance, and information and technology are managed to result in the objectives recommended by King IV are contained in the Dutch Corporate Governance Code are explained on page 81.

Key focus areas going forward

An ongoing focus on the management of changes in the risk environment, in particular in relation to legal compliance, tax, sustainability and information, and technology-related risks such as those in relation to cybersecurity, data privacy (specifically implementation of the EU's General Data Protection Regulation) and the use of data-driven technologies.

Discharge of responsibilities

The committee determined that, during the financial year under review, it had discharged its responsibilities as outlined in terms of its remit. The board concurred with this assessment.

The committee has presented the risk summary in the annual report on pages 53 to 58.

Don Eriksson
Chair: Risk committee

29 June 2020

Remuneration report

Craig Enenstein

Chair: Human resources and remuneration committee

Read more on pages 96 and 97

Dear Shareholder

On behalf of the board, I am pleased to present our first remuneration report, covering the financial year 2020.

The onset of Covid-19 as a global pandemic has created uncertainty everywhere. From the outset, our aim has been to preserve the health and wellbeing of our people. We also seek to manage this economic situation as well as we possibly can and at the same time, act responsibly for our shareholders. We have clearly taken this responsibility into account when making executive remuneration decisions for the coming year.

We successfully listed Prosus on the Euronext Amsterdam stock exchange in September 2019. Prosus is a strategic investor and operator and focuses on long-term value creation by building leading technology companies that improve people's daily lives in high-growth markets. As a global consumer internet group, we are one of the largest technology investors in the world.

Across our group, we use technology to provide new and exciting ways for our customers to be informed, educated and to trade online. We operate in some 80 countries, focus on high-growth markets and we invest in local, empowered teams with an ownership mentality. Our business moves fast as technology trends and consumer adoption change, and we seek to run businesses that have broad potential, can address big societal needs and can attain market leadership over time.

Our people are at the heart of our success. The driven entrepreneurs with whom we partner, the digital leaders who drive us forward, the skills that our people bring to the group in highly specialised areas (eg, technology, product design, machine learning, digital marketing and many other disciplines) all allow us to compete effectively. We operate in a highly competitive global market for this type of talent and we compete against other world-class companies for the best talent available in the marketplace.

Our remuneration philosophy underpins the group's strategy and enables us to achieve our business objectives. Inherent to this philosophy is the desire to pay for performance, support an ownership mentality and entrepreneurial spirit in our teams around the world, and to align management compensation outcomes with the creation of shareholder value over time.

The Euronext Amsterdam listing is expected to attract incremental technology investor capital, which is well aligned to our growth ambitions and will help to reduce Naspers's outsized weighting on the Johannesburg stock exchange (JSE) which has been caused by the group's rapid growth. It should be noted that our executives continue to be compensated based on Naspers performance, as well as on Prosus performance.

Our directors received no additional compensation as a result of the Prosus listing but the CEO and CFO were incentivised through their annual short-term performance incentive (STI) to successfully execute the transaction. As holders of Naspers share options, they were treated in the same way as other Naspers shareholders and received Prosus capitalisation shares linked to each option.

It is with this backdrop and our continued commitment to maximising shareholder value by incentivising the creation of value at the core of our businesses that longer term incentive awards (LTIs) were made to our executives. You will find details in this report on pages 106 and 123.

Performance share units (PSUs) represent a significant proportion of the longer-term incentives granted to senior executives and this year 60% of the LTI grant will be made in PSUs. PSUs will vest after three years and only if key performance metrics are met. Consistent with the recommendations of our remuneration consultants and the feedback we received from shareholders, PSUs as part of our remuneration toolkit including share options (SOs) and share appreciation rights (SARs), create a truly balanced mix of LTIs with value-based performance hurdles, in line with shareholder value creation. I am confident these tools will help drive the right longer-term outcomes for stakeholders. Please refer to pages 118 and 119 for further details.

"We aim to attract, motivate and retain the best people to create sustainable shareholder value."

Craig Enenstein
Chair: Human resources and remuneration committee

Structure of report

We start with a summary of the FY20 and FY21 remuneration at a glance.

In compliance with article 2:135b of the Dutch Civil Code, the European Shareholder Rights Directive (SRD II) and the Dutch Corporate Governance Code, this report is split into the following sections:

1. **Background statement:**
   Provides a detailed overview of our approach to remuneration.
   Read more on pages 110 to 114
2. **Remuneration policy:**
   Provides information on the components of our executive pay packages.
   Read more on pages 115 to 120
3. **Implementation of the remuneration policy:**
   Sets out information on how we implemented our policy for FY20.
   Read more on pages 121 to 131

We close with a section on Frequently asked questions on pages 132 and 133 and a Remuneration A to Z reference section on pages 134 to 137 where further detail on relevant topics can be found.

It is noted that all remuneration is presented on a full-year basis and at 100%, including the part of the cost that is accounted to Naspers.

Remuneration report continued

For our population below the executive level we are using restricted share units (RSUs) more broadly across the organisation to better align our compensation practices with our peers and increase employee ownership of the company. RSUs will be complemented with SARs allocations on our unlisted assets, aligning the incentive to the performance delivery and value creation in the underlying business segments.

We engage openly and often and take extensive input from our investors and advisers, to demonstrate clearly the link between Prosus's strategy, performance and our remuneration philosophy. With our remuneration report our goal is to provide a transparent view on executive and non-executive pay. In addition, video vignettes are posted on our website allowing me to further comment on our approach to remuneration. We will continue to engage with our shareholders on a frequent basis to obtain your feedback.

Under IFRS-EU, the group accounts for its associate and joint venture investments under the equity method. Throughout the report, references to "total revenue" or "total trading profit" therefore exclude the group's share of revenue or trading profit from investments in associated companies and joint ventures. The group, however, proportionately consolidates its share of the results of its associated companies and joint ventures in its reportable segments (referred to as economic interest)[(1)].

As I have said, paying for performance lies at the heart of the group's remuneration philosophy. Prosus delivered solid results for the year ended 31 March 2020[(2)]. Group revenue, measured on an economic-interest basis, was US$21.5bn, reflecting growth of 17% (23%) from continuing operations. Measured similarly, and including the stepped-up investment in Food Delivery, group trading profit grew 13% (17%) YoY to US$3.8bn. Core headline earnings from continuing operations were US$3.4bn, up 9% (13%) with improving profitability in Tencent and the more established ecommerce businesses being partially offset by the additional investment in the Food Delivery business. Consolidated free cash outflow was US$338m compared to the prior-year outflow of US$102m, from continuing operations[(3)]. Encouragingly, we saw improvement across all areas of the business with our Classifieds and Payments and Fintech segments growing revenue strongly and improving profitability at their core. Our Food Delivery segment grew revenue even more rapidly as we invest there to grow the size of the market opportunity and our share of it. Finally, our etail businesses in Eastern Europe continued to grow revenue strongly as well as their leadership positions in their markets.

Prosus operates in a fast-growing and ever-evolving industry where the only constant is change. As such, we know well that our practices and policies must be equally flexible to ensure that we are attracting and retaining the best digital talent in the world, which is in scarce supply, and aligning remuneration and recognition of their efforts with the goal of maximising shareholder value over the longer term.

I thank you for your feedback and support and look forward to our future interactions.

Craig Enenstein
Chair: Human resources and remuneration committee

29 June 2020

(1) This is considered to provide additional information on the economic reality of these investments and corresponds to the manner in which the chief operating decisionmaker (CODM) assesses segmental performance.
(2) 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-EU).
(3) Excluding the Video-Entertainment segment.

Remuneration at a glance

Our context

How we add value
We pursue growth by building leading companies that empower people and enrich communities

Underpinned by our active capital allocation and strategy
We ensure that we optimise our portfolio for growth and competitiveness

Financial summary

In US$'m	FY20	FY19	% change
Revenue	21 455	18 340	17
Trading profit[1]	3 777	3 377	12
Dividend per N ordinary share (euro cents) (FY20 reflects dividend proposed)	11		

[1] Reported on an economic-interest basis. All financial figures are from continuing operations.

For full financial results please refer to page 140 of the annual report.

The onset of a global pandemic from the spread of Covid-19 has had a marked impact on the daily lives of global citizens and the economy at large. While the impact is likely to persist for some time, we are confident of our ability to weather the storm and, as such, the group's focus during this time is on leveraging its financial strength and flexibility to continue building a business that grows strongly, generates high rates of return and provides employment for thousands of employees over the long term.

Read more on pages 14 and 15 of the annual report.

Our approach to fair and responsible pay

The Prosus approach to remuneration

We believe in pay for performance: we are comfortable with bigger rewards for those that make the highest contribution

Remuneration must be aligned with shareholder outcomes

Remuneration must incentivise the achievement of strategic, operational and financial objectives, in both the short and longer term

We are consistent: our reward package elements are broadly the same, regardless of seniority*

Our reward systems must help us attract and retain the best talent around the world in a fair and responsible way

* Some employees do not receive longer-term incentives.

Our remuneration systems are:

Responsible

- Independent: with oversight, top-down via board
- Managed: all employee pay decisions are properly overseen
- Considered: judgement is applied; we shy away from formulaic appraisals that could lead to unacceptable outcomes
- Sustainable: remuneration designed with sustainability in mind

Fair

- Rational: easy to explain
- Equitable: free from discrimination
- Relevant: linked to personal and company performance

Remuneration at a glance continued

The FY20 outcomes

Executive director remuneration for the year ended 31 March 2020

Guaranteed fixed pay
Base salary/total cost to company (TCTC), including benefits
(pension, medical, life cover)

+

Short-term incentives (STIs)
Annual performance-related incentives

+

Longer-term incentives (LTIs)
Performance share units (PSUs) and/or share appreciation rights (SARs) and/or share options (SOs)

=

Total remuneration

Total remuneration for executive directors for the year ended 31 March 2020
The table below includes the executive director remuneration for FY20.

$

Executive director remuneration for the year ended 31 March 2020 (FY20)							
In US$'000	Fixed remuneration	Variable remuneration		Pension	Other benefits[4]	Total remuneration[5]	Proportion of fixed and variable remuneration
Executive director	Base salary[1]	STI[2][3]	LTI				
Bob van Dijk, CEO							
LTI: Fair value on grant date of awards made during FY20[6]	1 362	1 180	13 284	89	62	15 977	9%/91%
Basil Sgourdos, CFO							
LTI: Fair value on grant date of awards made during FY20[6]	950	1 207	6 888	90	30	9 165	10%/90%

€

Executive director remuneration for the year ended 31 March 2020 (FY20)							
In EUR'000	Fixed remuneration	Variable remuneration		Pension	Other benefits[4]	Total remuneration[5]	Proportion of fixed and variable remuneration
Executive director	Base salary[1]	STI[2][3]	LTI				
Bob van Dijk, CEO							
LTI: Fair value on grant date of awards made during FY20[6]	1 235	1 070	11 919	81	57	14 362	9%/91%
Basil Sgourdos, CFO							
LTI: Fair value on grant date of awards made during FY20[6]	861	1 094	6 180	81	27	8 243	10%/90%

(1) The CFO's compensation was historically structured on the basis of total cost to company (TCTC), which included base salary plus benefits. Effective FY21 this structure is aligned to that of the CEO, without impacting the total target cash position.
(2) Actual payout over FY20 performance; achievement of STI goals are shown on pages 105 and 122 in the annual report.
(3) Includes for CFO an additional variable bonus over FY20 capped at 25% of TCTC relating to obtaining new general funding.
(4) Medical insurance, life and disability insurance.
(5) Executive directors are executive directors of both Naspers and Prosus. The costs of their remuneration as executive directors of these entities are split 10/90 between Naspers and Prosus.
(6) Represents the fair value on grant date in accordance with IFRS 2 of awards made during FY20. The actual value accruing to the executive will depend on the real value created over the time of the award.

The potential gain of awards vested during FY20 are tabled on pages 114 and 121, together with the share-based payment expenses in accordance with IFRS 2.

Remuneration at a glance continued

Short-term incentive (STI) over FY20

FY20 goals and achievements

STI is based on financial, strategic, operational and sustainability performance targets that are tailored for each role.

The minimum STI payout was 0% of salary/TCTC. The target and maximum STI opportunity are the same. All STI awards are paid out in cash.

BOB VAN DIJK

Maximum STI opportunity: 100% base salary

✓ Achieved ✗ Not achieved

Group financial goals	Weighting %	Description	Actuals	Outcome	Actual payout
Revenue	10.0	Achieve revenue target (on an economic-interest basis and excluding M&A)	US$21 612m	✓	€123 467
Core headline earnings (including Tencent)[1]	15.0	Achieve core headline earnings at target, including Tencent	US$3 357m	✓	€185 201
Core headline earnings (excluding Tencent)[1]	15.0	Achieve core headline earnings at target, excluding Tencent	(US$817m)	✓	€185 201
Free cash flow	10.0	Achieve free cash outflow at target	(US$338m)	✓	€123 467
	50.0				€617 336

Strategic, operational and ESG goals	Weighting %	Description	Outcome	Actual payout
Classifieds	10.0	Deliver organic topline growth and organic trading profit growth at target	✓ *	€61 734
Food Delivery	10.0	Deliver on targets related to revenue, order volume, organic revenue growth and manage incremental YoY spent on total food delivery	✓ **	€82 353
Payments and Fintech	5.0	Deliver organic revenue growth target and organic trading loss improvement	✗	€0
B2C	2.5	Deliver organic revenue growth target and organic trading loss improvement	✓	€30 867
Corporate structure	10.0	Implement board-approved plan for Prosus listing	✓	€123 467
Business sustainability: Diversity and inclusion	5.0	Increase focus on diversity and inclusion throughout the group, measured through employee engagement survey	✓	€61 734
Business sustainability: Machine learning and artificial intelligence	7.5	Scale up the amount of AI talent through hiring and upskilling	✓	€92 600
	50.0			€452 755

* The following target for Classifieds was achieved: organic trading profit growth.
** The following targets for Food Delivery were achieved: organic revenue growth and manage incremental YoY spent on total food delivery.

BASIL SGOURDOS

Maximum STI opportunity: 100% of TCTC*

Group financial goals	Weighting %	Description	Actuals	Outcome	Actual payout
Core headline earnings (including Tencent)[1]	12.5	Achieve core headline earnings at target, including Tencent	US$3 357m	✓	US$133 662
Core headline earnings (excluding Tencent)[1]	12.5	Achieve core headline earnings at target, excluding Tencent	(US$817m)	✓	US$133 662
Free cash flow	25.0	Achieve free cash outflow at target	(US$338m)	✓	US$267 323
	50.0				US$534 647

Strategic, operational and ESG goals	Weighting %	Description	Outcome	Actual payout
Structure	25.0	Implement board-approved plan for Prosus listing	✓	US$267 323
Taxation	10.0	Prudent and optimal tax management structure	✓	US$106 929
Investor relations	5.0	Design and implementation of IR strategy	✓	US$ 53 465
Group finance	2.5	Driving efficiency through the group finance organisation and operating rhythms	✓	US$ 26 732
Governance, internal audit and risk management	2.5	Ensure that effective systems of internal control are operated throughout the group's controlled entities	✓	US$ 26 732
Business sustainability: Team and talent	5.0	Develop finance team and ensure high employee engagement through diversity and inclusion	✓	US$ 53 465
	50.0			
Funding	25.0	A variable bonus capped at 25% of total cost to the company, related to obtaining new general funding	✓ **	US$137 500
				US$672 147

* Plus maximum 25% bonus linked to general funding.
** Achieved 12.86% of the variable bonus capped at 25% of total cost to the company by obtaining new general funding.
[1] Core headline earnings is an alternative performance measurement. Please refer to "Other information – non-IFRS financial measures and alternative performance indicators" on page 230.

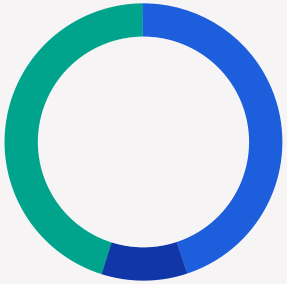
Remuneration at a glance continued

The balance of CEO/CFO LTI is focused towards consumer internet business

The estimated fair value[1] of Bob van Dijk's and Basil Sgourdos' longer-term incentives was balanced approximately as follows:

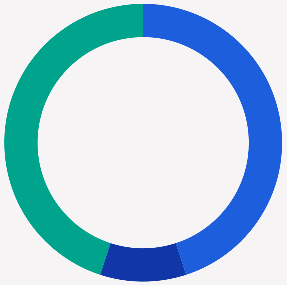
Balance of the FY20 LTI grant

BOB VAN DIJK



	%
Naspers PSUs	45
Naspers SOs	10
Ecommerce SARs	45
Total	100

BASIL SGOURDOS



	%
Naspers PSUs	45
Naspers SOs	10
Ecommerce SARs	45
Total	100

Balance of all unvested LTI, including the FY20 LTI grant

BOB VAN DIJK

	%
Naspers PSUs	17
Naspers SOs	41
Ecommerce SARs	42
Total	100

BASIL SGOURDOS

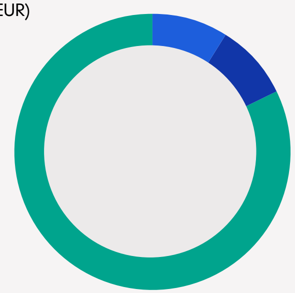
	%
Naspers PSUs	22
Naspers SOs	28
Ecommerce SARs	50
Total	100

[1] Represents the fair value of LTI awards on grant date in accordance with IFRS 2.

Compensation is mostly 'at risk' and longer term

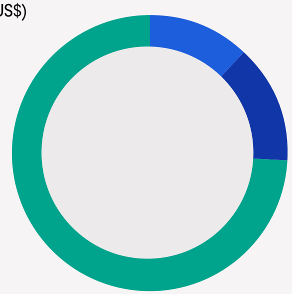
Below we show the relative weightings of each type of compensation: annual fixed pay, STI and LTI for each executive as at 31 March 2020.

BOB VAN DIJK
(EUR)



	%
Annual fixed pay	9
Annual STI (target)	9
Annual LTI at fair value	82

BASIL SGOURDOS
(US$)



	%
Annual fixed pay	12
Annual STI (target)	14
Annual LTI at fair value	74

Remuneration at a glance continued

Looking forward to FY21

Due to the ongoing uncertainty created by the Covid-19 pandemic, there will be no performance-related salary increase for the executive directors for FY21, as we do not think it is appropriate to increase the cost base at this point in time. The pay review for all other employees has been postponed until further notice.

The effect of the Covid-19 pandemic on the Prosus group is not clear at this time. This creates significant uncertainty, which may mean that we need to adjust the objectives for the STI plan as such effect becomes clearer during the course of FY21. In addition, the committee may determine that it is not appropriate for the full (or any) bonus to be paid for FY21.

Given the longer-term focus of the company, and the prudent approach on pay and bonus, it will still be appropriate to make LTI awards in the coming year, though the grant date will be postponed until August or early September, in line with the LTI awards to the broader employee population this year.

From FY21 onwards, the CFO will also be paid on a base salary basis. He was historically paid on a total-cost-to-company basis (TCTC), which is more typical for South African companies. This change now brings his compensation structure in line with international norms and with that of the CEO. The overall total cash opportunity for the CFO has not changed due to this restructure, as is shown on page 121.

FY21 remuneration in US$

In US$'000	Fixed remuneration	Variable remuneration		Pension[4]	Other benefits[5]	Total remuneration[6]
Executive director	Base salary[1]	STI[2]	LTI[3]			
Bob van Dijk, CEO	1 362	100%	13 500	89	54	16 367
Basil Sgourdos, CFO	1 143	100%	8 000	90	26	10 402

FY21 remuneration in EUR

In EUR'000	Fixed remuneration	Variable remuneration		Pension[4]	Other benefits[5]	Total remuneration[6]
Executive director	Base salary[1]	STI[2]	LTI[3]			
Bob van Dijk, CEO	1 235	100%	12 238	81	49	14 838
Basil Sgourdos, CFO	1 036	100%	7 252	81	24	9 429

(1) The executive directors did not receive an increase in base salary in this financial year. It is also noted that, from FY21 onwards, the compensation structure of the CFO changed from TCTC to base salary, without impacting the total target cash position. The maximum bonus is capped at 100% instead of 125%.
(2) This is the at-target and also maximum STI as a percentage to base salary. STI goals are shown on pages 105 and 122 in the annual report.
(3) Represents the estimated fair value of the LTI awards on grant date in accordance with IFRS 2, of grants that are intended to be made in FY21. The actual value accruing to the executive will depend on the real value created over the time of the award. The figure is based on indicative values and may therefore differ from the final fair value granted.
(4) The net employer pension contributions for Bob van Dijk will remain stable at 6.5% of base salary. The life insurance costs will drop for both executives as a result to a change to a new provider.
(5) Medical insurance, life and disability insurance.
(6) Executive directors are executive directors of both Naspers and Prosus. Their remuneration as executive directors of these entities are currently split 10/90 between Naspers and Prosus.

Remuneration at a glance continued

FY21 STI goals

BOB VAN DIJK

Target and maximum STI opportunity: 100% base salary

Group financial goals	Weighting %	Description	Maximum payout
Revenue	10.0	Achieve revenue target (on an economic-interest basis and excluding M&A)	€123 467
Core headline earnings (including Tencent)	15.0	Achieve core headline earnings at target, including Tencent	€185 201
Core headline earnings (excluding Tencent)	15.0	Achieve core headline earnings at target, excluding Tencent	€185 201
Free cash flow	10.0	Achieve free cash outflow at target	€123 467
	50.0		€617 336

Strategic, operational and ESG goals	Weighting %	Description	Maximum payout
Classifieds	12.5	Deliver organic topline growth and organic trading profit growth at target	€154 334
Food Delivery	15	Deliver on targets related to organic revenue growth and organic trading profit improvement	€185 201
Payments and Fintech	7.5	Deliver organic revenue growth target and organic trading loss improvement	€92 600
Sustainability: Machine learning and artificial intelligence	5	Continue to build our AI capabilities by increasing the number of machine learning modules in production	€61 734
Sustainability: Diversity and inclusion	5	Increase focus on diversity and inclusion throughout the group, measured through employee engagement survey	€61 734
Sustainability: Data privacy and security	5	Documented approach across the group to address privacy and security at the design phase for new products and services, consistent with the group's policies on data-privacy governance and cybersecurity	€61 734
	50.0		€617 336

BASIL SGOURDOS

Target and maximum STI opportunity: 100% of base salary

Group financial goals	Weighting %	Description	Maximum payout
Core headline earnings (including Tencent)	12.5	Achieve core headline earnings at target, including Tencent	US$142 898
Core headline earnings (excluding Tencent)	12.5	Achieve core headline earnings at target, excluding Tencent	US$142 898
Free cash flow	25.0	Achieve free cash outflow at target	US$285 796
	50		US$571 591

Strategic, operational and ESG goals	Weighting %	Description	Maximum payout
Holding company discount	15	Continue to engage with shareholders and taking into account their feedback, develop proposals to address the holding company discount	US$171 477
Taxation	12.5	Effective taxation strategy and policy to address changes in global tax frameworks	US$142 898
Investor relations	5.0	Increase focus on ESG, deliver effective communication and improve shareholder targeting	US$57 159
Group finance	10	Deliver more effective processes that improve our financial capabilities. Deliver group auditing rotation process	US$114 318
Governance, internal audit and risk management	2.5	Ensure that effective systems of internal control are operated throughout the group's controlled entities	US$28 580
Sustainability: People and talent management	5.0	Progress on diversity and inclusion initiatives and develop a structured finance learning strategy	US$57 159
	50.0		US$571 591

The effect of the Covid-19 pandemic on the Prosus group is not clear at this time. This creates significant uncertainty, which may mean that we need to adjust the objectives for the STI plan as such effect becomes clearer during the course of FY21. In addition, the committee may determine that it is not appropriate for the full (or any) bonus to be paid for FY21.

Remuneration at a glance continued

FY21 LTI awards

We have set out information below on the longer-term incentives to be made during the 2021 financial year:

	Naspers performance share units (PSUs)	Naspers Global Ecommerce share appreciation rights (SARs)	Naspers N share options (SOs)
	Fair value (US$)[1]	Fair value (US$)[1]	Fair value (US$)[1]
Bob van Dijk	8 100 000	4 387 500	1 012 500
Basil Sgourdos	4 800 000	2 600 000	600 000

[1] Represents the estimated fair value of the LTI awards on grant date in accordance with IFRS 2 of grants intended to be made in FY21. The actual value accruing to the executive will depend on the real value created over the time of the award. The figure is based on indicative values and may therefore differ from the final fair value granted. The number of PSUs, SARs and SOs awarded will be based on the value at the time of grant.

Figure 3

Objective	SOs	PSUs	SARs
Linked to outcomes management controls	• Share price partially influenced by events beyond management control	• Reward management for the outcomes they directly control	• Reward management for the outcomes they directly control
Focused on longer-term value creation	• Market cap represents longer-term value • Vest over four years	• Valuation driven by longer-term projections • Vest at end of three years	• Valuation (third party) driven by longer-term projections • Vest over four years
Aligned with shareholder interests	• Management 100% aligned with shareholders • Incentivise management to reduce the discount to NAV	• Performance condition incentivises creating value in underlying internet business, closing discount to NAV • Performance condition is relative to industry peers	• Incentivise value creation in underlying internet business • Performance of internet business only one factor influencing share price

Executive remuneration is heavily weighted towards longer-term performance, delivered in PSUs, SARs, or SOs, and with every award subject to individual performance.

The committee has continued to award PSUs to senior executives in FY21, having introduced the programme in FY20. PSUs constituted approximately 45% of the LTI award made to the executive directors in FY20 and this will be approximately 60% for FY21.

Figures 1 and 2 show what the approximate balance of the unvested LTIs for the executive directors, post this FY21 allocation, will be as follows:

Because no one LTI vehicle can perfectly meet all our criteria, we employ a blend of LTI programmes, as in figure 3. PSUs, SOs and SARs create a truly balanced mix of LTIs with value-based performance hurdles, in line with shareholder value creation.

• Please refer to the A-Z section on page 136 for further detail on our LTI policies.

Figure 1

The balance of CEO/CFO FY21 LTI grant is focused towards consumer internet business

BOB VAN DIJK

	%
Naspers PSUs	60
Naspers SOs	7.5
Ecommerce SARs	32.5
Total	100

BASIL SGOURDOS

	%
Naspers PSUs	60
Naspers SOs	7.5
Ecommerce SARs	32.5
Total	100

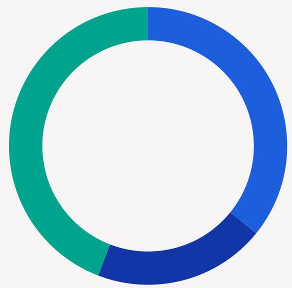
Figure 2

Balance of all unvested LTI, including the FY 21 LTI grant

BOB VAN DIJK

	%
Naspers PSUs	29
Naspers SOs	32
Ecommerce SARs	39
Total	100

BASIL SGOURDOS



	%
Naspers PSUs	36
Naspers SOs	20
Ecommerce SARs	44
Total	100

Represents the fair value of LTI awards on grant date in accordance with IFRS 2.The figure is based on indicative values and may therefore differ from the final fair value granted.

Background statement: Our approach to remuneration

Our remuneration philosophy underpins our group's strategy and enables us to achieve our business objectives. Our commitment to pay for performance and alignment with shareholder value creation drives all our remuneration activities and supports the ownership mentality and spirit of entrepreneurship in our teams around the world. We believe in a level playing field for our people. We strive to pay fairly and responsibly and as much as possible, the structure of our pay is similar, regardless of the seniority of the employee, ensuring equality of pay across all employees. In the committee's view, the remuneration policy achieved its stated objectives in the year under review.

Our pay principles are applied through three key elements and executive pay is heavily weighted towards longer-term performance, delivered in PSUs, SARs, or SOs, and with every award subject to individual performance and benchmarked against the companies with which we compete for talent. Our dedicated segment business SAR plans incentivise value creation in our individual unlisted internet businesses.

Last year we added performance share units (PSUs) to the mix of LTIs for executives. The performance condition is the three-year CAGR on the valuation of the Naspers Global Ecommerce SAR scheme (value per share), which excludes Tencent, relative to a bespoke industry peer group. Further details are available on pages 124 and 137.

The delivery of sustainable value to our shareholders will depend on the value of our businesses, which will ultimately be reflected in the value of the group as a whole over the longer term. Executives only earn value under our LTI plans when the value of underlying assets or the share price increases.

When making executive-pay decisions, we consider the individual's performance and the performance of the business, the complexity of the responsibilities of the executive, and the growth trajectory and life cycle stage of the business for which they are responsible. We also consider market changes and examine practices at the companies against which we compete with for talent.

Our pay principle

Five key principles guide to our remuneration approach.

The Prosus approach to remuneration

We believe in pay for performance: we are comfortable with bigger rewards for those that make the highest contribution

Remuneration must be aligned with shareholder outcomes

Remuneration must incentivise the achievement of strategic, operational and financial objectives, in both the short and longer term

We are consistent: our reward package elements are broadly the same, regardless of seniority*

Our reward systems must help us attract and retain the best talent around the world in a fair and responsible way

* Some employees do not receive longer-term incentives.

Our approach to fair and responsible pay

Our remuneration systems are:

Responsible

- Independent: with oversight, top-down via board
- Managed: all employee pay decisions are properly overseen
- Considered: judgement is applied; we shy away from formulaic appraisals that could lead to unacceptable outcomes
- Sustainable: remuneration designed with sustainability in mind

Fair

- Rational: easy to explain
- Equitable: free from discrimination
- Relevant: linked to personal and company performance

In practice, this means that we take into account sectoral, regional and local practices as well as the needs of the business and the calibre of the individual when implementing our pay framework.

The way we structure pay is purposely linked to our strategy and to the delivery of longer-term sustainable growth for our shareholders.

Background statement continued

Our remuneration structure

We have outlined the three elements of pay for our executive directors (see table on the right), and the approach is similar for the CEO's direct reports. The same principles, excluding PSUs, are applied to employees across the group.

The human resources and remuneration committee considers that the remuneration policy continues to achieve its objectives of aligning pay with long-term performance of Prosus and shareholder outcomes.

Pay elements		Our pay design links to our pay principles				
		Pay for performance	Shareholder alignment	Incentivisation	Consistency	Attract and retain talent
(1) Base salary	• Base salary = fixed pay, with the cost of employers' taxes and employee benefits in addition. Personal performance is the primary driver for pay increases. • Set at a level to ensure we can attract and retain talent of the required calibre. • Takes into account regional, local and sector practice as well as an individual's contribution.	✓		✓	✓	✓
(2) Short-term incentives (STIs): Annual performance-related incentive	• We operate an annual incentive plan that pays out according to performance achieved against strategic, operational, ESG and financial objectives. • The purpose of the annual incentive plan is to ensure executive alignment with and focus on the annual board-approved business plan. The achievement of these annual plans will cumulatively drive long-term shareholder value. • The same structure is applied throughout the organisation to ensure a consistent approach with measures linked to an individual's role so that pay is linked to their contribution and performance.	✓	✓	✓	✓	✓
3(a) Longer-term incentives (LTIs): Naspers performance share units (PSUs)	• Naspers PSUs are a longer-term instrument, designed to incentivise the increase in the value of Naspers's internet businesses (excluding Tencent) over time and deliver superior returns to shareholders. • Awards vest on the third anniversary of the grant, subject to the achievement of the performance condition. • Participants receive Naspers shares, the number of which depends on the three-year performance against the performance condition set on the grant date. • The performance condition for the FY20 and FY21 grants relates to the three-year CAGR of the Naspers Global Ecommerce SAR scheme, relative to a group of industry peers. Further details are available on pages 124 and 137.	✓	✓	✓	✓	✓
3(b) Longer-term incentives (LTIs): Share appreciation rights (SARs)	• SARs payout based on the growth in value of the business units or an aggregation of underlying assets in a division (eg, Naspers Global Ecommerce SAR Plan). • The longer-term SAR incentives for executive directors are based on an aggregation of underlying assets so that any value upside delivered by individual businesses are offset by any value downside delivered by other businesses, thus ensuring that senior executives are negatively affected should individual businesses not perform. • Awards are made to individuals based on their contribution to the business. • Any gains are settled in cash or Naspers shares, which are acquired on the market for cash, thus avoiding shareholder dilution as a result of the settlement of employee incentive schemes.[1] • The change in value is measured over a four-year period to ensure focus on the longer-term delivery of shareholder value.	✓	✓	✓	✓	✓
3(c) Longer-term incentives (LTIs): Naspers share options (SOs)	• Longer-term awards made in Naspers's SOs with payouts based on the growth in Naspers's share price over a four-year period. • The four-year vesting period has been determined taking into account practice in companies against which we compete with for talent. • Provides longer-term alignment with Naspers's shareholders as value is only delivered to participants if there is an increase in the share price. • As per the settlement arrangements, shares are purchased on the market for cash to avoid shareholder dilution as a result of the company settling its obligations under the Naspers's SOs.	✓	✓	✓	✓	✓

[1] It is noted that from FY21 onwards, SARs will be settled in cash.

Background statement continued

Remuneration focus areas and key decisions in the 2020 financial year

The table on the right outlines the key areas of focus and key decisions taken by the human resources and remuneration committee during the 2020 financial year:

Remuneration focus areas and key decisions in the 2020 financial year

Meeting	Key areas of focus and decisions [1]
April 2019	• Introduction of a PSU plan. • Approval of the directors' fees for the following financial year: for consideration by the board and subsequent shareholder approval. • Approval of the annual STI by key performance indicators (KPIs) for senior executives for the forthcoming financial year. • Impact of the Prosus listing on the Naspers share option trusts. • Assessment of whether the CEO has met shareholding requirement. • Consideration and approval of draft remuneration report.
June 2019	• Performance and total compensation review of senior executives. — Decision on previous-year performance and STI payout, salary increases and LTI awards. — Review the scheme limits of the longer-term share-based incentives schemes in light of annual employee awards. — Review of SAR scheme valuations completed by Deloitte (report of valuations subcommittee) (see page 137 for a detailed description of the valuations process for SAR plans). • Approval of a Prosus share award plan and stock option plan. • Continued assessment of the impact of Naspers's intended listing of Prosus on Euronext Amsterdam on existing share-based incentive schemes. • Naspers and Prosus directors' remuneration for FY20 and FY21. • Approve the Phil Weber, Order of Tafelberg, Chairman's, Founder and Innovation Awards nominations. • Governance matters: ethics performance, review of the committee's effectiveness in terms of compliance with the committee's charters and review of the committee's compliance with the committee charters of the major subsidiary companies. • Review of the committee charters. • Governance matters: review of the remuneration policy. • Review of policies required to be reviewed by the committee, including but not limited to, the remuneration policy and board diversity policy.
July 2019	• Various PSU design matters. • Confirm the FY20 LTI awards to the CEO and CFO.
August 2019	• Review and approval of PSUs goals and measurements. • Continued assessment of the impact of Naspers's intended listing of Prosus on Euronext Amsterdam on existing share-based incentive schemes.
November 2019	• Succession planning for senior executives. • Market practice update on executive pay.
February 2020	• Consideration of recommendation on directors' fees from external advisers for budget purposes. • Review of LTI compensation guidelines for general (non-executive) population. • Review of composition of PSU peer group for FY21 awards.

[1] Ad hoc longer-term incentive scheme governance matters are dealt with as and when they arise.

Background statement continued

Group financial performance

Business performance and remuneration outcomes in respect of the 2020 financial year

Our principal operations are in internet services, where we have interests in listed assets and non-listed assets, but we predominantly focus on consumer internet (online classifieds, food delivery, payments and fintech, etail and ventures (including edtech). All of our revenue comes from our internet and ecommerce activities, on an economic-interest basis. Performance highlights include:

- **Classifieds:** Building on the momentum from the previous financial year when the business became profitable, Classifieds continues to deliver healthy financial results while expanding its business model. This is one of the fastest growing classifieds businesses globally.
- **Food Delivery:** The food sector is evolving rapidly, moving from a marketplace model (third-party or 3P) to more businesses implementing an own-delivery model (first-party or 1P). This is markedly increasing the size of the market and corresponding opportunity. We are at the forefront of this transformation and investing heavily in food delivery to grow both the size of the market and our position in it. We continue to focus on and invest in product and technology innovation, including logistics, convenience and grocery delivery, cloud kitchens and private brands.
- **Payments and Fintech:** In line with PayU's mission to build a world without financial borders, we have been pioneering credit for underbanked people in India. We started building an inhouse credit business two years ago and organically scaled this to over US$10m monthly issuances. To scale our credit business in India, we recently acquired a majority stake of 79.2% in PaySense for US$163m.
- **Etail:** eMAG, our leading business-to-consumer (B2C) platform in Central and Eastern Europe, continued to outpace market growth and improve its economics over the review period.
- **Ventures:** Ventures invested US$81m in Meesho Inc., a leading social commerce online marketplace in India, continuing our successful track record of identifying unique Indian opportunities with the potential to become large businesses in that region. We also focused on increasing our exposure to the edtech (educational technology) businesses by investing a further US$25m and US$44m in our education associates Brainly and Udemy respectively.

Business performance and remuneration outcomes in respect of the 2020 financial year

<table>
<tr><td>Our strategy</td><td colspan="2">• We are building businesses with big potential to address societal needs.
• Achieving leadership positions in high-growth markets.
• Partnering with local teams and entrepreneurs.</td></tr>
<tr><td>Our business priorities</td><td colspan="2">• Classifieds
• Food Delivery
• Payments and Fintech
• Etail
• Ventures</td></tr>
<tr><td>Our financial highlights
(all figures from continuing operations)</td><td colspan="2">• Revenue US$21.5bn, up 17% (and 23% in local currency, excluding M&A) from continuing operations.
• Trading profit up 12% to US$3.8bn (up 16% in local currency, excluding M&A).
• Core headline earnings, from continuing operations, the board's measure of sustainable operating performance, was up 9% on last year at US$3.4bn.</td></tr>
<tr><td>Our operating highlights[1]
(all figures from continuing operations)</td><td colspan="2">• Ecommerce financial performance
Revenue increased 19% (33%) YoY to US$4.3bn with Classifieds, Payments and Fintech, Food Delivery and Etail contributing meaningfully to revenue growth.
• Classifieds
This is one of the fastest-growing classifieds businesses globally, with accelerating revenue growth of 49% (37%) to US$1.3bn. It generated trading profits of US$34m, driven by strong revenue growth in listings and margin improvement.
• Food Delivery
The Food Delivery segment grew rapidly and is now one of the largest and fastest-growing platforms globally, producing cumulative annualised gross merchandise value (GMV) growth of 76% YoY. Segment revenue increased 99% (105%), with strong contributions from our entire portfolio. Trading losses rose to US$624m from US$171m, reflecting continued investments in growth by the respective businesses.
• Payments
PayU's revenue grew 19% (21%) YoY, on the back of 26% (29%) growth in volumes processed in the payments business. Processed volumes reached US$37.9bn, driven by 30% growth in the number of transactions processed. The Payments and Fintech business's trading loss margin increased from 12% last year to 16%. This reflected continued improvement in profitability in the core PSP business, offset by the investment to build a credit offering, primarily in India, and expanding our footprint in Southeast Asia with the Red Dot acquisition.
• Etail
The Etail segment accelerated revenue growth to 16% YoY, measured in local currency and adjusted for the disposal of Flipkart in August 2018. On the same basis, the segment also improved its profitability, almost halving trading losses by achieving economies of scale such as higher gross margins and leveraging fixed cost control.</td></tr>
<tr><td>Remuneration outcome FY20</td><td>CEO:
• Base salary US$1.362m
• STI achievement 86.67%
• FY20 LTI award:[2]
– Naspers Global Ecommerce SAR Plan: US$6.074m
– Naspers N-share PSUs: US$5.863m
– Naspers N-share options: US$1.347m</td><td>CFO:
• Base salary US$950 000
• STI achievement[3] 112.86%
• FY20 LTI award:[2]
– Naspers Global Ecommerce SAR Plan: US$3.149m
– Naspers N-share PSUs: US$3.040m
– Naspers N-share options: US$698 000</td></tr>
</table>

(1) Numbers in brackets represent growth in local currency, excluding M&A.
(2) Represents the fair value of the LTI awards on grant date in accordance with IFRS 2. The actual value accruing to the executive will depend on the real value created over the time of the award.
(3) Includes for CFO an additional variable bonus over FY20 capped at 25% of TCTC relating to obtaining new general funding.

Background statement continued

Value of LTI awards vested in FY20

Vested awards are tranches of LTIs that were granted prior to FY20, which became available to trade (vested) to the executive in FY20. In order for value on SARs or SOs to accrue to the executive, the value of the share must be higher on vesting than it was at grant (which means that the executive, has participated in building value in the business). In order for cash to be received by the executive, they must exercise the SOs or SARs, ie in the case of SARs, receive cash or a number of Naspers shares equivalent to the difference in value between the exercise price and the grant price; in the case of SOs, buy the shares at the grant price and then either sell or hold the Naspers shares.

We show the potential value vested in FY20 based on SOs/SARs prices on date of vesting. This value is calculated by taking the difference between the offer price and the price of each SO/SAR on date of vesting and multiplying that difference by the number of SOs/SARs that became available to exercise (vested) in FY20. The value does not necessarily accrue to the individual. It is available to them should they have chosen to exercise (buy and/or sell shares) on or after the date the SOs or SARs vested.

It is noted that PSUs awarded in FY20 will not vest until FY23.

Executive directors' LTI exercised in FY20

On 14 January 2020, Bob van Dijk exercised Naspers Global Ecommerce SARs. The gain was settled in Naspers N shares which Bob van Dijk elected to sell. Details of the transaction are summarised in figure 2 on page 127.

Bob van Dijk continues to exceed the CEO minimum shareholding requirement of 10 times his salary.

Basil Sgourdos did not exercise any LTIs during FY20.

Potential value of awards vested FY20

Bob van Dijk	Specification of plan	Award date	Vesting date(s)	Potential value at vest (in US$)
SARs	Naspers Global Ecommerce share appreciation rights	12/09/2014	12/09/2019	31 984 965
		15/08/2017	15/08/2019	1 438 532
		08/09/2017	08/09/2019	335 789
		25/06/2018	25/06/2019	344 160
SOs	Naspers N share options	05/07/2016	05/07/2019	4 836 347
		08/09/2016	08/09/2019	709 017
		25/06/2018	25/06/2019	355 543
	Total			**40 004 353**

Basil Sgourdos	Specification of plan	Award date	Vesting date(s)	Potential value at vest (in US$)
SARs	Naspers Global Ecommerce share appreciation rights	17/09/2015	17/09/2019	173 986
		29/08/2016	29/08/2019	538 535
		15/08/2017	15/08/2019	248 459
		08/09/2017	08/09/2019	201 343
		25/06/2018	25/06/2019	176 637
SOs	Naspers N share options	04/09/2014	04/09/2019	1 124 052
		18/09/2015	18/09/2019	303 378
		25/09/2015	25/09/2019	59 344
		29/08/2016	29/08/2019	223 896
		08/09/2017	08/09/2019	79 170
		25/06/2018	25/06/2019	194 031
	Total			**3 322 831**

None of the awards that vested in FY20 were exercised.

Remuneration policy

In this section we present the remuneration policy for our executive directors and non-executive directors and an overview of the groupwide remuneration policy.

During the 2020 financial year, we actively listened to our shareholders' views on remuneration. We thank them for their input and support.

To further enhance the disclosures in this remuneration report we have added a remuneration section on our investor pages on **www.prosus.com**, including a video Q&A section with the chair of the human resources and remuneration committee, Craig Enenstein.

We retrospectively disclose the FY20 short-term incentive goals and outcomes for the executive directors on pages 105 and 122 and we share internal pay ratios on page 128.

Ensuring a fair and responsible approach to pay

To ensure a fair and responsible approach to the remuneration of executive directors in the context of the wider group, in practice the committee takes the same approach as for the wider workforce.

A number of factors are taken into account, including:

- The remuneration policy.
- Individual performance.
- Company affordability and trading environment, including return on invested capital.
- The total pay mix for each individual.
- The relative contribution of the job to the overall business success.

There are many business units within the Prosus group which are at different levels of maturity. Individual business units are therefore responsible for developing their own policies within the overall group remuneration framework and local laws, taking account of regional, local and sector practice.

The remuneration package of our executive directors is designed to be principally focused on longer-term remuneration which only pays out subject to value being delivered in both the underlying business units and the group as a whole. For example, for FY20 84% of the CEO's remuneration and 76% of the CFO's remuneration was delivered in PSUs, SOs or SARs. Over time, LTIs only deliver value when the value to the shareholder also increases.

Remuneration is only one element of attracting and retaining talent.

Our people seek meaningful jobs with line of sight to business outcomes and the opportunity to learn and grow professionally, in a purpose-driven environment that they enjoy and can develop, where they are recognised for a job well done and are paid fairly in line with personal and company performance.

Our employee value proposition is shown on the next page.

Our remuneration principles

The group has an integrated and balanced approach to its reward strategy that aligns all stakeholder interests, both internal and external. Accordingly, individual reward components are linked to business-specific value drivers of the group. When considering our approach to pay, our overarching principles are as follows:

We believe in pay for performance: we are comfortable with bigger rewards for those that make the highest contribution

Remuneration must be aligned with shareholder outcomes

Remuneration must incentivise the achievement of strategic, operational and financial objectives, in both the short and longer term

We are consistent: our reward package elements are broadly the same, regardless of seniority*

Our reward systems must help us attract and retain the best talent around the world in a fair and responsible way

* Some employees do not receive longer-term incentives.

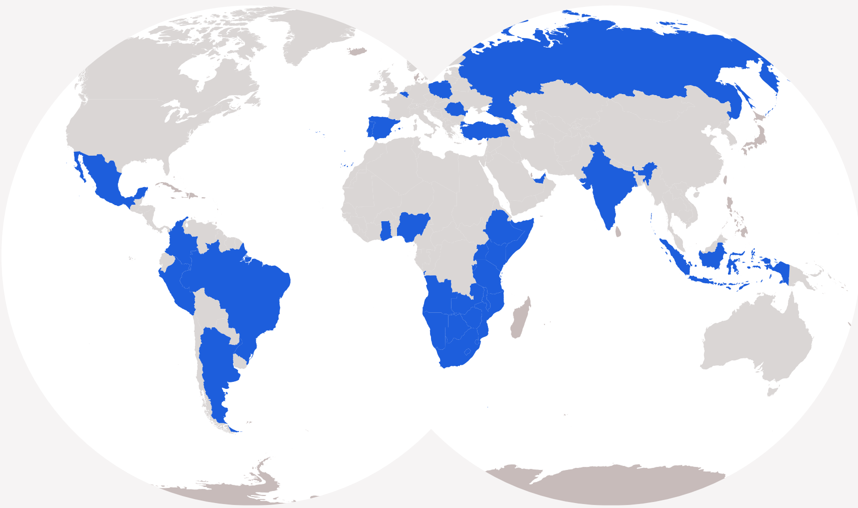
Remuneration policy continued

Our employee value proposition

Our context: Attracting and retaining the best talent

There is a global shortage of digital talent
We fight for talent in each of the countries in which we operate.

To compete for talent, our approach to remuneration must stand up to the high bar set by global tech players such as Facebook, Google, Amazon, Alibaba and Microsoft, as well as other global, local and regional competitors.



Our employee value proposition
Remuneration is only one element of attracting and retaining talent. Our people seek meaningful jobs with line of sight to business outcomes and the opportunity to learn and grow professionally, in a purpose-driven environment that they enjoy; where they are recognised for a job well done and are paid fairly – in line with personal and company performance.

21st century talent: Our reality

- Human capital is a key competitive advantage in our industry
- We need creative minds to explore new frontiers
- The global battle for digital talent continues – digital talent is scarce in all our markets
- Diversity is essential – we need to provide an inclusive work environment so that many types of people want to work with us

Our approach to fair and responsible pay

Our remuneration systems are:

Responsible
- Independent: with oversight, top-down via board
- Managed: all employee pay decisions are properly overseen
- Considered: judgement is applied; we shy away from formulaic appraisals that could lead to unacceptable outcomes
- Sustainable: remuneration designed with sustainability in mind

Fair
- Rational: easy to explain
- Equitable: free from discrimination
- Relevant: linked to personal and company performance

Remuneration policy continued

Our remuneration structure
We have outlined the three elements of pay for our executive directors below, and the approach is similar for the CEO's direct reports. The same principles are applied to employees across the group, where appropriate.

Fixed pay
Base salary

- Base salary is the fixed pay that an employee receives and reflects the contribution of the individual and market value of the role. The cost of employee benefits and employers' taxes is in addition.
- Salary is paid monthly in cash.
- Benefits provided include a mix of cash and non-cash benefits, including pension, medical and other optional benefits.
- Fixed pay is reviewed annually, and any increases are typically effective from 1 April each year.
- A number of factors are taken into account during the review process, including personal performance, the scope and nature of the role, relevant companies in the technology sector and local economic indicators such as inflation, cost-of-living changes and the relevant labour market, to ensure that remuneration is fair, sensible and market competitive.

Variable pay
Annual performance-related incentive (STI)

- Participants are eligible to receive awards under the discretionary annual performance-related incentive scheme to incentivise and recognise the achievement of group financial and operational objectives, and personal performance.
- The purpose of the annual performance-related incentive plan is to ensure alignment with and focus on the annual board-approved business plan. The achievement of these annual plans will cumulatively drive long-term shareholder value.
- The performance measures for each executive director are tailored to their roles and responsibilities. Further information is provided in the implementation report each year.
- For the group CEO and group CFO, at least 50% of maximum bonus opportunity is based on financial measures, including and excluding Tencent.
- The annual bonus opportunity for each executive is agreed every year in advance of the financial year, and any payout is based on targets that are verifiable and aligned to the business plan, risk management policy and strategy. The target and maximum annual bonus opportunity levels are the same for the executive directors (ie there is no possibility to overperform against the target) and are set at 100% of base salary for both the CEO and CFO.
- Any awards are made wholly in cash.
- Further information on the goals and achievements are provided in the implementation report.

The committee may apply judgement and shall have discretion to make appropriate adjustments to an individual's annual bonus to ensure it reflects the underlying financial performance of the group.

Target setting
When determining the targets used for our annual performance incentive plan, we take into account a number of reference points, including the group internal board-approved business plan and historical performance. The committee undertakes a thorough assessment to ensure that targets are sufficiently stretched in the context of potential remuneration delivered.

Longer-term incentives (LTIs)

The performance of executives (and employees) against their annual STIs has significant influence on the decision to award LTIs. Any PSUs, SARs or SOs (PSUs for senior management team only) that are awarded will only deliver value to the participant if business performance drives an increase in the value of the asset. RSUs are only awarded to employees below senior management level.

Performance
There are three performance elements associated with an award of PSUs, SOs or SARs:

- Strong short-term (annual) personal performance leading to a decision to grant an LTI.
- Ongoing employment which permits the incentive to vest over four years (in the case of SARs and SOs) or after three years (in the case of PSUs).
- Superior business performance over time, leading to value creation in the scheme and for the shareholder.

LTI awards comprise a significant portion of total compensation and are designed to incentivise the delivery of sustainable longer-term growth and provide alignment with our shareholders.

Awards are normally granted annually to the executive directors under three types of LTI schemes:

- PSUs
- SARs, and
- SOs.

Detailed scheme rules provide for the operation and governance of each scheme.

For employees below the level of the CEO and his direct reports we have extended the use of RSUs.

Remuneration policy continued

Because no one LTI vehicle can perfectly meet all our objectives, we employ a blend of LTI programmes, as shown in the table on the right. PSUs, SOs and SARs create a truly balanced mix of LTIs with value-based performance hurdles, in line with shareholder value creation.

Please refer to the A-Z section on page 136 for further detail on our LTI policies.

Market pay benchmarking

Market pay benchmarking is considered an additional reference point. Individual performance is the primary determining factor in whether to grant a pay increase. Further information on benchmarking can be found on page 134 in the A-Z section.

Pay for performance

Pay increases are not granted in the absence of a satisfactory level of performance. Similarly, the operational performance of the business and its ability to pay are naturally considered when the quantum of any increase is considered. Further information on performance management can be found on page 136 in the A-Z section.

Ratios

The committee aims to make fair and responsible pay decisions. In that context, and in light of the global reach of the group, it does not consider pay ratios as an adequate indication of fairness. However, in the interests of transparency, we disclose the internal pay ratio of CEO remuneration. This relates to average employee cost, including salaries, wages, pension, health insurance, STI and LTI on an IFRS basis and is based on the average number of employees as disclosed on page 67 of the annual report. The CEO pay ratio is shown on page 128 of this report.

Recruitment policy

On the appointment of a new executive director, their package will typically be in line with the policy as outlined above. To facilitate recruitment, it may be necessary to 'buy out' remuneration forfeited on joining the company. This will be considered on a case-by-case basis and cash or LTI may be used.

Termination policy

Payments in lieu of notice may be made to executive directors, comprising salary for the unexpired portion of the notice period. Such payments may be phased. On cessation, there is no automatic entitlement to an annual performance-related incentive (STI). However, the committee retains the discretion to award a bonus to a leaver during the financial year taking into account the circumstances of their departure, considering pro-rating for time and actual performance achieved. There is no entitlement to a particular severance package provided for in the service contract of an executive director.

LTI objectives	SOs	PSUs	SARs
Linked to outcomes management controls	• Share price partially influenced by events beyond management control	• Reward management for the outcomes they directly control	• Reward management for the outcomes they directly control
Focused on longer-term value creation	• Market cap represents longer-term value • Vest over four years	• Valuation driven by longer-term projections • Vest at end of three years	• Valuation (third party) driven by longer-term projections • Vest over four years
Aligned with shareholder interests	• Management 100% aligned with shareholders • Incentivise management to reduce the discount to NAV	• Performance condition incentivises creating value in underlying internet business, closing discount to NAV • Performance condition is relative to industry peers	• Incentivise value creation in underlying internet business • Performance of internet business only one factor influencing share price

Remuneration policy continued

Service contracts

Executive directors' contracts comply with terms and conditions in the local jurisdiction. Details of the date of appointment and the relevant employer notice period are set out in figure 3.

Other non-executive roles

Bob van Dijk was appointed to the board of Booking Holdings Inc. at the company's annual general meeting in June 2020.

Basil Sgourdos does not hold any board positions outside of the Prosus and Naspers group.

Figure 1

Outline of LTI plans in operation during FY20

	Performance share units (PSUs)	Share appreciation rights (SARs)	Share options (SOs)	Restricted stock units (RSUs)
Plan characteristics	An award of Naspers shares that is transferred to participants after time restrictions have passed, subject to the performance condition being met (three-year Naspers Global Ecommerce SAR scheme CAGR relative to industry peer group)[1].	A right to benefit from any increase in value of the business unit over which an award is made.	A right to buy a Naspers share at a pre-agreed price.	An award of Naspers or Prosus[3] shares that is transferred to participants after time restrictions have passed.
	Value delivered to participant. Value delivered to the participant providing performance condition is met.	Value delivered to participant. Change in value of business unit between grant and vest[2].	Value delivered to participant. Change in share price between grant and vest.	Value delivered to participant. Full value delivered to the participant at vest.
	Depending on the achievement against the performance condition, 0% to 200% of the awarded PSUs may vest and Naspers shares are delivered on vesting.	If there is no change or a decrease in value, there is no gain for the participant. Gains are settled in cash or Naspers shares.	If there is no change or a decrease in value, there is no gain for the participant. When the option is exercised the participant becomes a shareholder.	Naspers or Prosus shares[3] are delivered on vesting.
Granted to executive directors	✓	✓	✓	Senior executives are not eligible.
Granted to the wider employee population	No – only to the CEO and direct reports/senior executives.	✓	✓	✓

(1) Please see page 136 in the A-Z section for further detail on the mechanics of the PSU plan.
(2) Please see page 137 in the A-Z section for further detail on the valuation process.
(3) From FY21 onwards RSU awards will be delivered in Prosus shares

Executive director participation in LTI plans

The table below sets out details of LTI plans in which the executive directors, Bob van Dijk and Basil Sgourdos are currently participating.

Figure 2

Executive director participation in LTI plans

Type of plan	Entity	Details	Name of plan	Comments
PSUs	Naspers group N ordinary shares	Three-year cliff vesting	Naspers Restricted Stock Plan Trust	Performance condition: three-year Naspers Global Ecommerce SAR Plan CAGR relative to an industry peer group
SOs	Naspers group N ordinary shares	Four-year phased vesting, 10-year term	MIH Services FZ LLC Share Trust[1]	Based on Naspers share price development
SARs	Naspers Ecommerce	Four-year phased vesting, 10-year term	Naspers Global Ecommerce SAR Plan[2]	Based on value creation of the underlying assets[3]. Includes the internet companies in the group (excluding Tencent)

Figure 3

Service contracts

	Bob van Dijk	Basil Sgourdos
Date of appointment at the group	1 August 2013	1 August 1995
Date of appointment to current position	1 April 2014	1 July 2014
Employer notice period	Six months	Three months

(1) Options granted prior to August 2017 have a five-year vesting period.
(2) SARs granted prior to June 2018 have a five-year vesting period.
(3) Please refer to page 137 in the A-Z section for an outline of the valuation process.

Remuneration policy continued

Non-executive directors' remuneration policy

The fee structure for non-executive directors has been designed to ensure we attract, retain and appropriately compensate a diverse and internationally experienced board of non-executive directors, given the highly competitive markets in which we operate, and the global competition we face.

Non-executive directors receive an annual fee as opposed to a fee per meeting, which recognises their ongoing responsibility for effective control of the company. They may also receive an additional fee for group board committees and subsidiary boards, to reflect the additional responsibilities and associated time commitment. Remuneration is reviewed regularly and is not linked to the company's share price or performance. Non-executive directors do not qualify for share allocations under the group's incentive schemes.

The remuneration of non-executive directors is determined following a benchmarking exercise which considers international comparators in the consumer internet and media sectors, and top 10 AEX-listed and JSE-listed companies.

Dual responsibilities

Non-executive directors receive no additional compensation for their dual responsibilities to Naspers and Prosus. However, the aggregate cost of their compensation is currently allocated 70% to Prosus and 30% to Naspers.

Non-executive directors' terms of appointment

The board has clear procedures for appointing and orienting directors. The nomination committee periodically assesses the skills represented on the board and determines whether these meet the company's needs. Annual self-evaluations are done by the board and its committees. Directors are invited to give their input in identifying potential candidates. Members of the nomination committee propose suitable candidates for consideration by the board. A fit-and-proper evaluation is performed for each candidate.

Retirement and re-election of non-executive directors

All non-executive directors are subject to retirement and re-election by shareholders every three years. The names of non-executive directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision on their election. The reappointment of non-executive directors is not automatic.

For the full remuneration policy, go to **www.prosus.com.**

Implementation of remuneration policy

Executive directors

In this section we outline how our remuneration policy for executive directors has been implemented during this financial year and how we intend to operate it during the next financial year. All decisions in relation to executive remuneration have been made in line with our remuneration policy for this financial year and with the Covid-19 uncertainties in mind (see figure 1).

Guaranteed fixed pay

During the year, levels of base salary continued to vary across the jurisdictions where we operate.

It is noted that, due to the ongoing uncertainty created by the Covid-19 crisis, there will be no salary increase for the executive directors for FY21.

In figure 2 we show the relative weightings of each type of compensation: Base salary, STIs and LTIs for each executive as at 31 March 2020.

We made contributions for executive directors to the appropriate pension schemes. These contributions are in line with market norms and constitute a modest proportion of the individual's total remuneration.

From FY21 onwards, the CFO will be paid on a base salary basis. He was historically paid on a total-cost-to-company basis (TCTC), which is more typical for South African companies. This change now brings his compensation structure in line with international norms, and with that of the CEO. The overall total cash opportunity for the CFO has not changed due to this restructure, as is shown in figure 3.

The statutory directors of the company changed as of 16 May 2020 whereby Serge de Reus, Jaco van der Merwe, Petri Olivier, Emily Barker, Aakash Moondhra, Roger Rabalais and Guilherme Bregola de Carvalho resigned and Bob van Dijk and Basil Sgourdos were appointed to the board. The above disclosure does not include remuneration for the period 1 April 2019 to 16 May 2019 for Serge de Reus, Jaco van der Merwe, Petri Olivier, Emily Barker, Aakash Moondhra, Roger Rabalais and Guilherme Bregola de Carvalho. The total of remuneration paid to Serge de Reus, Jaco van der Merwe, Petri Olivier, Emily Barker, Aakash Moondhra, Roger Rabalais and Guilherme Bregola de Carvalho for that period amounted to US$971 652, comprising short-term employee benefits (base salary, short-term incentives and other short-term benefits) of US$446 038, post-employment benefits of US$32 325 and share-based payment expenses of US$493 289. No other remuneration is paid to these members of senior management. Remuneration is earned for services rendered in conducting the business of the group.

The remuneration paid to former statutory directors reconciles as follows with the directors' remuneration disclosed in the financial statements of US$22.507m (note 17): The disclosed directors' remuneration in Prosus N.V. financials of US$20.309m plus US$2.762m for current directors prior to appointment by Prosus plus US$0.409m for current directors expensed by Naspers group minus the remuneration paid to former statutory directors of US$0.972m.

Figure 1

The table below includes the executive director remuneration for FY20 presented in accordance with the requirements of article 2:135b and article 2:383 of the Dutch Civil Code:

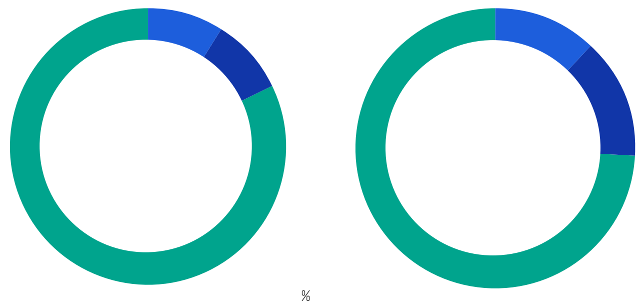
In US$'000	Executive director remuneration for the year ended 31 March 2020 (FY20)						
	three-year	Variable remuneration		Pension	Other benefits[5]	Total remuneration[5]	Proportion of fixed and variable remuneration
Executive director	Base salary[1]	STI[2][3]	LTI				
Bob van Dijk, CEO							
LTI: Fair value on grant date of awards made during FY20[6]	**1 362**	**1 180**	**13 284**	**89**	**62**	**15 977**	**9%/91%**
LTI: IFRS 2 value of outstanding awards in FY20[7]			32 216			34 909	4%/96%
LTI: Potential gain of awards vested during FY20[8]			40 004			42 697	3%/97%
Basil Sgourdos, CFO							
LTI: Fair value on grant date of awards made during FY20[6]	**950**	**1 207**	**6 888**	**90**	**30**	**9 165**	**10%/90%**
LTI: IFRS 2 value of outstanding awards in FY20[7]			6 018			8 295	11%/89%
LTI: Potential gain of awards vested during FY20[8]			3 323			5 600	17%/83%

In EUR'000	Executive director remuneration for the year ended 31 March 2020 (FY20)						
	three-year	Variable remuneration		Pension	Other benefits[4]	Total remuneration[5]	Proportion of fixed and variable remuneration
Executive director	Base salary[1]	STI[2][3]	LTI				
Bob van Dijk, CEO							
LTI: Fair value on grant date of awards made during FY20[6]	**1 235**	**1 070**	**11 919**	**81**	**57**	**14 362**	**9%/91%**
LTI: IFRS 2 value of outstanding awards in FY20[7]			29 023			31 466	4%/96%
LTI: Potential gain of awards vested during FY20[8]			36 065			38 508	3%/97%
Basil Sgourdos, CFO							
LTI: Fair value on grant date of awards made during FY20[6]	**861**	**1 094**	**6 180**	**81**	**27**	**8 243**	**10%/90%**
LTI: IFRS 2 value of outstanding awards in FY20[7]			5 422			7 485	12%/88%
LTI: Potential gain of awards vested during FY20[8]			2 996			5 059	17%/83%

Figure 2

Base salary, STI and LTI for each executive as at 31 March 2020

BOB VAN DIJK | BASIL SGOURDOS



BOB VAN DIJK	%
Annual fixed pay	9
Annual STI (target)	9
Annual fair-value LTI	82

BASIL SGOURDOS	%
Annual fixed pay	12
Annual STI (target)	14
Annual fair-value LTI	74

Figure 3

Total target cash compensation CFO

In US$'000	FY20	FY21
Base salary	950	1 143
Maximum bonus opportunity	1 337	1 143
Total target cash compensation	2 286	2 286

(1) The CFO's compensation was historically structured on the basis of total cost to company (TCTC), which included base salary plus benefits. Effective FY21 this structure is aligned to that of the CEO, without impacting the total target cash position.
(2) Actual payout over FY20 performance; achievement of STI goals are shown on pages 105 and 122 in the annual report.
(3) Includes for CFO an additional variable bonus over FY20 capped at 25% of TCTC relating to obtaining new general funding.
(4) Medical insurance, life and disability insurance.
(5) Executive directors are executive directors of both Naspers and Prosus. The costs of their remuneration as executive directors of these entities are split 10/90 between Naspers and Prosus.
(6) Represents the fair value on grant date in accordance with IFRS 2 of awards made during FY20. The actual value accruing to the executive will depend on the real value created over the time of the award.
(7) IFRS 2 represents the total share-based payment expenses recognised by Prosus during the year in accordance with IFRS 2 before recognising the effect of Bob van Dijk's, trade in the Naspers Global Ecommerce scheme. The IFRS 2 charge for Bob van Dijk, is US$11.5m (EUR10.4m) after recognising the effect of his trade in the Naspers Global Ecommerce scheme. The IFRS 2 charge recognised in Prosus is different compared to Naspers due to the Naspers Global Ecommerce scheme being treated as equity-settled at Naspers and cash-settled at Prosus.
(8) Potential gain on vesting represents the value of all historic longer-term incentive awards vested during the year. The value does not necessarily accrue to the individual. It is available to them should they have chosen to exercise (buy and/or sell shares) on or after the date the SOs or SARs vested. More detail can be found on page 114 of this report.

Implementation continued

Short-term incentive (STI) over FY20

FY20 goals and achievements

STI is based on financial, strategic, operational and sustainability performance targets which are tailored for each role.

The minimum STI payout is 0% of salary. The target and maximum STI opportunity are the same, ie there is no opportunity to overachieve on bonus payout, for FY20 were:

- Bob van Dijk: 100% of base salary.
- Basil Sgourdos: 100% of TCTC (plus an additional variable bonus capped at 25% of TCTC relating to obtaining new general funding, in financial years where such funding is obtained).

The weightings of each performance measure varied for each executive director, subject to their key priorities during the year. All STI awards are paid out in cash.

This year we disclose the STI goals and achievements for FY20 in further detail. STI goals are reflective of the annual business plan and many goals are representative of a multi-year effort, eg to win new markets or increase our customer base. Showing our competitors details of the targets of the goals is not in the best interest of our shareholders. However, we have highlighted in the annual report any metrics or developments for FY20 and FY21 that were included in the STI of the executive directors.

Strategic, operational and sustainability performance measures for both executive directors accounted for 50% of the total bonus opportunity. The topics, types of goals and achievement thereof are illustrated in the table on the right.

Free cash outflow

Across our consumer internet businesses, we compete against both local and global 'tech titans'. Reaching scale relatively quickly, in terms of consumer numbers and markets served, consumer internet businesses are of paramount importance in this environment. It requires significant investment and often involves incurring losses in the early years. We make a deliberate choice to invest in these businesses, knowing that short-term profitability and free cash flow will be negative. As such the financial architecture is quite different to that of traditional business models. The diversity in our portfolio allows us to sustain this investment phase. Once scale is reached, profitability follows. It is therefore appropriate to incentivise management to keep the free cash outflow levels as low as possible but to balance this with keeping a longer-term perspective on future investments. To put it simply, if we set a target to be significantly cash flow positive now, this could impact our future success and sustainability as it would incentivise management to chase profitability at the expense of growing the user base, thus losing out to competitors in several markets around the world.

Further details can be found in the annual report 2020 on page 9.

Outcomes of STIs

The outcomes mentioned resulted in annual bonus pay-out levels of €1 070 090 or 86.67% of base salary for Bob van Dijk and US$1 206 794 or 112.86% of TCTC for Basil Sgourdos.

Clawback provisions apply to the short- and longer-term incentives awarded to executive directors and senior management, such that all or part of any bonus and/or longer-term incentive may be recouped in the event of material financial misstatement or gross misconduct on the part of the executive.

In the financial year ending 31 March 2020, no clawback was invoked on either the STIs or LTIs of the CEO or any of his direct reports.

Page numbers that reflect achievement of CEO's STI are marked with on pages 13, 21 and 24 of the annual report.

✓ Achieved ✗ Not achieved

BOB VAN DIJK: Maximum STI opportunity: 100% base salary

Group financial goals	Weighting %	Description	Actuals	Outcome	Actual payout
Revenue	10.0	Achieve revenue target (on an economic-interest basis and excluding M&A).	US$21 612m	✓	€123 467
Core headline earnings (including Tencent)	15.0	Achieve core headline earnings at target, including Tencent	US$3 357m	✓	€185 201
Core headline earnings (excluding Tencent)	15.0	Achieve core headline earnings at target, excluding Tencent	(US$817m)	✓	€185 201
Free cash flow	10.0	Achieve free cash outflow at target	(US$338m)	✓	€123 467
	50.0				€617 336

Strategic, operational and ESG goals	Weighting %	Description	Outcome	Actual payout
Classifieds	10.0	Deliver organic topline growth and organic trading profit growth at target	✓ *	€61 734
Food Delivery	10.0	Deliver on targets related to revenue, order volume, organic revenue growth and manage incremental YoY spent on total food delivery	✓ **	€82 353
Payments and Fintech	5.0	Deliver organic revenue growth target and organic trading loss improvement	✗	€0
B2C	2.5	Deliver organic revenue growth target and organic trading loss improvement	✓	€30 867
Corporate structure	10.0	Implement board-approved plan for Prosus listing	✓	€123 467
Business sustainability: Diversity and inclusion	5.0	Increase focus on diversity and inclusion throughout the group, measured through employee engagement survey	✓	€61 734
Business sustainability: Machine learning and artificial intelligence	7.5	Scale up the amount of AI talent through hiring and upskilling.	✓	€92 600
	50.0			€452 755

* The following target for Classifieds was achieved: organic trading profit growth.
** The following targets for Food Delivery were achieved: organic revenue growth and manage incremental YoY spent on total food delivery.

BASIL SGOURDOS: Maximum STI opportunity: 100% of TCTC*

Group financial goals	Weighting %	Description	Actuals	Outcome	Actual payout
Core headline earnings (including Tencent)[1]	12.5	Achieve core headline earnings at target, including Tencent	US$3 357m	✓	US$133 662
Core headline earnings (excluding Tencent)[1]	12.5	Achieve core headline earnings at target, excluding Tencent	(US$817m)	✓	US$133 662
Free cash flow	25.0	Achieve free cash outflow at target	(US$338m)	✓	US$267 323
	50.0				US$534 647

Strategic, operational and ESG goals	Weighting %	Description	Outcome	Actual payout
Structure	25.0	Implement board-approved plan for Prosus listing	✓	US$267 323
Taxation	10.0	Prudent and optimal tax management structure	✓	US$106 929
Investor relations	5.0	Design and implementation of IR strategy	✓	US$53 465
Group finance	2.5	Driving efficiency through the group finance organisation and operating rhythms	✓	US$26 732
Governance, internal audit and risk management	2.5	Ensure that effective systems of internal control are operated throughout the group's controlled entities	✓	US$26 732
Business sustainability: Team and talent	5.0	Develop finance team and ensure high employee engagement through diversity and inclusion	✓	US$53 465
	50.0			
Funding	25.0	A variable bonus capped at 25% of total cost to the company, related to obtaining new general funding.	✓ **	US$137 500
				US$672 147

* Plus maximum 25% bonus linked to general funding.
** Achieved 12.86% of the variable bonus capped at 25% of total cost to the company by obtaining new general funding.
(1) Core headline earnings is an alternative performance measurement. Please refer to "Other information – non-IFRS financial measures and alternative performance indicators" on page 230.

Implementation continued

Unvested longer-term incentives (LTIs) in FY20

We have set out in figure 1 information on the unvested longer-term incentives, including awards made during the 2020 financial year.

Details of the group's LTI schemes are disclosed in note 42 on pages 196 and 197 of the annual financial statements at **www.prosus.com**.

Longer-term incentive (LTI) awards to be made in FY21

We have also set out in figure 2 information on the longer-term incentives to be made during the 2021 financial year.

Figure 1

We have set out below information on the unvested longer-term awards, including awards that have been made during the 2020 financial year.

	The main conditions LTI awards made in FY20				Number of awards				
In US$	Specification of plan	Performance period	Award date	Vesting date(s)	Opening balance 1 April 2019	Awarded during the year	Vested during the year	Closing balance 31 March 2020	Fair value 31 March 2020 (US$)[1]
Bob van Dijk									
PSUs	Naspers performance share units	Three years cliff	09/09/2019	30/06/2022	–	24 527	–	24 527	4 866 338
SARs	Naspers Global Ecommerce share appreciation rights	Four years phased	16/07/2019	16/07/2020 (25%) 16/07/2021 (25%) 16/07/2022 (25%) 16/07/2023 (25%)	2 639 027	436 832	(1 779 677)	1 296 182	20 747 334
SOs	Naspers N share options	Four years phased			247 844	15 835	(77 519)	186 160	11 117 930
	Total				**2 886 871**	**477 194**	**(1 857 196)**	**1 506 869**	**36 731 602**
Basil Sgourdos									
PSUs	Naspers performance share units	Three years cliff	09/09/2019	30/06/2022	–	12 718	–	12 718	2 523 345
SARs	Naspers Global Ecommerce share appreciation rights	Four years phased	16/07/2019	16/07/2020 (25%) 16/07/2021 (25%) 16/07/2022 (25%) 16/07/2023 (25%)	517 411	226 505	(142 340)	601 576	9 770 006
SOs	Naspers N share options	Four years phased			60 015	8 211	(23 128)	45 098	2 907 292
	Total				**577 426**	**247 434**	**(165 468)**	**659 392**	**15 200 643**

(1) Represents the fair value of the LTI awards as at 31 March 2020. The actual value accruing to the executive will depend on the real value created over the time of the award. The value in Prosus is different compared to Naspers due to the Naspers Global Ecommerce scheme being treated as equity-settled at Naspers and cash-settled at Prosus.

Figure 2

Longer-term incentive (LTI) awards to be made in FY21

	Naspers performance share units (PSUs)	Naspers Global Ecommerce share appreciation rights (SARs)	Naspers N share options (SOs)
	Fair value (US$)[1]	Fair value (US$)[1]	Fair value (US$)[1]
Bob van Dijk	8 100 000	4 387 500	1 012 500
Basil Sgourdos	4 800 000	2 600 000	600 000

(1) Represents the estimated fair value of the LTI awards on grant date in accordance with IFRS 2, of grants that are intended to be made in FY21. The actual value accruing to the executive will depend on the real value created over the time of the award. The figure is based on indicative values and may therefore differ from the final fair value granted.

Implementation continued

The committee will continue to award PSUs to senior executives in FY21, having introduced the programme in FY20. PSUs constituted approximately 45% of the LTI award made to the executive directors in FY20 and this will be approximately 60% for FY21.

The performance condition related to the PSU awards consist of the three-year compound annual growth rate (CAGR) of the share price of the Naspers Global Ecommerce SARs Plan (value per share), which excludes Tencent, as compared against the total shareholder return (TSR) of a bespoke peer group. Achievement of the performance condition will be assessed by the human resources and remuneration committee, based on the share price of the Naspers Global Ecommerce SARs Plan (in absolute and relative terms), validated by the valuations subcommittee as per the valuations process described on page 137 in the A-Z section of the FY20 remuneration report.

The level of achievement relative to the performance condition at the end of the three-year performance period drives the number of shares that ultimately will vest:

- At threshold performance: 50% of the allocated shares would be awarded if the performance is at the 25th percentile of the peer group.
- At target performance: 100% of the allocated shares would be awarded if the performance is at the median of the peer group.
- At maximum performance: 200% of the allocated shares would be awarded if the performance is at the 75th percentile of the peer group.

If the threshold level of performance is not achieved, no shares will be awarded to the participant. If more than the maximum performance is achieved, no more than 200% of the allocated shares would be awarded. Performances between threshold and maximum will be interpolated on a linear basis.

The FY21 LTI allocation will be balanced as follows (figure 2).

A blend of LTIs

The addition of PSUs to the blend of LTIs offered is not intended to materially increase the quantum of executive compensation. Rather, it further aligns our business strategy and objectives with executive compensation and shareholder returns. Each element of the LTI programme plays a distinct part in delivering a remuneration approach that drives business performance for the longer term and is fair, responsible, aligned with shareholder outcomes and relevant to the talented executives we need to attract and retain (as shown on pages 118 and 119).

Figure 1

PSU awards schedule

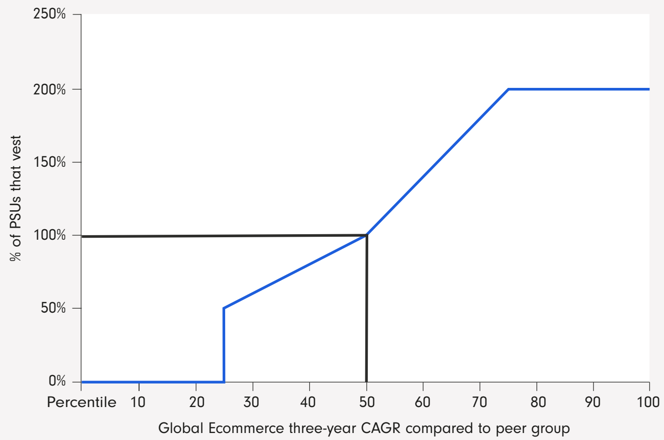
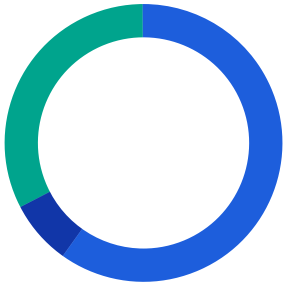


Figure 2

The balance of CEO/CFO FY21 LTI grant is focused towards consumer internet business

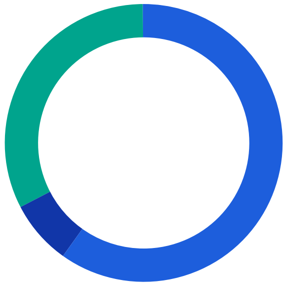
Balance of the FY21 LTI

BOB VAN DIJK



	%
Naspers PSUs	60
Naspers SOs	7.5
Ecommerce SARs	32.5
Total	100

BASIL SGOURDOS



	%
Naspers PSUs	60
Naspers SOs	7.5
Ecommerce SARs	32.5
Total	100

Implementation continued

Value of historical LTI grants to executive directors

Due to the pace of change in our industry and the evolution of key priorities each year, the award levels for each executive director vary from year to year. To reflect this, we have provided a summary below of the awards made to each executive director over the past three years.

Value of historical LTI grants to executive directors

Bob van Dijk	Naspers performance share units (PSUs)			Naspers Global Ecommerce share appreciation rights (SARs)			Naspers N share options (SOs)		
	Number of PSUs	Face value (US$'000)	Fair value (US$'000)[2]	Number of SARs	Face value (US$'000)[1]	Fair value (US$'000)[2]	Number of options	Face value (US$'000)	Fair value (US$'000)[2]
FY20	24 527	5 863	5 863	436 832	16 032	6 074	15 835	3 972	1 347
FY19	–	–	–	418 434	14 047	5 449	61 142	13 928	4 919
FY18	–	–	–	909 204	24 837	6 157	51 728	11 029	3 478

Basil Sgourdos	Naspers performance share units (PSUs)			Naspers Global Ecommerce share appreciation rights (SARs)			Naspers N share options (SOs)		
	Number of PSUs	Face value (US$'000)	Fair value (US$'000)[2]	Number of SARs	Face value (US$'000)[1]	Fair value (US$'000)[2]	Number of options	Face value (US$'000)	Fair value (US$'000)[2]
FY20	12 718	3 040	3 040	226 505	8 313	3 149	8 211	2 060	698
FY19	–	–	–	214 759	7 209	2 797	33 108	7 542	2 663
FY18	–	–	–	231 854	6 355	1 566	5 776	1 231	388

(1) The face value at grant date of the Naspers N share options granted before FY20 was adjusted by the value of MultiChoice Group shares at the closing price of R106.01 of the listed MultiChoice Group shares on the unbundling date.
(2) Represents the fair value of the LTI awards on grant date in accordance with IFRS 2. The actual value accruing to the executive will depend on the real value created over the time of the award.

Implementation continued

Awards vested during the period 1 April 2019 to 31 March 2020

The number of SOs and SARs that vested during the year for executive directors are outlined in the table to the right.

Awards vested during the period 1 April 2019 to 31 March 2020

Bob van Dijk	Award date	Vesting date(s)[1]	Potential value at vest (in US$)	Face value at grant date (US$)[2]	Fair value at grant date (US$)[3]
Naspers N share options	05/07/2016	05/07/2019	4 836 347	6 856 490	2 806 621
	08/09/2017	08/09/2019	709 017	2 757 199	805 034
	25/06/2018	25/06/2019	355 543	3 481 994	905 267

	Award date	Vesting date(s)[1]	Potential value at vest (in US$)	Face value at grant date (US$)	Fair value at grant date (US$)[3]
Naspers Global Ecommerce SAR Plan	12/09/2014	12/09/2019	31 984 965	23 264 508	8 348 953
	15/08/2017	15/08/2019	1 438 532	4 000 000	916 063
	08/09/2017	08/09/2019	335 789	967 408	216 483
	25/06/2018	25/06/2019	344 160	3 511 691	1 174 389

Basil Sgourdos	Award date	Vesting date(s)[1]	Potential value at vest (in US$)	Face value at grant date (US$)[2]	Fair value at grant date (US$)[3]
Naspers N share options	04/09/2014	04/09/2019	1 124 052	888 027	484 280
	18/09/2015	18/09/2019	303 378	276 680	142 861
	25/09/2015	25/09/2019	59 344	52 749	27 314
	29/08/2016	29/08/2019	223 896	521 563	204 036
	08/09/2017	08/09/2019	79 170	307 872	89 891
	25/06/2018	25/06/2019	194 031	1 885 539	490 212

	Award date	Vesting date(s)[1]	Potential value at vest (in US$)	Face value at grant date (US$)	Fair value at grant date (US$)[3]
Naspers Global Ecommerce SAR Plan	17/09/2015	17/09/2019	173 986	179 988	62 613
	29/08/2016	29/08/2019	538 535	666 650	204 459
	15/08/2017	15/08/2019	248 459	690 869	158 220
	08/09/2017	08/09/2019	201 343	580 069	129 806
	25/06/2018	25/06/2019	176 637	1 802 340	602 743

(1) As part of the Prosus listing and capitalisation issue, the MIH Services FZ LLC trust elected to receive Prosus shares. In line with the capitalisation issue 1 Prosus share is linked to each option. The value of the Prosus share is included where relevant.
(2) The face value at grant date of the Naspers N options granted before FY20 was adjusted by the value of MultiChoice Group shares at the closing price of R106.01 of the listed MultiChoice Group shares on the unbundling date.
(3) Represents the fair value of the LTI awards on grant date in accordance with IFRS 2. The actual value accruing to the executive will depend on the real value created over the time of the award.

Implementation continued

Gains made on SARs exercised during the period 1 April 2019 to 31 March 2020

On 14 January 2020, Bob van Dijk exercised Naspers Global Ecommerce SARs. The gain was settled in Naspers N shares which Bob van Dijk elected to sell. Details of the transaction are summarised in figure 2.

LTI costs

The total of share-based payment expenses for the two executive directors were US$17.538m.

The IFRS 2 charge recognised in Naspers is different compared to Prosus due to the Naspers Global Ecommerce scheme being treated as equity-settled at Naspers and cash-settled at Prosus.

Longer-term incentives across the group account for 18.6% of total staff costs, and 4.9% of overall group costs, for example the cost of providing services and sale of goods, selling, general and administration expenses. Further details can be found in note 27 on page 180 of the annual financial statements on **www.prosus.com**.

Given the nature of our businesses, we operate a number of incentive plans for our executive directors to ensure they are incentivised across the whole portfolio. A full statement of the holdings of the executive directors can be found on page 123.

Figure 1

Awards made during the period 1 April 2019 to 31 March 2020

Bob van Dijk	Award date	Number of SOs/PSUs/SARs	Face value at grant date (US$)	Fair value at grant date (US$)[1]
Naspers Share options	16/07/2019	15 835	3 972 173	1 346 972
Naspers PSU	09/09/2019	24 527	5 862 847	5 862 847
Naspers Global Ecommerce SAR Plan	16/07/2019	436 832	16 031 734	6 074 030

Basil Sgourdos	Award date	Number of SOs/PSUs/SARs	Face value at grant date (US$)	Fair value at grant date (US$)[1]
Naspers Share options	16/07/2019	8 211	2 059 710	698 480
Naspers PSU	09/09/2019	12 718	3 040 065	3 040 065
Naspers Global Ecommerce SAR Plan	16/07/2019	226 505	8 312 734	3 149 492

[1] Represents the fair value of the LTI awards on grant date in accordance with IFRS 2. The actual value accruing to the executive will depend on the real value created over the time of the award.

Figure 2

Gains made on SARs exercised by the CEO during the period 1 April 2019 to 31 March 2020

Number of SARs exercised	2 986 452
Value of Naspers Global Ecommerce SARs exercised – pre tax	US$68 987 041
Value of Naspers N shares settled – pre tax	ZAR995 836 800
Number of Naspers N shares settled and subsequently sold[1]	414 932

[1] The volume weighted average price per share was R2 400.

Implementation continued

Major transactions in 2020 and their impact on the LTI schemes in which executive directors participate

The capitalisation issues in light of the Prosus listing impacted the MIH Services FZ LLC Share Trust and the Naspers Restricted Stock Plan Trust. The trustees of these trusts, as Naspers shareholders, could elect to receive Naspers N shares or Prosus shares as part of the capitalisation issue. The trustees of the MIH Services FZ LLC Share Trust and the Naspers Restricted Stock Plan Trust elected to receive Prosus shares. These shares are linked to the options/PSUs and once options are exercised or PSUs vest, participants will receive one additional Prosus share in addition to each Naspers N share linked to the option/PSU.

Dilutive impact of group LTI schemes

The board has determined that no more than 5% of the current N ordinary share capital may be used for purposes of share-based incentive schemes.

Termination payments

No termination payments were made to executive and non-executive directors on termination of employment or office in FY20.

Executive remuneration in comparison to average employee remuneration

When reviewing the CEO's remuneration, the human resources and remuneration committee takes into account the average employee remuneration globally across the group.

As a consumer internet company we have a wide geographical footprint. The majority of our activities and employees are based in emerging countries, including India, Russia, Brazil, Central and Eastern Europe and South Africa, where widely different pay levels are observed. When we look at it on a global level, the pay ratio including LTI is 311.

As shown on page 106, the pay-at-risk portion and within that more specifically LTI weighs heavily in our total remuneration mix. This is typically found within the consumer internet and technology sector in which we compete. For completeness sake we have also reviewed the pay ratios excluding LTI, showing a ratio of 72. Since our Dutch CEO is contracted and paid in the Netherlands, we have also looked at the CEO pay versus employees in the Netherlands, showing a ratio of 22 including LTI and a ratio of 8 excluding LTI.

The ratios are obtained by dividing the FY20 total remuneration for the CEO by the FY20 average total remuneration of all other employees. This includes salaries, wages, on-target bonus, pension and benefits for employees, excluding contractors and CEO remuneration. It also excludes training and development that we offer to our employees. Details of the staff costs can be found in note 27 on page 180 of the consolidated annual financial statements.

We review the pay levels of our staff at least annually and in relation to pay in the markets and countries that we operate, our reward levels are competitive in the talent markets that we operate in. We see the effectiveness of our reward philosophy and practices confirmed via our formalised employee engagement surveys. Most employees find that they are paid fairly, relative to similar jobs in other companies, an overall appreciation that is found to be above the new technology sector benchmark.

Statement of compliance

Clawbacks

Clawback provisions apply to the short- and longer-term incentives awarded to executive directors and senior management. In the financial year 2020, no clawback was applied to any remuneration of the executive directors and senior management.

CEO shareholding requirement

Since April 2018, the CEO is required to maintain a Naspers shareholding of 10 times his annual salary. This requirement was met for the financial year ended 31 March 2020.

Implementation continued

Non-executive directors

Non-executive directors' fees

Given the global scale and complexity of the businesses which the group operates and has interest in, it is important that we can attract and retain the best globally orientated board members.

The committee conducts a regular benchmarking exercise to ascertain whether the fees for non-executive directors are competitive, fair and reasonable. The committee is informed by the external market when reviewing the fee structure and levels for our non-executive directors. This includes market fee levels for Naspers's and Prosus's industry peers internationally, such as competitors in the same industry and of similar scale and those fee levels observed in the Top 10 AEX and JSE companies.

No additional fees are paid to board members serving on the projects committee or on the valuations sub-committee of the human resources and remuneration committee. Non-executive directors do not receive any longer-term or equity-based compensation.

Non-executive directors serve on the board of both Naspers and Prosus and receive no additional compensation for their dual responsibilities to Naspers and Prosus. In September 2019 Prosus listed on the Euronext Amsterdam. Non-executive directors serve on the boards of both Naspers and Prosus. As a result of the non-executive directors assuming dual responsibilities the fees were split between Naspers and Prosus on a 30/70 basis, pro-rated from the date of listing of Prosus.

The non-executive chair does not receive additional remuneration for attending meetings, or being a member of or chairing any committee of the board, or attending Tencent board and committee meetings.

General notes

Directors' fees include fees for services as directors, where appropriate, of Prosus N.V. and Media24 Proprietary Limited. An additional fee may be paid to directors for work done as directors with specific expertise. Committee fees include fees for attending meetings of the audit committee, risk committee, human resources and remuneration committee, nominations committee and the Naspers social, ethics and sustainability committee. Committee and trustee fees include, where appropriate, fees to be considered by shareholders at the annual general meeting on 18 August 2020 for services as trustees of the group share-based schemes. Non-executive directors are subject to regulations on appointment and rotation in terms of the Naspers's memorandum of incorporation, Prosus's articles of association, Dutch legal requirements and the South African Companies Act.

Non-executive directors' fees

	FY20[1]							FY19						
US$'000	Directors' fees		Committee and trustee fees		Other fees[2]		Total	Directors' fees		Committee and trustee fees		Other fees[2]		Total
Non-executive directors	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	FY20	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	FY19
J P Bekker[3]	370	241	–	8	–	–	619	552	23	–	–	–	–	575
E M Choi	180	103	39	25	–	–	347	260	–	61	–	–	–	321
H J du Toit[4]	–	–	–	–	–	–	0	–	–	–	–	–	–	–
C L Enenstein	185	102	64	40	–	50	441	260	–	100	–	–	50	410
D G Eriksson	160	92	159	100	–	–	511	235	–	247	–	–	–	482
M Girotra[5]	36	84	7	17	–	–	144	–	–	–	–	–	–	–
R C C Jafta	167	159	101	73	–	–	500	239	69	157	10	–	–	475
F L N Letele	150	92	16	10	–	–	268	235	–	24	–	–	–	259
G Liu[6]	–	–	–	–	–	–	–	235	–	–	–	–	–	235
D Meyer	164	92	16	10	–	–	282	228	23	24	13	–	–	288
R Oliveira de Lima	183	103	33	21	–	50	390	253	–	51	–	–	50	354
S J Z Pacak	162	87	18	11	–	–	278	256	–	28	–	–	–	284
T M F Phaswana[7]	171	99	33	21	–	–	324	253	–	51	–	–	–	304
M R Sorour[8]	167	242	–	–	–	120	529	232	150	–	–	–	120	502
J D T Stofberg	162	101	16	10	–	–	289	249	–	24	–		–	273
B J van der Ross	160	92	48	30	–	–	330	228	–	75	–	–	–	303
Total	**2 417**	**1 689**	**550**	**376**	**0**	**220**	**5 252**	**3 715**	**265**	**842**	**23**	**–**	**220**	**5 065**

The group arranges for, and pays, directors' and officers' liability insurance for the directors and officers of the group.

As at the date of this report, the group has not provided any personal loans, advances or guarantees to the executive and non-executive directors.

(1) In September 2019 Prosus listed on Euronext Amsterdam. Non-executive directors serve on the boards of both Naspers and Prosus. As a result of the non-executive directors assuming dual responsibilities the fees were split between Naspers and Prosus on a 30/70 basis, pro-rated from the date of listing of Prosus.
(2) Compensation for assignments.
(3) Koos Bekker elected to donate the rand equivalent of his director's fees, being R2.1m (pre-tax), to education. This year the recipient was the high school Volkskool in Heidelberg, Mpumalanga, South Africa.
(4) Hendrik du Toit elected not to receive directors' fees.
(5) Appointed 1 October 2019 as a director and member of the audit committee.
(6) Resigned on 25 February 2019.
(7) Retired with effect from 1 April 2020.
(8) Mark Sorour received US$11 875 from MIH Holdings Proprietary Limited for the period 1 April 2019 to 31 March 2020. This payment relates to the increased cost of medical aid for retired members of the MMED medical aid scheme as a result of the unbundling of MultiChoice Group. The company will provide an annual allowance to cover the difference in cost for retired scheme members during FY20 and FY21 only. This is not disclosed in the above table.

Implementation continued

General note

Koos Bekker and Cobus Stofberg each has an indirect 25% interest in Wheatfields 221 Proprietary Limited, which controls 168 605 Naspers Beleggings (RF) Beperk ordinary shares, 16 860 500 Keeromstraat 30 Beleggings (RF) Beperk ordinary shares, 179 988 (2019: 169 865) Naspers A shares and 657 609 Prosus A1 shares.

As announced on 29 April 2020, the board decided to nominate Ying Xu for appointment as a non-executive director of Prosus. Xu holds no Prosus N or A1 ordinary shares.

There have been no further changes to the directors' interests between the end of the financial year and 26 June 2020.

The group arranges for, and pays, directors' and officers' liability insurance for the directors and officers of the group.

As at the date of this report, the group has not provided any personal loans, advances or guarantees to the executive and non-executive directors.

Figure 1

Executive and non-executive directors' interest in Prosus shares

The non-executive directors of Naspers had the following interests in Prosus A1 ordinary shares on 31 March 2020:

	31 March 2020			17 September 2019		
	Prosus A1 ordinary shares			Prosus A1 ordinary shares		
	Beneficial			Beneficial		
Name	Direct	Indirect	Total	Direct	Indirect	Total
S J Z Pacak[(1)]	–	383	383	–	–	–
J D T Stofberg[(1)]	–	639	639	–	–	–
Total	**–**	**1 022**	**1 022**	**–**	**–**	**–**

(1) Shares acquired as a result of the unbundling by Naspers of all of its internet interests outside of South Africa into Prosus, listed on Euronext Amsterdam, on 11 September 2019.

Figure 2

The executive and non-executive directors had the following interests in Prosus N ordinary shares on 31 March 2020:

	31 March 2020			17 September 2019[(1)]		
	Prosus N ordinary shares			Prosus N ordinary shares		
	Beneficial			Beneficial		
Name	Direct	Indirect	Total	Direct	Indirect	Total
J P Bekker		4 688 691	4 688 691		4 688 691	4 688 691
E M Choi						
H J du Toit						
C L Enenstein		415	415		415	415
D G Eriksson						
M Girotra[(1)]						
R C C Jafta						
F L N Letele	1 474		1 474	1 474		1 474
D Meyer						
R Oliveira de Lima						
S J Z Pacak[(2)(3)]	0	630 635	630 635	376 635	291 548	668 183
T M F Phaswana[(4)]		1 030	1 030		3 530	3 530
V Sgourdos	32 483	87 367	119 850	32 483	84 661	117 144
M R Sorour	2 145	442	2 587	2 145	442	2 587
J D T Stofberg[(5)]	183 317	141 888	325 205	183 317	291 888	475 205
B J van der Ross	2 550	820	3 370	2 550	820	3 370
B van Dijk	51 809	922 451	974 260	51 809	922 451	974 260
Total	**273 778**	**6 473 739**	**6 747 517**	**650 413**	**6 284 446**	**6 934 589**

(1) Shares acquired as a result of the unbundling by Naspers of all of its internet interests outside of South Africa into Prosus, listed on Euronext Amsterdam, in September 2019.
(2) On 16 September 2019, a total of 180 000 Naspers N ordinary shares were sold by Steve Pacak and 20 000 Naspers N ordinary shares, 200 000 Prosus N.V. N ordinary shares and 200 000 MultiChoice Group Limited ordinary shares were delivered to Steve upon payment of the amount of R30 378 633.89 (being the listed market value on the date of the offers) from the proceeds of the sale of the 180 000 Naspers N ordinary shares (distributed to Steve), to settle the amount due to the Trust. Shares held as direct beneficial were transferred to his family trust.
(3) On 28 January 2020, Steve Pacak sold 37 548 Prosus N ordinary shares at an average price of R1 086.44 per share.
(4) On 3 October 2019, Fred Phaswana sold 2 500 Prosus N ordinary shares at an average price of R1 117.83 per share. Fred retired from the board and committees on 1 April 2020.
(5) On 4 February, Cobus Stofberg sold 150 000 Prosus N ordinary shares at an average price of R1 085.9987 per share.

Implementation continued

The committee is informed by the external market when reviewing the fee structure and levels for our non-executive directors. At the Naspers annual general meeting on 23 August 2018, shareholders approved an increase of up to 5% YoY for fees for directors, the chair of the board, committee members and the chairs of committees' for the year ended 31 March 2021. Given the impact of Covid-19, the board decided not to propose an increase in fees for the 31 March 2021 financial year. No additional fees are paid to board members serving on the executive committee or on the valuations subcommittee of the human resources and remuneration committee.

Compliance

There were no deviations from the remuneration policy in FY20.

Non-executive directors' fees

In US$ (unless otherwise stated)		Naspers: 31 March 2021[1]	Prosus: 31 March 2021	31 March 2021[1]	31 March 2020
Board					
	Chair	149 498	348 828	498 325	498 325
	Member	59 799	139 531	199 330	199 330
	Daily fees when travelling to and attending meetings outside home country	1 050	2 450	3 500	3 500
Committees					
Audit committee	Chair	36 833	85 943	122 775	122 775
	Member	14 733	34 377	49 110	49 110
Risk committee	Chair	21 878	51 048	72 925	72 925
	Member	8 751	20 419	29 170	29 170
Human resources and remuneration committee	Chair	25 883	60 393	86 275	86 275
	Member	10 353	24 157	34 510	34 510
Nomination committee	Chair	13 950	32 550	46 500	46 500
	Member	5 580	13 020	18 600	18 600
Social, ethics and sustainability committee	Chair	19 148	44 678	63 825	63 825
	Member	7 659	17 871	25 530	25 530
Other	Trustee of group share schemes/other personnel funds	ZAR16 128	ZAR37 632	ZAR53 760	ZAR53 760

(1) In the year ended 31 March 2020, following the listing of Prosus on Euronext Amsterdam, Naspers non-executive directors now serve on the boards of both companies. As a result of the non-executive directors assuming these dual responsibilities, the proposed fees will be split between Naspers and Prosus, on a 30/70 basis.

(2) The chair of Prosus does not receive additional remuneration for attending meetings or being a member of or chairing any committee of the board.

Frequently asked questions

Who are the members of the human resources and remuneration committee?
Craig Enenstein (chair), Emilie Choi, Roberto Oliviera de Lima and Koos Bekker. Fred Phaswana stepped down as committee member effective 1 April 2020.

What impact did the exchange of MakeMyTrip shares for Trip.com shares (previously Ctrip) have on executive directors' compensation?
In October 2019, we completed the exchange of our 41% stake in MakeMyTrip for 6% of Trip.com. The executive directors received no additional compensation as a result of the Trip.com transaction.

What did the impact of the Prosus listing have on executive directors' compensation?
The successful listing of Prosus was considered a strategic priority and a necessary condition for the long-term development of the company and for the creation of further shareholder value, which is why the remuneration committee chose to promote this objective by including it in the bonus structure. Executive directors were incentivised via their annual performance-related incentive (STI) to successfully execute the listing of Prosus. For this particular STI goal, Bob van Dijk earned 10% of base salary, or US$123 467 and Basil Sgourdos earned US$267 323 or 25% of TCTC (FY20). Further details can be found on pages 105 and 122.

As Naspers share option holders, they were treated as per our shareholders and other employee-option holders, receiving Prosus capitalisation shares linked to each Naspers share. The aggregated employment costs associated with the executive directors are absorbed by both companies, with 90% of the costs being allocated to Prosus and 10% being allocated to Naspers. It is noted that the initial split stated in the Prospectus was based on an estimate.

Did the Prosus listing increase the compensation of the non-executive directors?
No. Non-executive directors now sit on the board of Naspers and Prosus and receive the same flat fee. Non-executive board members are compensated based on their responsibilities versus on a per-meeting basis. There are no additional payments made as a result of the listing of Prosus. The compensation charge for non-executive directors is absorbed by both companies, with 70% of the total charge being allocated to Prosus, and 30% of the total allocated to Naspers.

Are executive longer-term incentives based on Prosus or Naspers?
Naspers. The SOs and PSUs awarded to executive directors relate to Naspers N shares. This is the most appropriate approach when the Naspers share price discount to net asset value (NAV) is considered. 90% of the costs of remuneration, including the LTIs, are allocated to Prosus and 10% to Naspers.

Is executive pay linked to closing the discount on Naspers' net asset value?
Yes. Pay is linked to the narrowing of the discount experienced on the NAV. Executive directors have substantial exposure to N ordinary shares via their Naspers SOs, aligned with shareholders. They are also incentivised through the Naspers Global Ecommerce SAR Plan on bringing the core businesses to scale and profitability. This is directly in their control and the most suitable way to close the discount. PSUs, with a performance condition relating to the Ecommerce assets and therefore excluding Tencent, further strengthens the link between executive pay, closing the discount on NAV and shareholder outcomes.

Why does Prosus not disclose the value of the underlying unlisted assets?
Valuations are commercially sensitive. Publicly disclosing the value we place on individual assets would compromise our position if we were ever to divest ourselves of those assets (as we have done successfully in the case of Allegro or Flipkart).

Why is the group departing in FY21 from settling SARs in Naspers shares?
With the listing of Prosus, the current practice of settling SARs in Naspers shares for the segment schemes is creating a misalignment in the IFRS accounting treatment between our two listed entities in respect of the same underlying SAR schemes. For the purpose of simplicity and transparency, we will be amending the settlement of our SAR schemes to be directly in cash rather than using Naspers shares purchased for cash. In order for participants to make a gain under the scheme rules, value must be created in the business(es) with which the scheme is associated.

Is Prosus awarding RSUs?
Yes, we are awarding RSUs as part of competitive LTI offering, but only to employees below the level of the CEO and his direct reports. They are considered for PSU awards.

Why does Prosus not show more detail on the STI targets?
We have retrospectively disclosed further detail on the STI goals and achievements for FY20. STI goals are reflective of the annual business plan and many goals are representative of a multi-year effort, eg to win new markets or increase our customer base. Showing our competitors target details of our plans is not in the best interest of our shareholders. However, we have highlighted in the annual report any metrics or developments for FY20 and FY21 that were included in the STI of the CEO and CFO. This can be found on pages pages 13, 21 and 24 of the annual report.

What is the vesting period within the LTI schemes?
We use four-year phased vesting for SOs, SARs and RSUs, and three-year cliff vesting for PSUs. We compete for talent with global and local companies operating primarily in consumer technology. These peers already moved to shorter vesting periods (usually three to four years with monthly vesting after 12 months). We are more conservative in terms of the vesting schedule (four years with annual vesting only for SOs, SARs and RSUs) and we do not grant RSUs to senior executives (unlike peers).

How does Prosus avoid that the SAR schemes deliver value to participants when the business receives extra funding?
When businesses receive funding, the capitalisation table associated with the SAR scheme in question is diluted on a per-share basis. In other words, funding into the business by itself does not deliver any additional value to participants.

How are the values of share schemes calculated?
Please see page 137 in the A-Z section for an outline of the valuation process.

Is there an overachievement capacity in the executives' bonus structures?
This is not the case. Unusually, the bonus target and the maximum are the same. Other companies typically offer upside on bonus targets. We do not. Therefore, there is only negative control, ie the executive has to accomplish everything to reach 100% of the potential payout.

Frequently asked questions continued

Are executives paid relative to benchmarks?
The human resources and remuneration committee decides on executive remuneration packages. In advance, the committee considers data from comparator companies, bearing in mind the size of our business, its complexity and its geographic footprint. The committee views data from Willis Towers Watson (general industry and technology, media and telecommunications surveys), Radford (particularly relevant for technology sector data) as well as publicly disclosed data for similar companies, although the committee notes that the publicly disclosed data is often the least reliable due to varying disclosure requirements by jurisdiction. The committee applies its judgement and considers a number of factors, principally the performance of executives, the results achieved and also the affordability of packages and external benchmarks, in making its determination. Further details on remuneration benchmarking can be found on page 134 in the A-Z section.

When formulating the remuneration policy and before determining the remuneration of the executive directors,

the committee assesses the possible results of the variable remuneration components through various scenario analyses.

Were any clawbacks invoked in the past year?
Clawback provisions apply to the short- and longer-term incentives awarded to the CEO and his direct reports. None of these provisions were invoked in FY20 or any previous years.

Did the CEO meet the shareholding requirement?
The CEO is required to hold 10 times his base salary in Naspers shares at all times and effective 31 March 2020, had met his commitment.

Did Bob van Dijk receive a salary increase?
No. Senior management received no salary increase due to the uncertainty created by Covid-19 and the need to manage costs prudently.

Why did Bob van Dijk receive an LTI grant in FY21 of US$13.5m (fair value)?
Firstly, fair value is a measurement used to estimate the value of an LTI, when it is granted, based on IFRS accounting. It does not reflect the eventual realised gain of the participant, which is highly variable and could be zero. The LTI grant for Bob van Dijk is in line with previous awards, and with global consumer technology benchmarks. The FY21 LTI award was split 60%/32.5%/7.5% between PSUs, Global Ecommerce SARs and SOs. In order for Bob van Dijk to receive any gains in the Naspers Global Ecommerce SAR plan or Naspers SOs, value must be created over the term of the share appreciation rights or share options. In order for him to receive any gains on the PSUs, the performance condition must be met at the end of the vesting period. Further details about the PSU plan can be found on pages 124 and 137 in the A-Z section.

What are the details of the share exercise of Bob van Dijk this year?
On 14 January 2020 Bob van Dijk exercised share appreciation rights in the Naspers Global Ecommerce plan and received 414 932 Naspers N ordinary shares in settlement of the gain, pre-tax. Bob van Dijk continues to exceed the CEO minimum shareholding requirement of 10 times his salary.

Remuneration A-Z

A

Advisers

The advisers to the human resources and remuneration committee are FW Cook and Willis Towers Watson.

B

Benchmarking remuneration

Although market benchmarks are not the primary consideration in determining executive pay, it is important that we can attract and retain digital talent in an extremely competitive global environment. We compete with global consumer tech players and local incumbents in the markets in which we operate and where competition for people is fierce. It is therefore important that Prosus can compete financially for this talent. For our executive directors' remuneration, the increased complexity of managing two companies, listed in two very different capital markets with very different and diverse investor bases is also taken into account.

We partner with local providers of benchmarking information in the countries in which we operate. In addition, we partner with two global providers of benchmarking information. With compensation surveys in over 120 countries, Willis Towers Watson (WTW) is one of the largest global providers of compensation data. Its surveys focus on companies that operate globally. Survey coverage is specifically strong in the US, Western Europe and in emerging markets. We access its general industry and high-tech (including media and technology) surveys.

The Radford-Aon survey focuses on technology companies. The survey is very relevant within high-tech companies and is particularly strong in the US technology sector, internet, and more specifically, Silicon Valley.

Where appropriate and available, publicly disclosed data is included in the analysis. Typically, the compensation of at least the CEO and CFO is disclosed by our peer companies. We look at publicly disclosed data that is more or less comparable at listed ecommerce, consumer internet, food-delivery and social media companies (for all functional positions and selected general management positions), for listed payments and fintech companies, and listed print media/publishing companies (for selected general management positions). It should be noted, however, that due to varying disclosure requirements by country of listing, this information is often somewhat high level and therefore it is challenging to derive exact comparisons.

Within the WTW and Radford studies the human resources and remuneration committee also reviews publicly disclosed data from the following peer companies:

No	Company
1	Amazon.com Inc
2	Alphabet Inc
3	Alibaba Group Holding Ltd
4	Facebook Inc
5	Netflix Inc
6	PayPal Holdings Inc
7	Baidu Inc
8	Booking Holdings Inc
9	Uber Technologies Inc
10	Qurate Retail Inc
11	Expedia Group Inc
12	eBay Inc
13	Wayfair Inc
14	Zalando SE
15	Trip.com Group Ltd
16	IAC/InterActiveCorp
17	Twitter Inc
18	Adevinta ASA
19	Ocado Group PLC
20	Adyen NV
21	Zillow Group Inc
22	GrubHub Inc
23	Snap Inc
24	MakeMyTrip Ltd
25	Auto Trader Group PLC
26	Just Eat Takeaway.com NV

C

CAGR

Compound annual growth rate.

Change of control

In the event of a change of control as defined by the plan rules of the key LTI plans in which the CEO and CFO participate, the following options are available:

- the plan is retained by the new controlling entity, or
- the plan is replaced by a substantially similar plan, or
- if neither of the above options is viable, the participant is treated as a good leaver under the scheme rules, and unvested awards are accelerated at the applicable valuation.

Clawback provisions

Clawback provisions apply to the STIs and LTIs to executive directors and senior management.

E

Exercise price

The price of the share at the time the participant chooses to exercise his/her share options or share appreciation rights. The value gain to the participant is calculated by subtracting the offer price from the exercise price.

F

Face value

The number of SARs, SOs, PSUs or RSUs granted multiplied by the price of the share on grant date. This does not take into account the actual profit of a participant, who, for SARs and SOs, only receives the difference between the strike price and the exercise price if they choose to exercise their options after they have vested. For PSUs the actual gain for the participant is dependent upon the achievement of the performance condition and the share price at the time of vest. For RSUs the actual gain depends on the share price at the time of vest.

Fair value

A measurement used to estimate the value of an LTI when it is granted for accounting purposes. It does not reflect the eventual realised gain of the participant which is highly variable and could be zero.

L

Longer-term incentives (LTI)

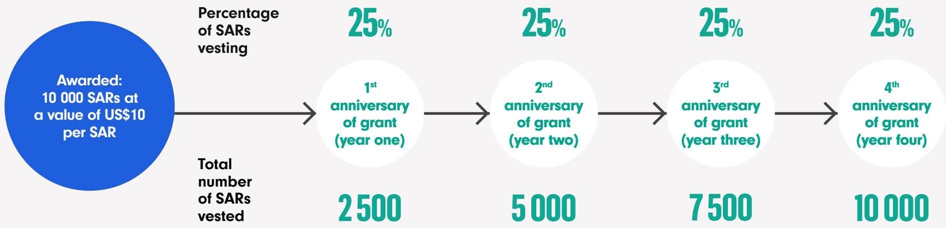
LTIs are part of remuneration that drives performance over a period that is longer than one financial year. Usually equity based. We operate the following LTI plans (see figure on page 135).

Remuneration A-Z continued

Longer-term incentive (LTI) plans

SAR

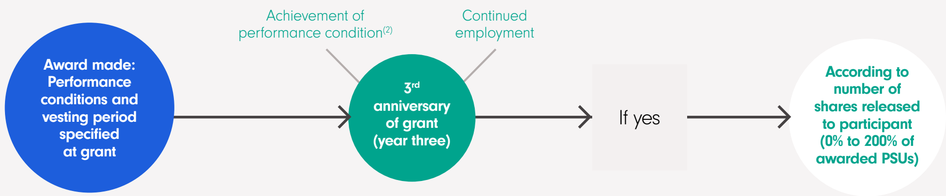
How does a share appreciation right (SAR) work? Four-year phased vesting



After two years the employee, assuming they didn't exercise their first 2 500 after year one, they may exercise 5 000 of their 10 000 SARs. If the value of a SAR at this point has increased to US$14, the employee made a gain of US$4 per SAR, giving the employee a total gain of US$20 000 (5 000 SARs x US$4 gain per SAR). So, if exercised, the employee would be awarded a value of US$20 000.

PSU

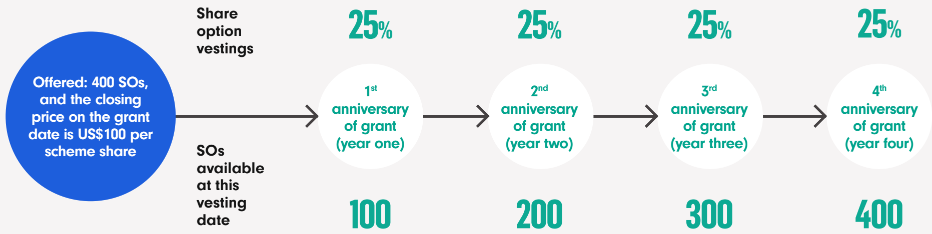
How does a performance share unit (PSU) work?



The vesting of a PSU is determined not just by time. In order for an award to vest, certain business performance conditions must also be met.

SO

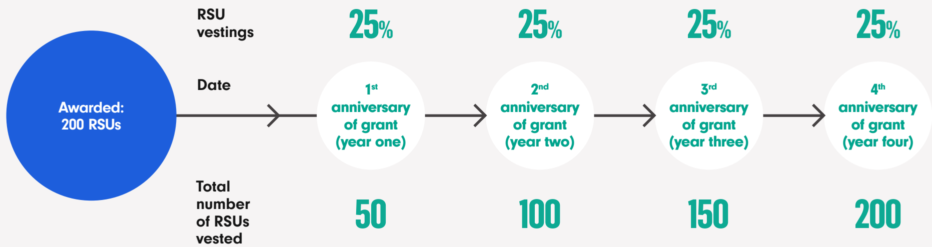
How does a stock option (SO) work?



Let's say that two years after the grant date, the employee chooses to exercise and pay for 200 scheme shares, ie US$100 x 200 = US$20 000; if the market price of a scheme share has increased to say US$120, and the employee decides to sell them, that is a gain of US$20 per share. This means the employee shares in the success of the group by earning a benefit of US$4 000, ie US$20 x 200 scheme shares.

RSU

How does a restricted share unit (RSU) work?



Employee is awarded 200 RSUs on grant date. On each of the vesting dates they will automatically receive 50 shares. Let's assume that on the first vesting date the price is US$100 per share, the employee would then receive a benefit, at that point, to the value of US$5 000, ie 50 shares times an assumed US$100 per share.

Remuneration A-Z continued

Longer-term incentive (LTI) policies

LTI – Date and price of SOs, SARs and PSUs/RSUs

Our LTI policy does not allow for the backdating of LTI awards, or for the offer price to be adjusted so as to bring underwater SOs or SARs 'into the money'. There is no strike price for a PSU or an RSU, these are full-value shares and PSUs vest only on the achievement of the performance conditions determined at grant.

Offer prices may be adjusted within the rules of the scheme to take account of material structural changes to the group, for example, when Prosus was listed, Naspers shareholders and employees holding Naspers SOs received Prosus capitalisation/Naspers N capitalisation shares (depending on which share trust they participated in), linked to each option.

LTI – dividend policy

Employees of Prosus group holding Naspers SOs, RSUs or PSUs do not receive ordinary dividends. Upon vesting, then participants are treated as per all other shareholders with regard to ordinary dividends.

LTI – a prudent approach

Our LTI plans typically have a 10-year term. This is a common term length across the consumer internet sector where early stage businesses take longer to reach maturity and create shareholder value.

Vesting periods are conservative relative to the companies with which we compete for talent. Our LTI plans typically vest over four years, with equal tranches vesting annually. The PSU plan has a three-year cliff vesting. Across the consumer internet sector, a three- or four-year vesting period is commonly observed, with grants often vesting monthly after the first year.

For the upcoming 2021 financial year we will be broadening the use of restricted share units (RSUs) as an effective LTI for our employees. RSUs are a common and widely spread LTI vehicle across the competitive consumer technology sector. RSUs will continue to be complemented with SARs allocations on our unlisted assets, aligning the incentive to the performance delivery and value creation in the underlying business segments. With that, RSUs do not come addition to SARs, but as a part of the blend of LTI offered.

Note that RSUs are not available to the CEO, CFO, or other senior executives across the group.

LTI – shares purchased on market

At the beginning of FY19 we announced that to avoid shareholder dilution as a result of employee LTIs, we would implement a Naspers share purchase programme. The annual cost for the share buy-back was US$74m in FY20 vs US$76m in FY19.

LTI – valuation

We operate LTI plans that are associated with businesses not publicly listed. We must therefore perform an annual valuation on these assets, which ensures we maintain ongoing alignment between value creation for shareholders and management and employee remuneration outcomes.

For executives who are responsible for several businesses, it is important to incentivise them on the overall performance of the assets for which they are responsible, ensuring that they are not incorrectly rewarded for success in one part of their portfolio if value is not being created in another. We therefore created several 'umbrella' (or sum-of-the-parts) schemes encompassing several assets in which the most senior executives participate, eg the Naspers Global Ecommerce SAR Plan, the Naspers Global Classifieds SAR Plan and the Naspers Fintech SAR Plan.

The CEO and CFO participate in the Naspers Global Ecommerce SAR Plan, which is a sum-of-the-parts scheme consisting of the main entities in ecommerce. The valuation process is illustrated under Valuation and is indicative of the process for all other schemes. The underlying assets included in the scheme are valued in accordance with their relevant rules.

Please also refer to Valuation of LTI schemes in this A-Z section.

LTI – scheme limits

We place limits on how much of the capitalisation (CAP) table is available for employee compensation. In general, no more than 5% of the Prosus CAP table can be used for unvested employee compensation. For the SARs plans that relate to our unlisted assets, no more than 15% of the CAP table can be used for unvested employee compensation. Depending on the life stage of the business, the scheme limit can be lower.

When the business takes funding from Prosus, the scheme is diluted as additional shares are issued.

N

Notice period

The employer notice period is six months for the CEO and three months for the CFO.

O

Offer date

Also called grant date. The date on which an LTI is offered to the participant, giving that participant the right to buy or receive shares at a date in the future

Offer price

Also called grant price, strike price or purchase price. The price of the share on the date the share option or share appreciation right was granted, at which the participant can buy the share at a later date (or in the case of a share appreciation right, use to calculate a gain).

P

Performance management

Pay for performance is one of the pillars of our reward philosophy. Personal performance (including the financial results of the business) is the determining factor in whether an individual receives a base salary (or TCTC) increase, an annual performance-related incentive payout and/or an LTI in the form of SOs or SARs, PSUs (for executives only) or RSUs (not for executives).

Personal goals are arrived at as an outcome of the annual business planning process. As budgets and operating plans are designed prior to the end of the financial year, so too are the personal performance goals at an individual level. These goals, if achieved, drive the accomplishment of the financial and operating plan of the business. Managers engage in continuous conversations with their people throughout the financial year to ensure that their plans are on track. At the end of the financial year both the overall performance of the business and the individual's achievement of their personal goals are considered, and this may translate into the payment of an annual performance-related STI. While we do not force-rank performance scores, we do expect that any performance-related incentive payments reflect the overall performance of the business where appropriate. Individuals who have performed well against their performance-related incentive goals, are eligible to be considered for an LTI grant and a pay increase. Only strong performers are considered for LTI awards.

Performance share units (PSUs)

A performance share unit is a full share that is granted to a participant, after a vesting period has elapsed, subject to certain business performance conditions being achieved.

Performance condition

A measurement of company performance on which the vesting of an LTI is conditional.

The performance condition related to the FY20 and FY21 PSU awards consist of the three-year compound annual growth rate (CAGR) of the share price of the Naspers Global Ecommerce SAR Plan (value per share), which excludes Tencent, as compared against the TSR of a bespoke peer group. Achievement of the performance condition will be assessed by the human resources and remuneration committee, based on the share price of the Naspers Global Ecommerce SAR Plan (in absolute and relative terms), validated by the valuations subcommittee as per the valuations process described on page 137 in the A-Z section of the FY20 remuneration report.

The level of achievement relative to the performance condition at the end of the three-year performance period drives the number of shares that ultimately will vest.

Peer group for PSU performance condition

For the performance condition underpinning the FY21 PSU grant, the TSR peer group consists of the following companies (see figure 1 on page 137).

R

RSU

Restricted stock unit. A full share that is granted to a participant, after a vesting period has elapsed, without the need to buy the share.

S

SAR

Share appreciation right. A right conferred on a participant to benefit on value created over time in a business. Operates like a share option but the participant does not become a shareholder in that particular business when they exercise their SARs, but rather they receive cash.

SO

Share option, also called stock option. A right conferred on a participant to purchase shares at a later specified date, at a particular purchase price.

STI

Short-term incentive. A remuneration plan that drives performance within the financial year. Usually cash based.

T

TCTC

Total cost to company. A South African pay practice whereby an employee's guaranteed compensation is calculated, including the cost of benefits and payroll taxes to the employer.

V

Valuations process

We operate LTI plans that are associated with businesses that are not publicly listed. We must therefore perform an annual valuation on these assets, which ensures we maintain ongoing alignment between value creation for shareholders and management and employee remuneration outcomes.

The governance around our valuation process is outlined in figure 2 on page 137.

Remuneration A-Z continued

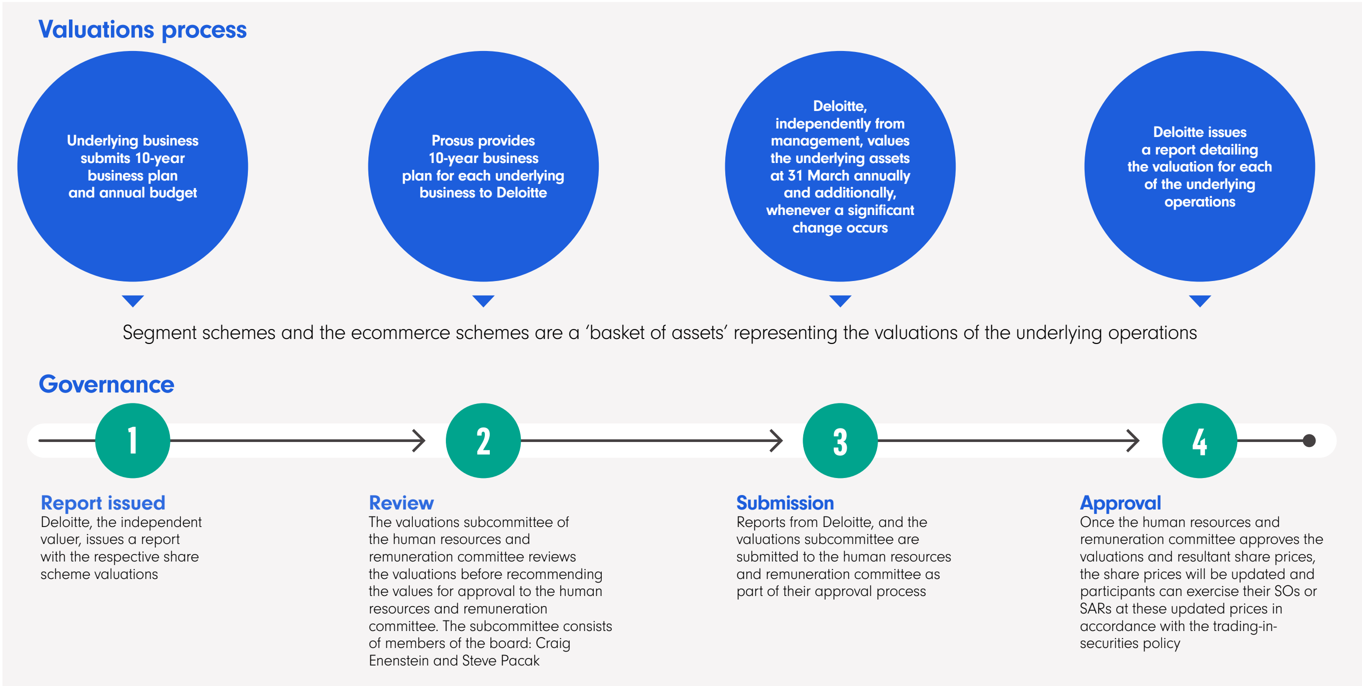
Vesting date
The date on which an LTI that was previously granted, becomes available to the participant. The participant can then choose to exercise his/her rights under the terms of the LTI scheme rules.

Figure 1
Peer group for PSU performance condition
For the performance condition underpinning the FY21 PSU grant, the TSR peer group consists of the following companies:

No	Company	No	Company	No	Company
1	Alphabet Inc	9	Snap Inc	17	Ocado Group PLC
2	Amazon.com Inc	10	Twitter Inc	18	Adevinta ASA
3	Facebook Inc	11	Adyen NV	19	Qurate Retail Inc
4	Netflix Inc	12	Expedia Group Inc	20	Auto Trader Group PLC
5	PayPal Holdings Inc	13	IAC/InterActiveCorp	21	Just Eat Takeaway.com NV
6	Booking Holdings Inc	14	Zalando SE	22	GrubHub Inc
7	Square Inc	15	Wayfair Inc		
8	eBay Inc	16	Zillow Group Inc		

The peer group for the FY20 PSU grant included Cnova and Groupon, who were eliminated from the peer group due to its relatively small size by market cap. Schibsted was replaced by Adevinta.

Figure 2
Governance of our valuation process



Financial statements

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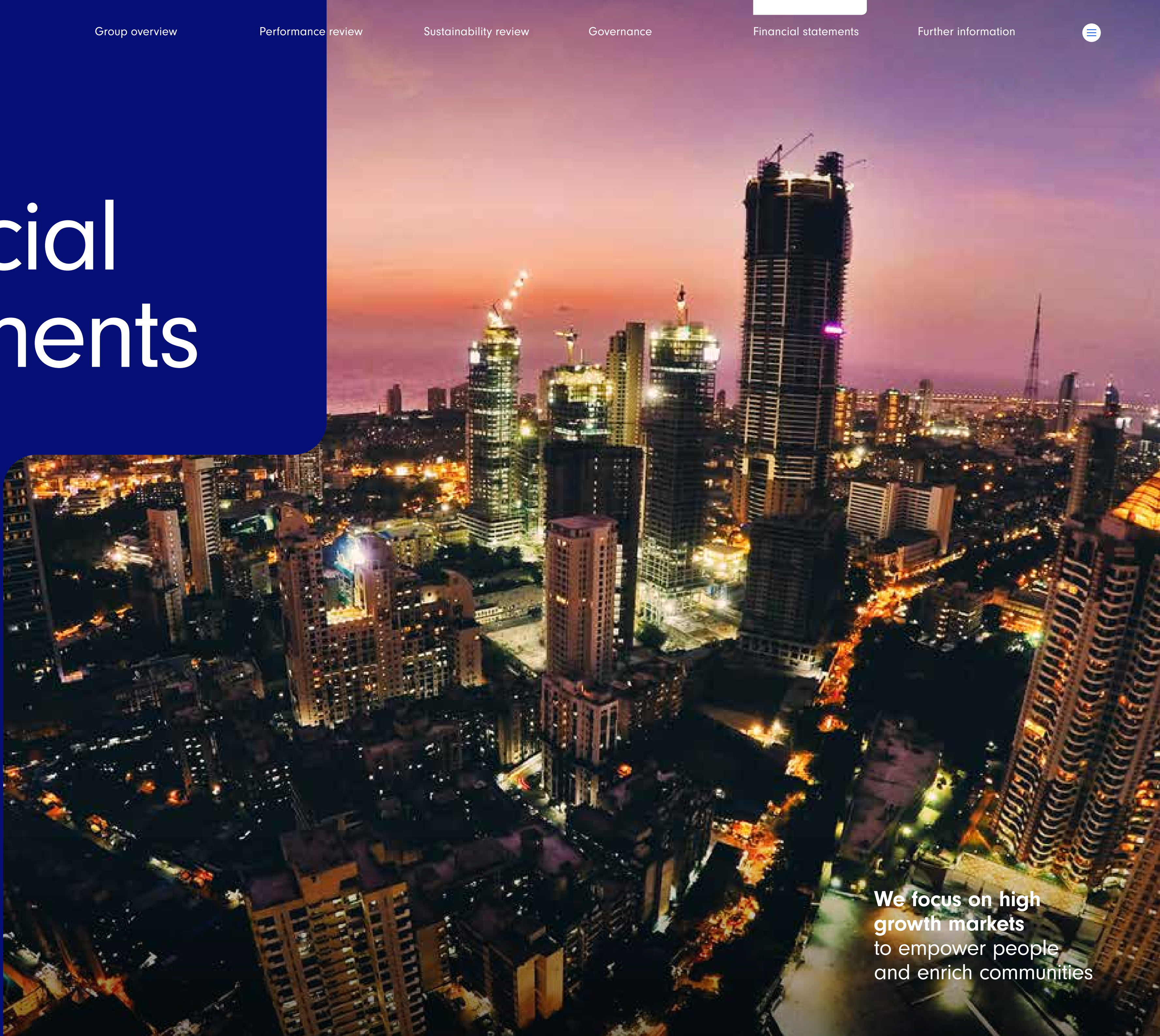

We focus on high growth markets
to empower people and enrich communities

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Consolidated statement of financial position

as at 31 March 2020

	Notes	31 March 2020 US$'m	31 March 2019 US$'m	1 April[1] 2018 US$'m
ASSETS				
Non-current assets		**26 655**	23 021	20 721
Property, plant and equipment	5	**377**	143	622
Goodwill	6	**2 169**	2 035	2 198
Other intangible assets	7	**844**	794	979
Investments in associates	9	**22 233**	19 746	16 669
Investments in joint ventures	10	**72**	95	74
Other investments	11	**805**	47	65
Related party loans and receivables	17	**81**	140	56
Other receivables	15	**4**	6	21
Derivative financial instruments	40	**55**	1	1
Deferred taxation	12	**15**	14	36
Current assets		**9 109**	9 970	12 011
Inventory	13	**213**	148	172
Programme and film rights		**–**	–	35
Trade receivables	14	**111**	135	315
Other receivables	15	**420**	490	481
Related party loans and receivables	17	**109**	9	45
Derivative financial instruments	40	**–**	–	8
Short-term investments	37	**3 873**	7 037	–
Cash and cash equivalents	38	**4 181**	2 135	10 955
		8 907	9 954	12 011
Assets classified as held for sale	16	**202**	16	–
TOTAL ASSETS		**35 764**	32 991	32 732

	Notes	31 March 2020 US$'m	31 March 2019 US$'m	1 April[1] 2018 US$'m
EQUITY AND LIABILITIES				
Capital and reserves attributable to the group's equity holders		**29 100**	27 250	23 875
Share capital and premium	18	**606**	599	2 032
Other reserves	19	**(1 922)**	(207)	(684)
Retained earnings	20	**30 416**	26 858	22 527
Non-controlling interests		**214**	132	21
TOTAL EQUITY		**29 314**	27 382	23 896
Non-current liabilities		**4 303**	4 034	5 395
Long-term liabilities	21	**3 712**	3 244	3 666
Other non-current liabilities	22	**163**	540	867
Related party loans and payables	17	**3**	2	478
Cash-settled share-based payment liabilities	42	**233**	36	44
Provisions	23	**3**	3	8
Derivative financial instruments	40	**2**	33	123
Deferred taxation	12	**187**	176	209
Current liabilities		**2 147**	1 575	3 441
Current portion of long-term debt	21	**63**	22	130
Provisions	23	**9**	14	37
Trade payables		**291**	244	342
Accrued expenses and other current liabilities	24	**1 668**	1 249	2 766
Related party loans and payables	17	**13**	20	146
Taxation payable		**7**	13	16
Derivative financial instruments	40	**38**	3	3
Bank overdrafts	38	**32**	8	1
		2 121	1 573	3 441
Liabilities classified as held for sale	16	**26**	2	–
TOTAL EQUITY AND LIABILITIES		**35 764**	32 991	32 732

[1] A statement of financial position is presented as at 1 April 2018 on transition to IFRS-EU. Refer to note 2.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated income statement

for the year ended 31 March 2020

	Notes	31 March 2020 US$'m	31 March 2019 US$'m
Continuing operations			
Revenue from contracts with customers	26	**3 330**	2 655
Cost of providing services and sale of goods	27	**(2 177)**	(1 600)
Selling, general and administration expenses	27	**(1 762)**	(1 437)
Other gains/(losses) – net	28	**16**	(40)
Operating loss		**(593)**	(422)
Interest income	29	**201**	265
Interest expense	29	**(223)**	(200)
Other finance income – net	29	**114**	114
Share of equity-accounted results	9, 10	**3 930**	3 409
Impairment of equity-accounted investments	9, 10	**(21)**	(88)
Dilution losses on equity-accounted investments	9, 10	**(52)**	(182)
Net gains on acquisitions and disposals	30	**434**	1 610
Profit before taxation		**3 790**	4 506
Taxation	31	**(75)**	(258)
Profit from continuing operations		**3 715**	4 248
Loss from discontinued operations	4	**–**	(738)
Profit for the year		**3 715**	3 510
Attributable to:			
Equity holders of the group		**3 824**	3 581
Non-controlling interests		**(109)**	(71)
		3 715	3 510
Earnings per ordinary share (US cents) from continuing operations			
Basic	32	**235**	265
Diluted	32	**231**	262
Earnings per ordinary share (US cents) from total operations			
Basic	32	**235**	221
Diluted	32	**231**	218

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2020

	Notes	31 March 2020 US$'m	31 March 2019 US$'m
Profit for the year		**3 715**	3 510
Other comprehensive income[1]			
Foreign currency translation reserve		**(1 361)**	(1 033)
Exchange loss arising on translating the net assets of foreign operations		**(1 361)**	(1 033)
Fair-value (losses)/gains	19	**(282)**	9
Fair-value (losses)/gains on financial assets at fair value through other comprehensive income		**(282)**	9
Hedging reserve	40	**–**	–
Net movement in hedging reserve		**–**	(76)
Hedging reserve reclassified to the income statement		**–**	74
Net tax effect of movements in hedging reserve		**–**	2
Share of equity-accounted investments' direct reserve movements		**237**	919
Share-based compensation reserve		**429**	395
Valuation reserve	19	**(315)**	345
Foreign currency translation reserve		**123**	179
Total other comprehensive loss, net of tax, for the year		**(1 406)**	(105)
Total comprehensive income for the year		**2 309**	3 405
Attributable to:			
Equity holders of the group		**2 455**	3 521
Non-controlling interests		**(146)**	(116)
		2 309	3 405

[1] These components of other comprehensive income may subsequently be reclassified to profit or loss except for fair value loss of US$282.0m (2019: gains of US$8.5m) relating to the group's financial assets at fair value through other comprehensive income and fair value gains of US$78.7m (2019: US$752.4m) from equity accounted investments' financial assets at fair value through other comprehensive income and direct reserve movements.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Share capital and premium 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 year	–	(806)	353	–	393	3 581	3 521	(116)	3 405
Profit for the year	–	–	–	–	–	3 581	3 581	(71)	3 510
Total comprehensive loss for the year	–	(806)	353	–	393	–	(60)	(45)	(105)
Distribution of MultiChoice Africa and Irdeto[1]	(1 433)	–	–	56	(3)	982	(398)	278	(120)
Share-based compensation movement[2]	–	–	–	–	41	–	41	2	43
Transactions with non-controlling shareholders[3]	–	–	–	927	–	(716)	211	(37)	174
Direct retained earnings and other movements[4]	–	–	(439)	–	(45)	484	–	–	–
Dividends	–	–	–	–	–	–	–	(16)	(16)
Balance at 31 March 2019	599	(1 448)	641	(1 087)	1 687	26 858	27 250	132	27 382
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 year	**–**	**(1 201)**	**(597)**	**–**	**429**	**3 824**	**2 455**	**(146)**	**2 309**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**3 824**	**3 824**	**(109)**	**3 715**
Total other comprehensive loss for the year	**–**	**(1 201)**	**(597)**	**–**	**429**	**–**	**(1 369)**	**(37)**	**(1 406)**
Distribution[5]	**–**	**–**	**–**	**–**	**–**	**(215)**	**(215)**	**–**	**(215)**
Share-capital movement[6]	**6**	**–**	**–**	**–**	**–**	**(6)**	**–**	**–**	**–**
Share-based compensation movement[2]	**–**	**–**	**–**	**–**	**26**	**(193)**	**(167)**	**(3)**	**(170)**
Transactions with non-controlling shareholders[3]	**–**	**–**	**–**	**(160)**	**–**	**(10)**	**(170)**	**232**	**62**
Other movements[7]	**–**	**–**	**–**	**9**	**–**	**(62)**	**(53)**	**–**	**(53)**
Direct retained earnings movements[4]	**1**	**2**	**(42)**	**(7)**	**(174)**	**220**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Balance at 31 March 2020	**606**	**(2 647)**	**2**	**(1 245)**	**1 968**	**30 416**	**29 100**	**214**	**29 314**

(1) Relates to MultiChoice Africa and Irdeto which were disposed of 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). Non-controlling interest shared in the losses of these entities.
(2) Retained earnings includes a decrease of US$192.8m (2019: US$nil) related to the modification of share-based compensation benefits. The share-based compensation reserve includes a decrease of US$19.4m (2019: US$nil) as a result of this modification and an increase due to the current year expense recognised in the income statement of US$62.5m (2019: US$56.0m). Refer to note 27.
(3) The current year relates mainly to the put option liabilities raised from the existing control business combination reserve of US$137.5m. The group's various disposals and other transactions with non-controlling interest resulted in the realisation of reserves to retained earnings of US$9.6m and non-controlling interest of US$228.5m. In the prior year the settlement of put option liabilities and transactions with non-controlling interest amounted to US$924.9m.
(4) Relates to the realisation of the fair value reserve recognised through other comprehensive income of US$42.1m (2019: US$439.4m), the recycling of share-based compensation reserve of US$173.6m (2019: US$44.8m) on the vesting of the share options and existing business combination reserve of US$7.1m (2019: US$nil).
(5) Relates to distributions as a result of common control transactions. Refer to note 17.
(6) 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 438 656 059 N ordinary shares and 1 059 213 A ordinary shares. Refer to note 18.
(7) Relates mainly to the realisation of reserves as a result of various disposals and liquidations to retained earnings of US$61.6m and in existing control business combination reserve of US$8.5m.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2020

	Notes	31 March 2020 US$'m	31 March 2019 US$'m
Cash flows from operating activities			
Cash from operations	33	**(475)**	(372)
Dividends received from investments and equity-accounted companies		**382**	342
Cash utilised in operating activities		**(93)**	(30)
Interest income received		**224**	201
Interest costs paid		**(230)**	(215)
Taxation paid		**(110)**	(101)
Net cash utilised in operating activities		**(209)**	(145)
Cash flows from investing activities			
Property, plant and equipment acquired		**(79)**	(97)
Proceeds from sale of property, plant and equipment		**4**	2
Intangible assets acquired		**(22)**	(11)
Acquisitions of subsidiaries and businesses, net of cash acquired	34	**(468)**	(102)
Disposals of subsidiaries and businesses	35	**22**	(147)
Acquisition of associates	36	**(156)**	(544)
Additional investment in existing associates	36	**(218)**	(733)
Partial disposals of associates		**–**	4
Disposal of associates		**87**	1 930
Additional investments in existing joint ventures	36	**(23)**	(18)
Disposal of joint ventures		**–**	34
Acquisition of short-term investments[(1)]		**(3 866)**	(8 591)
Maturity of short-term investments[(1)]		**7 010**	1 624
Cash movement in other investments and loans		**(21)**	(4)
Net cash generated from/(utilised in) investing activities		**2 270**	(6 653)
Cash flows from financing activities			
Proceeds from long- and short-term loans raised	21	**1 300**	62
Repayments of long- and short-term loans	21	**(1 047)**	(51)
Proceeds from related party loans	17	**–**	171
Payments to related parties[(2)]	17	**(58)**	(551)
Additional investments in existing subsidiaries[(3)]		**(64)**	(1 607)
Repayments of capitalised lease liabilities		**(29)**	(21)
Funding received from non-controlling shareholders		**127**	56
Dividends paid by subsidiaries to non-controlling shareholders		**(1)**	(16)
Distribution[(4)]		**(215)**	–
Other movements resulting from financing activities		**4**	2
Net cash generated from/(utilised in) financing activities		**17**	(1 955)
Net movement in cash and cash equivalents		**2 078**	(8 753)
Foreign exchange translation adjustments on cash and cash equivalents		**(37)**	(80)
Cash and cash equivalents at the beginning of the year		**2 127**	10 961
Cash and cash equivalents classified as held for sale	16	**(19)**	(1)
Cash and cash equivalents at the end of the year	38	**4 149**	2 127

(1) Relates to short-term cash investments with maturities of more than three months from the date of acquisition. Refer to note 37.
(2) Includes payments on behalf of related parties amounting to US$48.2m (2019: nil), and US$10.1m for loans advanced to related parties. Refer to note 17 for related party transactions and balances.
(3) Relates to transaction with non-controlling interest. The prior year includes the settlement of the group's put option liabilities. Refer to note 22.
(4) Relates to distributions as a result of common control transactions. Refer to note 17.

Cash flow information related to the 2019 financial year includes cash flows associated with discontinued operations. Refer to note 4.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 March 2020

1. GENERAL INFORMATION

Prosus N.V. (Prosus or the group) (formerly Myriad International Holdings N.V.) is a public company with limited liability (naamloze vennootschap) incorporated under Dutch law, with its registered head office located at Symphony Offices, Gustav Mahlerplein 5, 1082 MS Amsterdam, The Netherlands, (registered in the Dutch commercial register under no. 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 (JSE) 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, education, health, etail and social and internet platforms. The consolidated financial statements for the year ended 31 March 2020 have been authorised for issue by the board of directors on 29 June 2020.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all years presented, unless otherwise stated.

Basis of preparation

First-time consolidated financial statements of Prosus

Up until 11 September 2019, Prosus was exempt from preparing consolidated financial statements as 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 International Financial Reporting Standards (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 financial statements.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

Basis of preparation 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 of 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.
- In 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' 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 as 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 financial statements and aligns such information with 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 ended 31 March 2020, Prosus started preparing consolidated financial statements based on IFRS-EU. Therefore, these consolidated 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 consolidated 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 is presented as part of the consolidated financial statements for the year 31 March 2020.

As permitted under IFRS 1.18 and in conjunction with IFRS 1 Appendix D16a, Prosus has used the carrying amounts recognised 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. Refer to the new accounting pronouncements set out below.

First-time consolidated financial statements of Prosus

The consolidated financial statements for the year ended 31 March 2020 have been prepared in accordance with IFRS-EU, as well as the Interpretations (IFRICs) of the IFRS Interpretations Committee (IFRS IC) and the interpretations published by the Standing Interpretations Committee (SIC) as well as the requirements under Dutch law Title 9 of Book 2.

The consolidated financial statements report earnings per share, diluted earnings per share and headline earnings per share (collectively referred to earnings per share) for the first time. These are calculated as the relationship of the number of ordinary shares of Prosus issued as at 31 March 2020, to the net profit 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 438 656 059 N ordinary 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.

Operating segments

The group's operating segments reflect the components of the group that are regularly reviewed by the chief operating decision maker as defined in note 39 "Segment Information." The group proportionately consolidates its share of the results of its associates and joint ventures in its operating segments.

Going concern

The consolidated and company financial statements are prepared on the going concern basis. Based on forecasts and available cash resources, the group and company have adequate resources to continue operations as a going concern in the foreseeable future. As at 31 March 2020, the group recorded US$8.03bn in net cash, comprising US$4.18bn of cash and cash equivalents and US$3.87bn in short-term cash investments. The group had US$3.52bn of interest-bearing debt (excluding capitalised lease liabilities) and an undrawn US$2.5bn revolving credit facility. Refer to note 18 "Share capital and premium – capital management" for details of how the group manages its capital to safeguard its ability to continue as a going concern.

In assessing going concern, the impact of the Covid-19 pandemic on the group's operations and liquidity was considered in preparing the forecasts. The board is of the opinion that the group has sufficient financial flexibility given its low gearing and very strong liquidity position at 31 March 2020 to negate the expected negative effects on the group and company's going concern that could result from the Covid-19 impact on the group's businesses in the year subsequent to the date of these financial statements.

Accounting judgements and sources of estimation uncertainty

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates.

Estimates are made regarding the fair value of intangible assets recognised in business combinations; impairment of property, plant and equipment (refer to note 5); goodwill impairment (refer to note 6); recognition and impairment of other intangible assets (refer to note 7); impairment of financial assets carried at amortised cost and other assets (refer to note 14); the remeasurements required in business combinations and disposals of associates, joint ventures and subsidiaries (refer to note 30); the valuation and remeasurement of written put option liabilities (refer to note 22) and equity compensation benefits (refer to note 42). Where relevant, the group has provided sensitivity analyses demonstrating the impact of changes in key estimates and assumptions on reported results.

Notes to the consolidated financial statements continued
for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued
Basis of preparation continued
Accounting judgements and sources of estimation uncertainty continued
The following accounting judgements had the most significant impact on the consolidated financial statements:

Lag periods applied when reporting results of equity-accounted investments
Where the reporting periods of associates and joint ventures (equity-accounted investments) are not coterminous with that of the group and/or it is impracticable for the relevant equity-accounted investee to prepare financial statements as of 31 March (for instance due to the availability of the results of the equity-accounted investee relative to the group's reporting period), the group applies an appropriate lag period of not more than three months in reporting the results of the equity-accounted investees. Significant transactions and events that occur between the non-coterminous reporting periods are adjusted for. The group exercises significant judgement when determining the transactions and events for which adjustments are made.

Accounting for equity-accounted investments share of other comprehensive income and changes in net asset value
The group recognises its share of other comprehensive income and other changes in net assets of associates and joint ventures in the statement of comprehensive income.

Accounting for written put option liabilities
The group accounts for all written put options as liabilities equal to the present value of the expected redemption amount payable in the statement of financial position. This applies regardless of whether the group has the discretion to settle in its own equity instruments or cash. Written put option liabilities that are linked to a committed employment period are accounted for as cash-settled share-based compensation benefits. The expected redemption amounts payable for these written put options is dependent on the completion of an employment service period.

Accounting for share-based payment transactions
The group recognises cash- and equity-settled share-based payment expenses arising from its various share incentive schemes and exercises significant judgement when calculating these expenses. Expenses are generally based on the fair values of awards granted to employees. Fair value is measured using appropriate valuation and option pricing models, where applicable. The values assigned to the key assumptions used in the valuation models for the group's most significant share incentive schemes are disclosed in note 42.

(a) Basis of consolidation
The financial statements include the results of Prosus and its subsidiaries, associated companies and joint ventures.

Subsidiaries
Subsidiaries are entities over which the group has control. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity to the extent that those rights are substantive. Subsidiaries are consolidated from the date on which control is obtained (acquisition date) up to the date control ceases. For certain entities, the group has entered into contractual arrangements which allow the group to control such entities. Because the group controls such entities, they are consolidated in the financial statements.

Intergroup transactions, balances and unrealised gains and losses are eliminated on consolidation.

Business combinations
Business combinations are accounted for using the acquisition method. The consideration transferred in an acquisition of a business (acquiree) comprises the fair values of the assets transferred, the liabilities assumed, the equity interests issued by the group and the fair value of any contingent consideration arrangements where applicable. If the contingent consideration is classified as equity, it is not subsequently remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of contingent consideration are recognised in the income statement.

For each business combination, the group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Where a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the income statement. The fair value of the group's previously held equity interest forms part of the consideration transferred in the business combination at the acquisition date.

When a selling shareholder is required to remain in the group's employment subsequent to a business combination, retention agreements are recognised as employee benefit arrangements where applicable and dealt with in terms of the accounting policy for employee or equity compensation benefits.

Goodwill
Goodwill in a business combination is recognised at the acquisition date when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. If the consideration transferred is lower than the fair value of the identifiable net assets of the acquiree (a bargain purchase), the difference is recognised in the income statement. The gain or loss arising on the disposal of an entity is calculated after consideration of attributable goodwill.

Transactions with non-controlling shareholders
Non-controlling shareholders are equity participants of the group and all transactions with non-controlling shareholders are therefore accounted for as equity transactions and included in the statement of changes in equity. In transactions with non-controlling shareholders, the excess of the cost/proceeds of the transaction over the group's proportionate share of the net asset value acquired/disposed is allocated to the "Existing control business combination reserve" in equity. Refer to section (c) for the group's accounting policy regarding written put options over non-controlling interests.

Common control transactions
Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book value in its consolidated financial statements. The book value of the acquired entity is the consolidated book value as reflected in the consolidated financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing control business combination reserve in equity.

The group applies the above common control accounting policy to distributions of non-cash assets that is ultimately controlled by the same party or parties both before and after the distribution.

Associates and joint ventures
Investments in associated companies (associates) and joint ventures are accounted for in terms of the equity method.

Associates are entities over which the group exercises significant influence, but which it does not control or jointly control. Joint ventures are arrangements in which the group contractually shares control over an activity with others and in which the parties have rights to the net assets of the arrangement.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(a) Basis of consolidation continued

Associates and joint ventures continued

Most major foreign associates and joint ventures do not have year ends that are coterminous with that of the group, and the group's accounting policy is to account for an appropriate lag period in reporting their results where it is impractical for the associates and joint ventures to provide relevant information in time. Significant transactions and events occurring between the investees' and the group's March year end are taken into account.

Unrealised gains or losses on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the relevant associate or joint venture, except where the loss is indicative of impairment of assets transferred.

For acquisitions of associates and joint ventures achieved in stages, the group measures the cost of its investment as the sum of the consideration paid for each purchase plus a share of the investee's profits and other equity movements. Other comprehensive income recognised in prior periods in relation to the previously held stake in investee is reversed through equity and a share of profits and other equity movements is also recorded in equity. Acquisition-related costs form part of the investment in the associate or joint venture.

When the group increases its shareholding in an associate or joint venture and continues to exercise significant influence or to exert joint control over the investee, the cost of the additional investment is added to the carrying value of the investee. The acquired share in the investee's identifiable net assets, as well as goodwill arising, is calculated using fair-value information at the date of acquiring the additional interest. Goodwill is included in the carrying value of the investment in the associate or joint venture.

Partial disposals of associates and joint ventures that do not result in a loss of significant influence or joint control are accounted for as dilutions. Dilution gains and losses are recognised in the income statement. The group's proportionate share of gains or losses previously recognised in other comprehensive income by associates and joint ventures are reclassified to the income statement when a dilution occurs if the gains or losses are required to be reclassified to the income statement in terms of the applicable accounting standard.

Where an associate or joint venture holds equity in the group, the carrying amount of the investment in the associate or joint venture is adjusted by an amount representing the group's indirect holding in its own equity because of the cross-holding. The amount of the group's share of the associate's or joint venture's results is determined after eliminating, from the associate's or joint venture's results, any income or dividends received by the associate or joint venture from the group.

Each associate and joint venture is assessed for impairment on an annual basis as a single asset. If impaired, the carrying value of the group's investment in the associate or joint venture is adjusted to its recoverable amount and the resulting impairment loss is included in "Impairment of equity-accounted investments" in the income statement.

The group's share of other comprehensive income and other changes in net assets of associates and joint ventures is recognised in the statement of comprehensive income.

Disposals

When the group ceases to have control (subsidiaries), exercise significant influence (associates) or exert joint control (joint ventures), the retained interest is remeasured to its fair value, with the change in the carrying value recognised in the income statement. This fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest. In addition, the amounts previously recognised in other comprehensive income in respect of the entity disposed are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

Where the group contributes a non-monetary asset (including a business) to an investee in exchange for an interest in that investee that is equity-accounted, the gain or loss arising on the remeasurement of the contributed non-monetary asset to fair value is recognised in the income statement only to the extent of other parties' interests in the investee. The gain or loss is eliminated against the carrying value of the investment in the associate or joint venture to the extent of the group's interest.

(b) Financial assets

Classification, initial recognition and measurement

Financial assets are initially recognised when the group becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are classified as financial assets measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is based on the objectives of the business model within which the financial asset is held and the characteristics of its contractual cash flows.

All financial assets not classified as at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets other than those forming part of effective hedging relationships to which hedge accounting is applied. A financial asset is classified in this category at initial recognition if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or, if it is designated in this category to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Financial assets (excluding trade receivables that are not subject to a significant financing component) are initially measured at fair value plus, for an instrument not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue. Trade receivables that are not subject to significant financing components are initially measured at the relevant transaction prices.

Financial assets are presented as non-current assets, except for those with maturities within 12 months from the statement of financial position date, which are classified as current assets.

Subsequent measurement

Amortised cost financial assets are subsequently measured using the effective interest method, reduced by relevant impairment allowances. Interest income, foreign exchange gains and losses and impairment losses on amortised cost financial assets are recognised in the income statement.

Changes in the fair value of equity investments classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income and are accumulated in the valuation reserve in the statement of changes in equity. Dividends received on equity investments at fair value through other comprehensive income are recognised in the income statement. On derecognition of financial assets at fair value through other comprehensive income, fair value changes accumulated in the valuation reserve are transferred to retained earnings.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(b) Financial assets continued

Subsequent measurement continued

Financial assets at fair value through profit or loss are subsequently carried at fair value with changes in fair value recognised in the income statement.

Refer to note 41 for the group's fair-value measurement methodology regarding financial assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

Financial assets are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to realise the asset and settle a related financial liability simultaneously.

Impairment

The group recognises expected credit losses (impairment allowances) on financial assets measured at amortised cost and accrued income balances. The group assesses, on a forward-looking basis, the impairment allowances associated with these financial assets and makes use of provision matrices relevant to its various operations in establishing impairment allowances, specifically for trade receivables.

For financial assets at amortised cost (including primarily trade receivables) and accrued income balances, the group measures impairment allowances at an amount equal to the lifetime expected credit losses on these financial assets. Lifetime expected credit losses are those losses that result from all possible default events over the expected life of the financial instrument.

The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full or the outstanding amount exceeds its contractual payment terms.

At each reporting date the group assesses whether financial assets at amortised cost and/or accrued income balances are credit impaired. Financial assets are considered credit impaired when one or more events that have a detrimental impact on expected future cash flows have occurred. Evidence that a financial asset is credit impaired includes but is not limited to significant financial difficulty experienced by the borrower, a breach of contract such as defaulting on contractually due repayments or the probability of the borrower entering bankruptcy.

Impairment allowances for financial assets measured at amortised cost and accrued income balances are recognised in the income statement in an impairment allowance account. The gross carrying amount of the financial assets is reduced by the impairment loss allowance and is written off when the group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Refer to note 40 for further details regarding the group's credit risk management.

(c) Financial liabilities

Financial liabilities are recognised when the group becomes party to the contractual provisions of the relevant instrument. The group classifies financial liabilities at amortised cost or at fair value through profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective-interest method. Interest expense and foreign exchange gains and losses on these financial liabilities are recognised in the income statement. Other financial liabilities comprise primarily trade and other payables, borrowings and written put option liabilities. These financial liabilities are initially recognised at fair value, net of transaction costs.

Written put option liabilities represent contracts that impose (or may potentially impose) an obligation on the group to purchase its own equity instruments (including the shares of a subsidiary) for cash or another financial asset. Written put option liabilities are initially raised from the "Existing control business combination reserve" in equity at the present value of the expected redemption amount payable. Simultaneously, the group may still recognise non-controlling interest where the risks and rewards of ownership are not deemed to have been transferred to the group on initial recognition of the put option liability. Subsequent revisions to the expected redemption amount payable as well as the unwinding of the discount related to the measurement of the present value of the written put option liability, are recognised in "Other finance (costs)/income – net" in the income statement. Where a written put option liability expires unexercised or is cancelled, the carrying value of the financial liability is reclassified to the "Existing control business combination reserve" in equity.

Written put options that provide the group with the discretion to settle its obligations in the group's own equity instruments (including the shares of a subsidiary) are also accounted for as outlined above. Written put option liabilities are presented within "Other liabilities" in the statement of financial position. Written put option liabilities that are linked to a committed employment period are accounted for as cash-settled share-based compensation benefits. The expected redemption amounts payable for these written put options is dependent on the completion of an employment service period (refer to share-based compensation accounting policy below).

Financial liabilities are presented as current liabilities if payment is due or could be demanded within 12 months (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or when it expires.

(d) Financial instruments used for hedge accounting

The group uses derivative financial instruments (derivatives) to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. These instruments mainly comprise forward exchange contracts and interest rate (including cross currency) swap agreements. Forward exchange contracts protect the group from movements in exchange rates by fixing the rate at which a foreign currency asset or liability will be settled. Cross-currency interest rate swap agreements protect the group from movements in foreign exchange risk on a net investment in a foreign operation.

The group documents, at inception of hedging transactions, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items. Hedging instruments are included in "derivative financial instruments" in the statement of financial position. The group designates derivatives as hedging instruments either in their entirety or elements thereof, as appropriate. The fair values of derivatives used for hedging purposes are disclosed in note 40.

The method of recognising the resulting gain or loss arising from the remeasurement of derivatives used for hedging is dependent on the nature of the item being hedged. The group designates a derivative as either a hedge of the fair value of a recognised asset, liability or firm commitment (fair value hedge), or a hedge of a forecast transaction or of the foreign currency risk of a firm commitment (cash flow hedge). The group also designates certain derivatives as hedges of the group's net investments in its foreign operations (cash flow hedges).

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(d) Financial instruments used for hedge accounting continued

Fair value hedges

When a derivative is designated as a fair value hedge, changes in the fair value of the derivative are recorded in the income statement, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of the change in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognised in the income statement.

When the hedged forecast transaction or firm commitment subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to the income statement in the same period during which the hedged expected future cash flow affects in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. The amount accumulated in the hedging reserve at that time remains in equity until, for a hedge resulting in the recognition of a non-financial item, it is included in the initial cost on initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period as the expected cash flows affect the income statement.

When a committed or forecast transaction is no longer expected to occur, the amounts accumulated in the hedging reserve are reclassified to the income statement.

Net investment hedges

When a derivative is designated as a hedging instrument in a hedge of the group's net investment in a foreign operation, the effective portion of the change in fair value of the hedging instrument is recognised in other comprehensive income and presented in the foreign currency translation reserve within equity. The ineffective portion of the change in fair value of the derivative is recognised in the income statement. The amount accumulated in the foreign currency translation reserve is reclassified to the income statement on disposal of the relevant foreign operation.

Certain derivative transactions, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

(e) Leased assets

At inception of a contract, the group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The group's leasing arrangements relate primarily to office buildings, warehouse space, equipment and 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.

Lessee accounting

The group recognises all leases (with limited exceptions) as right-of-use assets and obligations to make lease payments (lease liabilities) from the lease commencement date.

The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The cost includes the initial amount of the respective lease liability adjusted for lease payments made before the commencement date of the lease, plus initial direct costs incurred and estimated costs to dismantle or destroy the underlying asset, less lease incentives received where applicable. The right-of-use asset is subsequently depreciated using the straight-line method over the earlier of the useful life of the underlying asset or the period of the lease term. In addition, the right-of-use asset is reduced by impairment losses if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease and where that rate cannot be readily determined the group entity uses the incremental borrowing rate. This is the rate of interest that the group entity would have to pay to borrow the funds necessary to obtain an asset of a similar value to the respective right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments
- Variable lease payments that depend on an index or rate
- Amounts expected to be payable under residual value guarantees
- Amounts in an optional renewal lease period if the group is reasonably certain to exercise an extension option
- The exercise price of a purchase option that the group is reasonably certain to exercise, and
- Penalties for early termination of the lease unless the group is reasonably certain not to terminate the lease early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured where there is a change in future lease payments, a change in the group's estimate of amounts expected to be payable under a residual value guarantee or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The group presents right-of-use assets in "Property, plant and equipment" and capitalised lease liabilities in "Long-term liabilities" in the statement of financial position.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The group has applied the "integrally linked" approach in respect of the tax consequences of lease contracts. At inception of a lease and on the transition date no deferred taxes are recognised as no temporary differences arise between the tax base and carrying amount of the net lease asset or liability (without taking into account advance payments). Subsequent to initial recognition, deferred taxes are recognised when temporary differences arise.

The group's leases do not impose covenants, but leased assets may not be used as security for borrowing purposes.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(e) Leased assets continued

Previous accounting policy for leases

In the previous financial year, the group classified all of its leases as finance or operating leases based on the criteria described below.

Finance leases

Leases of property, plant and equipment are classified as finance leases where substantially all risks and rewards associated with ownership are transferred to the group as lessee. Assets under finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments, with the related lease obligation recognised at an equivalent amount. The interest rate implicit in the lease or, where this cannot be reliably determined, the group's incremental borrowing rate is used to calculate the present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement. Each lease payment is allocated between the lease obligation and finance charges. The corresponding lease obligations, net of finance charges, are included in long-term liabilities or current portion of long-term debt. The interest element of the minimum lease payments is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals (net of incentives received from the lessor if applicable) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Property, plant and equipment

Property, plant and equipment comprises owned and leased assets.

Property, plant and equipment are stated at cost, being the purchase cost plus costs to prepare the assets for their intended use, less accumulated depreciation and accumulated impairment losses. Cost includes transfers from equity of gains/losses on qualifying cash flow hedges relating to foreign currency property, plant and equipment acquisitions. Property, plant and equipment, with the exception of land, are depreciated in equal annual amounts over each asset's estimated useful life to its residual values. Land is not depreciated as it is deemed to have an indefinite life.

Depreciation periods vary in accordance with the conditions in the relevant industries, but are subject to the following range of useful lives:

Class of asset	Owned	Leased
Buildings	5 to 50 years	2 to 10 years
Computer equipment	1 to 10 years	2 to 3 years
Manufacturing equipment	2 to 15 years	2 to 4 years
Improvements to buildings	2 to 12 years	3 to 5 years
Office equipment	2 to 25 years	2 to 4 years
Vehicles	2 to 10 years	2 to 5 years

Where parts of property, plant and equipment require replacement at regular intervals, the carrying value of an item of property, plant and equipment includes the cost of replacing the part when that cost is incurred, if it is probable that future economic benefits will flow to the group and the cost can be reliably measured. The carrying values of the parts replaced are derecognised on capitalisation of the cost of the replacement part. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately where it has an estimated useful life that differs from that of the item as a whole.

Major leasehold improvements are amortised over the shorter of the respective lease terms and estimated useful lives.

Subsequent costs, including major renovations, are included in an asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds to the asset's carrying value and are recognised in "Other (losses)/gains – net" in the income statement.

Work in progress are assets still in the construction phase and not yet available for use. These assets are carried at cost and are not depreciated. Depreciation commences once the assets are available for use as intended by management.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed as incurred. A qualifying asset is an asset that takes more than a year to get ready for its intended use.

(g) Intangible assets

Intangible assets acquired are capitalised at cost. Intangible assets with finite useful lives are amortised using the straight-line method over their estimated useful lives. The useful lives and residual values of intangible assets are reassessed on an annual basis.

Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Class of asset	Useful life
Patents	5 years
Title rights	10 years
Brand names and trademarks	25 years
Software	10 years
Intellectual property rights	10 years
Customer-related assets	11 years

Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining software programmes are expensed as incurred.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(g) Intangible assets continued

Web and application (app) development costs are capitalised as intangible assets if it is probable that the expected future economic benefits attributable to the asset will flow to the group and its cost can be measured reliably, otherwise these costs are expensed as incurred.

Research expenditure is expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets if the costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. Development costs that do not meet these criteria are expensed as incurred.

Work in progress are assets still in the development phase and not yet available for use. These assets are carried at cost and are not amortised but are tested for impairment at each reporting date. Amortisation commences once the assets are available for use as intended by management.

(h) Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill and intangible assets with indefinite useful lives are allocated to cash-generating units for purposes of impairment testing. An impairment test is performed by determining the recoverable amount of the cash-generating unit to which the goodwill or intangible assets with indefinite useful lives relates. The recoverable amount of a cash-generating unit or individual asset is the higher of its value in use and its fair value less costs of disposal. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in "Other gains/(losses) – net" in the income statement. Impairment losses recognised on goodwill are not reversed in subsequent periods.

Other intangible assets and property, plant and equipment

Other intangible assets (with finite useful lives) and items of property, plant and equipment are reviewed for indicators of impairment at least annually. Indicators of impairment include, but are not limited to: significant underperformance relative to expectations based on historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the group's overall business and significant negative industry or economic trends.

Intangible assets still in the development phase, and not yet available for use (work in progress), are tested for impairment on an annual basis. An impairment loss is recognised in "Other losses – net" in the income statement when the carrying amount of an asset exceeds its recoverable amount.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date less the incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows of other assets or groups of assets (a cash-generating unit level).

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in "Other losses – net" in the income statement.

(i) Inventory

Inventory is stated at the lower of cost and net realisable value. The cost of inventory is determined by means of the weighted average method.

The cost of finished products and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes finance costs. Costs of inventories include the transfer from other comprehensive income of gains/losses on qualifying cash flow hedges relating to foreign currency denominated inventory purchases. Net realisable value is the estimate of the selling price, less the costs of completion and selling expenses. Allowances are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost which equals the cost or face value of the asset. Cash and cash equivalents comprise cash on hand and deposits held at call with banks. Certain cash balances are restricted from immediate use according to terms with banks or other financial institutions. For purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(k) Short-term investments

Short-term investments are cash investments with maturities of more than three months from the date of acquisition. On initial recognition, short-term investments are recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost.

(l) Provisions

Provisions are obligations of the group where the timing or amount (or both) of the obligation is uncertain.

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The group recognises a provision relating to its estimated exposure on all products still under warranty at the statement of financial position date. A provision for onerous contracts is established when the expected benefits to be derived under a contract are less than the unavoidable costs of fulfilling the contract. Restructuring provisions are recognised in the period in which the group becomes legally or constructively committed to a formal restructuring plan.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense in the income statement.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(m) Taxation

Tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The statutory Dutch corporate tax rate applicable to Prosus for the year ending 31 March 2020 is 25% (2019: 25%). The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It accounts for uncertain tax positions where appropriate, on the basis of amounts expected to be paid to the tax authorities. International tax rates vary from jurisdiction to jurisdiction.

Deferred taxation

Deferred tax assets and liabilities have been calculated using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date, being the rates the group expects to apply to the periods in which the assets are realised or the liabilities are settled.

Deferred taxation is provided on the taxable or deductible temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction, other than a business combination, that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Foreign currencies

The consolidated financial statements are presented in US dollar (US$) which is the group's presentation currency. However, the group measures the transactions of its operations using the functional currency determined for that specific operating entity which is the currency of the primary economic environment in which the operation conducts its business.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of the valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as part of qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair-value gain or loss recognised in the income statement. Translation differences on non-monetary equity investments classified at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in the valuation reserve as part of the fair-value remeasurement of such items.

The results and financial position of all foreign operations (none of which operates in hyperinflationary economy) that have a functional currency that is different from the group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income, and expenses are translated at the spot rate on the dates of the transactions)
- Components of equity are translated at the closing rate in terms of Dutch law. Exchange differences on translation of equity are recognised directly in retained earnings
- All other resulting exchange differences except equity are recognised in other comprehensive income, and accumulated in the "Foreign currency translation reserve" in the statement of changes in equity.

Foreign operations

The group recognises foreign exchange differences relating to monetary items that form part of its net investment in its foreign operations in other comprehensive income where settlement of the item is neither planned nor likely to take place in the foreseeable future.

When a foreign operation is disposed of, the accumulated foreign exchange differences are reclassified to the income statement, as part of the gain or loss on sale.

(o) Revenue recognition

Revenue from contracts with customers is derived from the sale of goods and rendering of services. Revenue is measured based on the transaction price specified in the contract with the customer. The group recognises revenue when (or as) it transfers control of goods and/or services to its customers, which is when specific criteria have been met for each of the group's activities as described below. Revenue is recognised at the amount the group expects to be entitled to in exchange for the goods and/or services transferred to customers.

Revenue is shown net of value added tax (VAT), returns, rebates and discounts. For contracts that permit returns, rebates or discounts, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items. The amount of revenue recognised is adjusted for expected returns, rebates or discounts which are estimated based on the group's historical experience and taking into consideration the type of customer, the type of transaction and the specific terms of each arrangement. The right to return goods is measured at the former carrying amount of the inventory less expected costs to recover goods where applicable.

Where contracts include multiple goods and/or services, the transaction price is allocated to each distinct good or service (or performance obligation) based on respective stand-alone selling prices. Where standalone selling prices are not directly observable, they are estimated.

The group identifies all parties that are integral to it generating revenue on its online platforms as its customers and, accordingly, incentives (including cash discounts and discount vouchers/coupons) provided to any party transacting on the platform are treated as a reduction of revenue.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(o) Revenue recognition continued

The group considers, for each contract with a customer, whether it is a principal or an agent. The group regards itself as the principal in a transaction where it controls a promised good or service before the good or service is transferred to a customer. Where the group is the principal in a transaction, it recognises revenue in the gross amount of consideration to which it expects to be entitled. The group is the principal in the majority of transactions that it enters into.

Revenue earned, but for which the group's right to the consideration is not yet unconditional is presented as accrued income as part of other receivables in the statement of financial position. Payments received in advance from contracts with customers represent an obligation to transfer future goods and/or services and are presented as part of accrued expenses and other liabilities in the statement of financial position.

The group is not party to contracts where the period between the transfer of goods and/or services and payment exceeds one year. Consequently, the group does not adjust its transaction prices for financing components.

Revenue recognition for the group's major revenue streams is outlined below in the following paragraphs.

Ecommerce revenue

Revenue represents amounts received or receivable from customers relating to online goods sold on the group's etail and other internet platforms and from services rendered. Services rendered include advertising, travel package revenue and commissions, classifieds listings revenue, payment transaction commissions and fees, food delivery revenue, mobile and other content revenue and comparison-shopping commissions and fees.

Revenue from goods sold is recognised when the goods are delivered and accepted by customer. The group recognises classifieds listings and related fees on listing of an item for sale and success fees and other relevant commissions when a transaction is completed on the group's websites. Payments and fintech, food delivery, mobile content and comparison-shopping revenues are recognised once a transaction is completed and is based on the applicable fee for each transaction performed.

Advertising revenues

The group mainly derives advertising revenues from advertisements published in its newspapers and magazines and shown online on its websites and instant-messaging windows. Online advertising revenues are recognised over the period in which the advertisements are displayed using a time-based measure.

(p) Employee benefits

Retirement benefits

The group provides retirement benefits to its full-time employees, primarily by means of monthly contributions to a number of defined contribution pension and provident funds. The assets of these funds are generally held in separate trustee administered funds. The group's contributions to retirement funds are recognised as an expense in the period in which employees render the related service.

Medical aid benefits

The group's contributions to medical aid benefit funds for employees are recognised as an expense in the period in which the employees render services to the group.

Post-employment benefits

Some group companies provide post-employment benefits to their retirees. The entitlement to post-employment healthcare benefits is subject to the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the minimum service period. Independent actuaries carry out annual valuations of these obligations. All remeasurements resulting from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income. These obligations are unfunded.

Termination benefits

The group recognises termination benefits when it is demonstrably committed to either terminate the employment of employees before the normal retirement date, or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Termination benefits are immediately recognised as an expense in the income statement.

Share-based compensation

The group grants share options, share appreciation rights (SARs), performance stock units (PSUs) and restricted stock units (RSUs) to its employees under a number of equity compensation plans. The group recognises an employee benefit expense in the income statement, representing the fair value of share options, SARs, PSUs and RSUs granted. A corresponding credit to equity is raised for equity-settled plans, whereas a corresponding credit to liabilities is raised for cash-settled plans.

The fair value of the options, SARs, PSUs and RSUs at the date of grant under equity-settled plans is charged to the income statement over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. For cash-settled plans, the group remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with changes in fair value recognised in the income statement.

A share option, SAR, PSU or RSU scheme is considered equity-settled when the transaction is settled through the issue of equity instruments of Prosus or its subsidiaries or where the group has no obligation to settle awards with participants. They are considered cash-settled when there is an obligation to settle in cash or other asset (including shares of Naspers Limited).

On the final vesting date of equity-settled plans, the group transfers the accumulated balance relating to vested share options, PSUs and RSUs from the share-based compensation reserve to retained earnings.

(q) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group by the weighted average ordinary shares outstanding during the financial year excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(q) Earnings per share continued

The group discloses headline earnings per share as determined in accordance with Circular 1/2019, headline earnings, as issued by the South African Institute of Chartered Accountants, pursuant to the JSE Listings Requirements.

Headline earnings represent net profit for the year 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.

Basic headline earnings per share are determined by dividing the headline earnings described above by the weighted average ordinary shares outstanding during the financial year excluding treasury shares. Diluted headline earnings per share are determined by dividing the headline earnings by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In the event that the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation without consideration, the calculation of the basic and diluted earnings per share for the comparative period are adjusted retrospectively.

(r) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction against share premium.

Where subsidiaries hold Naspers N ordinary shares, the consideration paid to acquire those shares, including attributable incremental costs, is deducted from shareholders' equity as treasury shares. Such shares are predominantly held for equity compensation plans. Where such shares are subsequently sold or reissued, the cost of those shares is released, and realised gains or losses are recorded as treasury shares in equity.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decisionmaker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. The group proportionately consolidates its share of the results of its associates and joint ventures in the various reportable segments. This is considered to provide additional information on the economic value of these investments.

(t) Disposal groups held for sale and discontinued operations

Non-current assets and liabilities (disposal groups) are classified as held for sale, and presented as current assets and liabilities in the statement of financial position, when their carrying values will be recovered principally through a sale transaction and when such sale is considered highly probable. The assets and liabilities of disposal groups held for sale are stated at the lower of carrying value and fair value less costs of disposal. From the date on which disposal groups are classified as held for sale, the group applies the measurement provisions of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* which includes, among other requirements, the cessation of the recognition of depreciation and amortisation.

Discontinued operations comprise those activities of the group that were disposed of during a reporting period or which were classified as held for sale at the end of the period, and represent a separate major line of business or geographical area that can be clearly distinguished for operational and financial reporting purposes. The results of discontinued operations are presented separately in the income statement.

(u) Accounting developments

(i) 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 consolidated financial statements.

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 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 consolidated 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 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.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

2. PRINCIPAL ACCOUNTING POLICIES continued

(u) Accounting developments continued

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 as short-term leases (ie lease payments continue to be expensed on a straight-line basis for these leases)
- The group excluded 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), and
- The group applied hindsight in determining the lease terms for contracts that contain extension and termination options.

On transition to IFRS 16, the group recognised right-of-use assets of US$193.3m 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 lease liabilities in "Long-term 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 Consolidated Carve-out Financial Statements for the year ended 31 March 2019.

(ii) The following new standards, interpretations and amendments to existing standards, that are considered relevant to the group, are not yet effective as at 31 March 2020. The group is currently evaluating the effects of these standards and interpretations, which have not been early adopted:

Standard/Interpretation	Title	Effective for year ending
IAS 1/IAS 8	Presentation of financial statements	March 2021
IFRS 3	Business combinations	March 2021
IFRS 9/IAS 39/IFRS 7	Financial Instruments	March 2021
IFRS 10/IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

Other new standards, interpretations and amendments to existing standards not yet effective

None of the other new standards, interpretations and amendments to existing standards that are not yet effective as at 31 March 2020 are expected to have a significant impact on the group.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES

Financial year ended 31 March 2020

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 payment solutions and expertise to merchants across Asia Pacific. Following this investment, the group has a 72% 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 purchase price allocation: fixed assets US$1m; intangible assets US$11m; cash and deposits US$14m; trade and other receivables US$2m; trade and other liabilities US$7m; and the balance of US$36m to goodwill. The group has a put option arrangement with the non-controlling interest exercisable in future over a specified period and also exercisable upon termination of employment of the non-controlling interest. The main intangible assets recognised in the business combination were customer relationships and technology.

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.

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.

In October 2019 the group concluded the merger of Dante International Korlátolt Felelősségű Társaság (eMAG Hungary), its Hungarian operations with operations of Ed Group Vagyonkezelő Korlátolt Felelősségű Társaság (Extreme Digital), one of the leading marketers in Hungary. The group contributed the operations of its subsidiary eMAG Hungary as well as US$1m cash with an aggregate value of US$13m. Following the merger, eMAG is the majority shareholder, with an effective interest of 52% in the newly merged entity. The group accounted for the acquisition of its interest in Extreme Digital as a business combination and recognised an investment in subsidiary. The purchase price allocation: intangible assets US$21m; property, plant and equipment US$8m; other assets US$1m; liabilities US$9m; and the balance of US$4m to goodwill. The main intangible assets recognised in the business combination were customer relationships and brand names. The transaction gave rise to the recognition of non-controlling interest of US$11m, which has been measured at the non-controlling interest's proportionate share of the identifiable net assets of Extreme Digital as at the acquisition date.

The group has a put option arrangement with the non-controlling interest exercisable at specified future dates or upon termination of employment of the non-controlling interest. The settlement of the put option arrangement is in cash or shares at the group's discretion. The portion of the put option linked to employment is accounted for as a cash-settled share-based compensation arrangement over the employment period. At acquisition, the cash-settled liability for this arrangement amounted to US$9m.

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

In December 2019 the group invested US$134m in cash and contributed its subsidiary PayU Turkey to acquire a 90% effective and fully diluted interest in İyzi Ödeme ve Elektronik Para Hizmetleri Anonim Şirketi (Iyzico), a leading payment service provider in Turkey. The acquisition of Iyzico was accounted for as a business combination with an effective date of December 2019. The shares held by non-controlling interest in Iyzico are linked to an employment service period and will be accounted for as a cash-settled share-based compensation arrangement over the employment service period. Accordingly, no non-controlling interest has been recognised at the acquisition date. The purchase price allocation: intangible assets US$40m; cash and deposits US$28m; fixed assets US$2m; trade and other liabilities US$25m; deferred tax liabilities US$9m; and the balance of US$98m to goodwill. The main intangible assets recognised in the business combination were customer relationships, brand names and technology.

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

In December 2019 the group invested an additional US$163m in PaySense Private Limited (PaySense), a technology platform providing Indian consumers with access to credit lines based on an alternative-data decisioning model. Prior to this transaction the group held 21% in PaySense and was accounted for as an investment in an associate. Following this additional investment, the group now holds a 79% effective and fully diluted interest in PaySense. The fair value of the group's previously held interest in PaySense was US$31m at the date of obtaining control. A gain of US$14m has been recognised in "Gains/(losses) on acquisitions and disposals" in the income statement on the remeasurement of the group's previously held equity interest in PaySense to its fair value. The transaction was accounted for as a business combination with an effective date of December 2019. The purchase price allocation: intangible assets of US$41m; cash and deposits of US$98m; fixed assets of US$1m; trade and other receivables of US$3m; liabilities of US$22m; deferred tax liabilities of US$10m; and the balance of US$90m to goodwill. The main intangible assets recognised in the business combination were technology and brand names. The transaction gave rise to the recognition of non-controlling interest of US$8m, which has been measured at the non-controlling interest's proportionate share of the identifiable net assets of PaySense as at the acquisition date. A portion of the shares held by non-controlling interest in PaySense is linked to an employment service period and will be accounted for as a cash-settled share-based compensation arrangement over the employment service period. Accordingly, the non-controlling interest recognised at the acquisition date relates to 50% of their legal shareholding not linked to an employment service period.

The group has a put option arrangement with the non-controlling interest exercisable at specified future dates or upon termination of employment of the non-controlling interest. The settlement of the put option arrangement is in cash or shares at the group's discretion. The portion of the put option linked to employment is accounted for as a cash-settled share-based compensation arrangement over the employment period. At acquisition, the cash-settled liability for this arrangement amounted to US$5m.

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

Notes to the consolidated financial statements continued
for the year ended 31 March 2020

3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES continued
Financial year ended 31 March 2020 continued

In December 2019 the group invested US$320m in cash and contributed a portion of its investment in subsidiaries India Used Car Group B.V. (IUCG) and Poland Used Car Group B.V. (PUCG) for an additional interest in Frontier Car Group (FCG). FCG is a used car marketplace in emerging markets providing consumers with access to buy used cars. Prior to this transaction the group held 33% effective interest (32% fully diluted) in FCG and was accounted for as an investment in an associate. Following this additional investment, the group holds an 84% effective interest (83% fully diluted) in FCG. A gain of US$59m has been recognised in "Gains/(losses) on acquisitions and disposals" in the income statement on the remeasurement of the group's previously held equity interest in FCG to its fair value. The aggregate value of the investment in FCG was US$455m consisting of the cash consideration, the fair value of the previously held interest in the company of US$118m, the fair value of PUCG and IUCG contributed amounting to US$4m and US$11m respectively. The transaction was accounted for as a business combination with an effective date of December 2019.

The purchase price allocation: intangible assets US$113m; cash and deposits US$123m; trade and other receivables US$31m; inventory US$22m; property, plant and equipment US$15m; liabilities US$78m; deferred tax liabilities US$22m; and the balance of US$287m to goodwill. The main intangible assets recognised in the business combination were software, dealer relationships, tradenames and domain names. The transaction gave rise to the recognition of non-controlling interest of US$31m, which has been measured at the non-controlling interest's proportionate share of the identifiable net assets of FCG as at the acquisition date.

The group has a put option arrangement with the non-controlling interest exercisable at specified future dates or upon termination of employment of the non-controlling interest. The settlement of the put option arrangement is in cash or shares at the group's discretion. The portion of the put option linked to employment is accounted for as a cash-settled share-based compensation arrangement over the employment period. At acquisition, the cash-settled liability for this arrangement amounted to US$20m.

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

Since the acquisition dates of the above business combinations, revenue of US$193m and net losses of US$41m have been included in the group's income statement. The impact on revenue and net losses from the above transactions, had the acquisitions taken place on 1 April 2019, were US$833m and US$125m respectively.

During the reporting period the group disposed of its 100% effective interest in its subsidiary BuscaPé Company Informaçao e Technologia Limitada (BuscaPé) for US$15m. The transaction received regulatory approval in October 2019. At 30 September 2019, BuscaPé was classified as a disposal group available for sale in the amount of US$9m. The group recognised a loss of US$178m, primarily related to the recycling of the foreign exchange translation loss reserve of US$182m.

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 Netrepreneur 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 November 2019 the group's interest was further diluted to 7% effective interest (6% fully diluted) as a result of a subsequent funding round which resulted in the group losing its board representation. The group has classified its interest in Carousell as an investment at fair value through other comprehensive income.

In July 2019 the group invested an additional US$25m in Brainly Inc. (Brainly). Following this investment, the group holds a 44% 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. As at 31 March 2020, the group holds a 12% effective and fully diluted interest 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 Trip.com Group Limited (formerly Ctrip.com International Limited) (Trip.com), a well-known provider of online travel and related services headquartered in China. The group made a gain of US$599m which was recognised in "Gains on acquisitions and disposals" in the income statement. The group has classified its interest in Trip.com as an investment at fair value through other comprehensive income presented in "Other investments and loans" in the statement of financial position.

In October 2019 the group acquired a 21% effective interest (19% fully diluted) for US$30m in NTex Transportation Services Private Limited (ElasticRun), a software and technology platform for providing transportation and logistics services in India. The group accounts for the acquisition of its interest as an investment in an associate.

In February 2020 the group made an additional investment amounting to US$100m, in Bundl Technologies Private Limited (Swiggy), the operator of a first-party food-delivery marketplace in India. Following this investment, the group holds a 40% effective interest (36% fully diluted) in Swiggy. The group continues to account for its interest in Swiggy as an investment in an associate.

The group made an additional investment amounting to US$10m in April 2019 and US$34m in March 2020, in Udemy Inc. (Udemy), an online education marketplace. Following this investment, the group holds a 15% effective interest (13% fully diluted) in Udemy. The group continues to account for its interest in Udemy as an investment in an associate.

Financial year ended 31 March 2019

In August 2018 the group invested US$60m for a 100% effective and fully diluted interest in the issued share capital of Zooz Mobile Limited (Zooz), a management and optimisation payment provider based in Israel. The transaction was accounted for as a business combination with an effective date of August 2018. The purchase price allocation: cash and deposits US$2m; trade and other receivables US$1m; intangible assets US$22m; trade and other payables US$1m; loan liabilities US$1m; deferred tax liability US$5m and the balance of US$42m to goodwill. The main intangible assets recognised in the business combination were technology and customer relationships.

In December 2018 the group invested US$36m for a 69% effective interest (65% fully diluted) in the issued share capital of Aasaanjobs Private Limited (Aasaanjobs), an online recruitment marketplace based in India. The transaction was accounted for as a business combination with an effective date of December 2018. The purchase price allocation: cash and deposits US$23m; trade and other receivables US$1m; intangible assets US$5m; trade and other payables US$3m; deferred tax liability US$2m and the balance of US$13m to goodwill. The main intangible assets recognised in the business combination were customer relationships and tradenames.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES continued

Financial year ended 31 March 2019 continued

Since the acquisition dates of the above business combinations, revenue of US$1m and net losses of US$9m have been included in the income statement. Had the revenue and net losses of the above business combinations been included from 1 April 2018 group revenue from continuing operations and net profit from continuing operations would have amounted to US$3.29bn and US$4.15bn respectively.

The main factor contributing to the goodwill recognised in these acquisitions was the acquirees' market presence. The goodwill that arose is not expected to be deductible for income tax purposes. Total acquisition-related costs of US$2m were recorded in "(Losses)/gains on acquisitions and disposals" in the income statement regarding the above mentioned acquisitions.

In April 2018 the group acquired the share capital held by non-controlling shareholders of its subsidiary Dubizzle Limited (Dubizzle) for US$190m. The transaction resulted in the settlement of a written put option recognised by the group over the non-controlling interest in Dubizzle and the derecognition of the non-controlling interest in this business. Following the acquisition, the group holds a 100% effective and fully diluted interest in Dubizzle.

In August 2018 the group's subsidiary Letgo Global B.V. (previously named Ambatana Holdings B.V.) acquired the share capital held by non-controlling shareholders of Letgo USA B.V. for US$189m. The transaction resulted in the settlement of a written put option recognised by the group over the non-controlling interest in the business and the derecognition of the related non-controlling interest. Following a US$150m funding round in June 2018, the group's shareholding in Letgo Global B.V. increased from an effective 73.4% at 31 March 2018 to 80% (77% fully diluted) at 31 March 2019.

In January 2019, the group acquired the share capital held by non-controlling shareholders of its subsidiary Avito AB (Avito) for US$1.16bn. The transaction resulted in the settlement of a written put option recognised by the group over the non-controlling interest in Avito and the derecognition of the non-controlling interest in this business. Following the acquisition, the group holds a 100% effective interest (99.5% fully diluted) in Avito.

In March 2019, the group acquired an additional interest in its subsidiary Silver Indonesia JVCo B.V. (Silver Indonesia) from non-controlling shareholders for US$46m. Following the acquisition, the group holds a 66% effective interest in Silver Indonesia.

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

In May 2018 the group invested US$35m for a 16% effective interest (15% fully diluted) in Honor Technology, Inc. (Honor) a comprehensive home-care company for older adults in the US. The group accounts for its interest as an investment in an associate.

In May 2018 the group invested US$89m in Frontier Car Group, Inc. (Frontier Car Group), an online car marketplace headquartered in Berlin and currently operating in eight countries, for a 36% effective (35% fully diluted) shareholding. The group accounts for its interest as an investment in an associate. The group also entered into a collaboration with FCG in India during February 2019 through an investment of US$25m in the group's subsidiary India Used Car Group B.V.

In July 2018 the group invested an additional US$12m in PaySense Private Limited (PaySense), a technology platform providing Indian consumers with access to credit lines based on an alternative-data decisioning model. Following this investment, the group holds a 19% effective interest (17% fully diluted) in PaySense. The group accounted for its interest in PaySense as an investment in an associate.

The group invested an additional US$79m in Bundl Technologies Private Limited (Swiggy), a leading online food ordering and delivery platform in India, during July 2018, followed by a further investment of US$637m in January 2019. Following these investments, the group holds a 39% effective interest (35% fully diluted) in Swiggy. The group continues to account for its interest as an investment in an associate.

In December 2018 the group invested US$383m in Think & Learn Private Limited (BYJU's) for a 12% effective (12% fully diluted) shareholding in India's largest education company and the creator of India's largest personalised learning app. The group accounts for its interest as an investment in an associate.

The following relates to significant disposals by the group during the reporting period:

During May 2018 the group announced the disposal of its 12% effective interest (11% fully diluted) in Flipkart Limited – its equity-accounted etail investment in India – to US-based retailer Wal-Mart International Holdings, Inc. for US$2.2bn (inclusive of applicable withholding taxes and amounts held in escrow). Amounts held in escrow following the disposal have been included as part of "Other receivables" in the statement of financial position. The transaction was concluded in August 2018 following regulatory approval. A gain on disposal of US$1.6bn has been recognised as part of "Gains/(losses) on acquisitions and disposals" in the income statement. This gain includes the reclassification of a foreign currency translation reserve of US$97m to the income statement. Related income tax expenses of US$177m have been included as part of "Taxation" in the income statement.

In September 2018 the group concluded the sale of its 52% interest in Tek Travels Private Limited, its online B2B travel distribution business, for US$37m. A gain on disposal of US$6m has been recognised as part of "Gains/(losses) on acquisitions and disposals" in the income statement.

In September 2018, the group spun off its sub-Saharan African Video Entertainment business, which was subsequently listed as part of MultiChoice Group Limited (the MultiChoice Group) in February 2019. The group's Video Entertainment segment, has been presented as a discontinued operation in these consolidated financial statements (refer to note 4). The group recorded a loss of US$738m as part of "Loss from discontinued operations" in the income statement following the distribution.

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 (refer to note 3). 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 consolidated 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 consolidated financial statements continued

for the year ended 31 March 2020

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

	31 March 2019 US$'m
Revenue from contracts with customers[1]	644
Expenses[1]	(770)
Loss before tax	(126)
Taxation	(21)
Loss for the year	(147)
Loss on disposal of discontinued operation[2]	(591)
Loss from discontinued operations	(738)
Loss from discontinued operations attributable to:	
Equity holders of the group	(722)
Non-controlling interest	(16)
	(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.
[2] Relates to the realisation of foreign currency translation reserve losses of US$591.1m on the distribution of discontinued operations.

Revenue from contracts with customers

Revenue from discontinued operations comprised the following:

	31 March 2019 US$'m
Subscription revenue	463
Advertising revenue	12
Hardware sales and maintenance revenue	81
Technology revenue	81
Other revenue	7
Revenue from contracts with customers	644
Cash flow statement information of discontinued operations	
Net cash utilised in operating activities	(138)
Net cash utilised in investing activities	(7)
Net cash generated from financing activities	148
Cash generated by discontinued operations	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 related party receivables of US$34.9m and related party payables of US$152.1m with the MultiChoice South Africa group.

Per share information related to discontinued operations

	31 March 2019
Loss per ordinary share (US cents)	(44)
Diluted loss per ordinary share (US cents)	(44)
Headline earnings for the period (US$'m)	(133)
Headline earnings per ordinary share (US cents)	(8)
Diluted headline earnings per ordinary share (US cents)	(8)
Net number of ordinary shares issued ('000)	
– weighted average for the period	1 625 354
– diluted weighted average	1 625 354

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$'m	Computers and office equip-ment US$'m	Furniture and fittings US$'m	Other US$'m	Total US$'m
1 April 2019					
Cost	96	53	49	4	202
Accumulated depreciation and impairment	(18)	(26)	(19)	(1)	(64)
Carrying value at 1 April 2019	78	27	30	3	138
Change in accounting policy[1]	181	7	–	6	194
Restated carrying value at 1 April 2019	259	34	30	9	332
Foreign currency translation effects	(39)	(3)	(2)	–	(44)
Transferred to assets classified as held for sale	(3)	(1)	–	–	(4)
Reclassifications	–	3	(3)	–	–
Acquisitions of subsidiaries and businesses	23	2	2	1	28
Disposals of subsidiaries and businesses	(2)	(2)	–	–	(4)
Acquisitions of assets	26	23	14	1	64
Acquisitions of right-of-use assets	87	6	–	1	94
Disposals/scrappings	(10)	(1)	–	(1)	(12)
Depreciation	(51)	(17)	(9)	(3)	(80)
31 March 2020					
Cost	347	75	52	12	486
Accumulated depreciation and impairment	(57)	(31)	(20)	(4)	(112)
Carrying value at 31 March 2020	290	44	32	8	374
Work in progress at 31 March 2020					3
Total carrying value at 31 March 2020					377

[1] The group adopted IFRS 16 from 1 April 2019 and accordingly the capitalised lease assets as at 31 March 2020 relate to all leases including those previously classified as operating leases in terms of IAS 17 which were not recognised on the statement of financial position. Refer to note 2 for details of the group's adoption of new accounting pronouncements during the year.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

5. PROPERTY, PLANT AND EQUIPMENT continued

	Land and buildings US$'m	Computers and office equipment US$'m	Furniture and fittings US$'m	Other[1] US$'m	Total US$'m
1 April 2018					
Cost	108	100	49	849	1 106
Accumulated depreciation and impairment	(37)	(61)	(20)	(366)	(484)
Carrying value at 1 April 2018	71	39	29	483	622
Foreign currency translation effects	(9)	(5)	(5)	(6)	(25)
Acquisitions of subsidiaries and businesses	–	1	1	1	3
Disposals of subsidiaries and business	(33)	(18)	(3)	(442)	(496)
Acquisitions	58	27	16	3	104
Disposals/scrappings	–	(2)	(1)	(1)	(4)
Depreciation[2]	(9)	(15)	(7)	(35)	(66)
31 March 2019					
Cost	96	53	49	4	202
Accumulated depreciation and impairment	(18)	(26)	(19)	(1)	(64)
Carrying value at 31 March 2019	78	27	30	3	138
Work in progress at 31 March 2019					5
Total carrying value at 31 March 2019					143

(1) Included in other is transmission equipment of US$436.2m related to the Video Entertainment business which was disposed of to shareholders (refer to 4).
(2) Includes depreciation of US$41.2m associated with discontinued operations (refer to note 4).

The carrying value of work in progress mainly comprises buildings and equipment.

The carrying values and depreciation of right-of-use assets are as follows[1]:

	31 March 2020 Carrying value US$'m	31 March 2020 Depreciation charge for the year[2] US$'m
Vehicles	7	(2)
Buildings	199	(44)
Computers, furniture and office equipment	19	(4)
	225	(50)

(1) The group adopted IFRS 16 from 1 April 2019 and accordingly the capitalised lease assets as at 31 March 2020 relate to all leases including those previously classified as operating leases in terms of IAS 17 which were not recognised on the statement of financial position. Refer to note 2 for details of the group's adoption of new accounting pronouncements during the year.
(2) Relates to depreciation expense for right-of-use assets during the current year.

Included in the acquisition of property, plant and equipment is an amount of US$81.7m (2019: US$0.5m) relating to leased assets, which are non-cash in nature. Refer to note 25 for details of the group's assets pledged as collateral.

6. GOODWILL

	31 March 2020 US$'m	31 March 2019 US$'m
Cost		
Opening balance	**2 269**	2 532
Foreign currency translation effects	**(282)**	(262)
Acquisitions of subsidiaries and businesses	**566**	105
Disposals of subsidiaries and businesses	**(138)**	(93)
Transferred to assets classified as held for sale	**(152)**	(13)
Closing balance	**2 263**	2 269
Accumulated impairment		
Opening balance	**234**	334
Foreign currency translation effects	**(17)**	(38)
Impairment	**10**	6
Disposals of subsidiaries and businesses	**(133)**	(68)
Closing balance	**94**	234
Carrying value	**2 169**	2 035

The group recognised impairment losses on goodwill of US$9.6m (2019: US$6.4m) related to various smaller ecommerce investments.

Management used up to 10-year projected cash flow models, terminal growth rates ranging between 2% and 5.5% and post-tax discount rates ranging between 11% and 21% in performing the impairment tests. The group uses up to 10-year projected cash flow models as many businesses have monetisation timelines longer than five years as further explained below.

Impairment testing of goodwill

The group has allocated goodwill to various cash-generating units (CGUs). The recoverable amounts of these CGUs have been determined based on the higher of the value in use calculations and the fair value less costs of disposal. Fair value less cost of disposal of these CGUs takes into account the transaction value for the group's recent acquisitions or upcoming disposals where applicable or is determined using option pricing methodology. Value in use is based on discounted cash flow calculations. The group based its cash flow calculations on 10-year budgeted and forecast information approved by senior management and/or the various boards of directors of group companies. Long-term average growth rates for the respective countries in which the entities operate or, where more appropriate, the growth rate of the CGUs, were used to extrapolate cash flows into the future. The discount rates used reflect specific risks relating to the relevant CGUs and the countries in which they operate while maximising the use of market observable data. Other assumptions included in cash flow projections vary widely between CGUs due to the group's diverse range of business models, and are closely linked to entity-specific key performance indicators.

Goodwill is tested annually as at 31 December or more frequently if there is a change in circumstance that indicates that it might be impaired. At 31 March 2020 the group reassessed its goodwill impairment calculations as well as the appropriateness of the recoverable amounts used as a result of the Covid-19 pandemic. For the CGUs that were recently acquired, management performed an assessment of whether there was any reason to adjust the transaction price as the basis for the fair value less costs of disposal and concluded that this was not the case. The updated value in use amounts used were considered appropriate based on the budgets and forecasts and the reasonable expectations that the business will recover from the impact of the pandemic. The group reassessed its 10-year budgets and forecasts by adjusting cash flow projections and budgets to include the effects of the Covid-19 pandemic. The group also updated its discount rates where required. These adjustments took into account the impact of the pandemic on revenue and margins as well as the periods of interruptions to business operations as a result of lockdown trading restrictions.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

6. GOODWILL continued

Impairment testing of goodwill continued

Covid-19 has had a broad impact on the group, with the restrictions impacting some businesses negatively where they are unable to operate and on the other hand, having a positive impact on the group's major business operations where online services and sale of goods is the primary solution for social distancing measures imposed. The impairment loss recognised as at 31 March 2020 therefore, takes into account the impact of the pandemic on the group and its CGUs which is the group's best estimate amid this current uncertain economic environment. The goodwill impairment relates to the group's ecommerce classifieds business.

Estimating the future performance of the group's CGUs is challenging during this pandemic. As circumstances change and/or information becomes available, the group may be required to recognise impairments in future periods.

The group's impairment testing of goodwill takes into account that, in most instances, longer forecast periods are required for many ecommerce businesses. These longer forecast periods are required as the group's ecommerce businesses generally only reach maturity once sufficient market share has been gained, the businesses have reached the appropriate scale and have become revenue generative/profitable. The forecast period is assessed annually to ensure it remains appropriate for the relevant businesses. Key assumptions in estimating these future cash flows over the forecast period include the CGU's ability to capture the required market share and the additional investment required in order for it to reach the appropriate scale. The group uses look-back analysis to assess past performance of its CGUs and uses it to validate past judgements and predict future performance.

For certain CGUs risk adjustments are made to discount rates used when calculating the value in use. Value-in-use calculations are performed using the appropriate operational cash flows, and accordingly, discount rates take into account country risk premiums and inflation differentials as appropriate.

Where the group has committed to the sale of a CGU or has determined that an impairment loss should be recognised on a CGU based on its value in use, the group also calculates that CGU's fair value less costs of disposal to ensure that the recognition of an impairment loss is appropriate.

Post-tax discount rates have been applied as value in use was determined using post-tax cash flows. Impairment testing is performed using the appropriate currency cash flows, and accordingly, discount rates take into account country risk premiums and inflation differentials as appropriate.

The calculation of value in use is most sensitive to the following assumptions:

- Projected revenue and EBITDA growth rates
- Growth rates used to extrapolate cash flows beyond the budget and forecast period, including the terminal growth rate applied in the final projection year, and
- Discount rates.

When determining cash flows over the forecast periods, EBITDA margin assumptions vary between the group's diverse range of businesses.

The group's classifieds segment accounts for over 78% of the overall balance of goodwill and, accordingly, assumptions made in determining the cash flows of the classifieds CGUs have a significant impact on the annual impairment assessment. Key assumptions underlying revenue forecasts for CGUs in the classifieds segment include the CGU's anticipated market share, the number of listings expected over the forecast period and the revenue and EBITDA contribution of each such listing. EBITDA margins assumed range between 30% and 63%, depending on the stage of maturity of the relevant business. Terminal growth rates and discount rates used in performing impairment tests are detailed in the table below.

If either the pre- or post-tax discount rate applied to cash flows were to increase relatively by 5% or the growth rate used to extrapolate cash flows were to decrease relatively by 5%, or if both the discount rate and the growth rate were to increase and decrease relatively by 5% respectively, there would be no further significant impairments that would have to be recognised.

The group allocated goodwill to the following groups of cash-generating units:

	Carrying value of goodwill 31 March 2020 US$'m	Basis of determination of recoverable amount	Pre-tax discount rates at 31 March[1] 2020 %	Post-tax discount rate applied to cash flows at 31 March[1] 2020 %	Growth rate used to extrapolate cash flows at 31 March[1] 2020 %
Groups of cash-generating units					
Avito AB	**1 057**	Value in use	**19.2**	**16.5**	**3.5**
Frontier Car Group Inc. (FCG)[2]	**287**	FVLCoD[3]			
Payment Solutions Private Limited (CitrusPay)	**90**	Value in use	**17.0**	**14.5**	**4.0**
iyzi Ödeme ve Elektronik Para Hizmetleri Anonim Şirketi (Iyzico)[2]	**88**	FVLCoD[3]			
PaySense Private Limited[2]	**85**	FVLCoD[3]			
OLX B.V.	**77**	Value in use	**15.6**	**13.4**	**4.0**
Dubizzle Limited (BVI)	**75**	FVLCoD[3]			
Letgo Global B.V.	**55**	FVLCoD[3]			
Silver Indonesia JVCo B.V. (OLX Indonesia)	**48**	Value in use	**17.7**	**17.5**	**4.0**
Movile Internet Movel S.A.	**46**	Value in use	**24.7**	**19.0**	**4.0**
Dante International S.A. (eMAG)	**46**	Value in use	**17.5**	**16.0**	**4.5**
Zooz Mobile Limited	**40**	Value in use	**12.0**	**11.0**	**4.0**
Wibmo Inc.[2]	**40**	FVLCoD[3]			
Red Dot Payment Private Limited (RDP)[2]	**36**	FVLCoD[3]			
The Car Trader Proprietary Limited (AutoTrader)	**20**	Value in use	**28.7**	**21.0**	**5.0**
OLX Portugal S.A.	**22**	Value in use	**33.6**	**18.0**	**2.0**
Aasaanjobs Private Limited	**13**	FVLCoD[3]			
Various other units	**44**	Value in use	**Various**	**Various**	**Various**
	2 169				

[1] Goodwill is tested annually as at 31 December or more frequently if change in circumstance indicate that it might be impaired.
[2] This CGU includes goodwill from acquisitions that were made during the current year based on the value of the recent transactions. Refer to note 3 for details.
[3] Recoverable amount was based on the fair value less costs of disposal of these CGUs taking into account the transaction value for the group's recent acquisitions and in the case of LetgoGlobal B.V. and Dubizzle Limited (BVI) the group's recent transaction for disposal pending regulatory approval. (Refer to note 43.) The fair value for these CGUs is a level 3 measurement.

Post-tax discount rates have been applied in calculations as value in use was determined using post-tax cash flows.

Notes to the consolidated financial statements continued

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6. GOODWILL continued

Impairment testing of goodwill continued

	Carrying value of goodwill 31 March 2019 US$'m	Basis of determination of recoverable amount	Pre-tax discount rates at 31 March[1] 2019 %	Post-tax discount rate applied to cash flows at 31 March[1] 2019 %	Growth rate used to extrapolate cash flows at 31 March[1] 2019 %
Groups of cash-generating units					
Avito AB	1 262	Value in use	17.3	15.0	5.0
Letgo Global B.V. (previously Ambatana Holdings B.V.)	200	Value in use	20.0	17.5	5.0
Payment Solutions Private Limited (CitrusPay)[2]	98	Value in use	16.6	14.0	4.0
OLX B.V.	77	Value in use	15.4	13.5	5.0
Dubizzle Limited (BVI)	75	Value in use	15.9	15.5	4.0
Movile Internet Movel S.A.	69	Value in use	23.5	18.0	5.0
Silver Indonesia JVCo B.V. (OLX Indonesia)	59	Value in use	19.3	17.0	4.0
Dante International S.A. (eMAG)	48	Value in use	17.3	16.0	3.0
Zooz Mobile Limited	40	Value in use	13.1	12.0	4.0
The Car Trader Proprietary Limited (AutoTrader)	29	Value in use	26.5	21.0	4.0
OLX Portugal S.A.	22	Value in use	17.5	16.0	1.5
Aasaanjobs Private Limited[3]	14	FVLCoD[3]			
Various other units	42	Value in use	Various	Various	Various
	2 035				

[1] Goodwill is tested annually as at 31 December or more frequently if change in circumstance indicates that it might be impaired.
[2] This CGU includes goodwill from acquisitions that were made during the prior year based on the value of the recent transactions.
[3] Recoverable amount was based on the fair value less costs of disposal of these cash-generating units taking into account the transaction value for the group's recent acquisitions. The fair value for these cash-generating units is a level 3 measurement.

Post-tax discount rates have been applied in calculations as value in use was determined using post-tax cash flows.

7. OTHER INTANGIBLE ASSETS

	Intellectual property rights and patents US$'m	Customer related assets US$'m	Brand names and title rights US$'m	Software US$'m	Total US$'m
1 April 2019					
Cost	2	552	636	82	1 272
Accumulated amortisation and impairment	–	(172)	(262)	(46)	(480)
Carrying value at 1 April 2019	2	380	374	36	792
Foreign currency translation effects	–	(55)	(58)	(6)	(119)
Acquisitions of subsidiaries and businesses	–	106	90	59	255
Disposals of subsidiaries and businesses	(1)	(3)	–	(2)	(6)
Acquisitions	–	8	–	7	15
Amortisation	(1)	(43)	(41)	(18)	(103)
31 March 2020					
Cost	–	579	612	125	1 316
Accumulated amortisation and impairment	–	(186)	(247)	(49)	(482)
Carrying value at 31 March 2020	–	393	365	76	834
Work in progress at 31 March 2020[1]					10
Total carrying value at 31 March 2020					844

[1] Includes acquisitions of US$10.0m.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

7. OTHER INTANGIBLE ASSETS continued

	Intellectual property rights and patents US$'m	Customer related assets US$'m	Brand names and title rights US$'m	Software US$'m	Total US$'m
1 April 2018					
Cost	90	682	722	84	1 578
Accumulated amortisation and impairment	(76)	(221)	(253)	(49)	(599)
Carrying value at 1 April 2018	14	461	469	35	979
Foreign currency translation effects	(1)	(67)	(62)	(6)	(136)
Acquisitions of subsidiaries and businesses	1	23	8	26	58
Disposals of subsidiaries and businesses	(9)	(4)	(1)	(9)	(23)
Acquisitions	–	4	–	6	10
Impairment	(1)	–	–	–	(1)
Amortisation(1)	(2)	(37)	(40)	(16)	(95)
31 March 2019					
Cost	2	552	636	82	1 272
Accumulated amortisation and impairment	–	(172)	(262)	(46)	(480)
Carrying value at 31 March 2019	2	380	374	36	792
Work in progress at 31 March 2019(2)					2
Total carrying value at 31 March 2019					794

(1) Includes amortisation of US$1.4m associated with discontinued operations (refer to note 4).
(2) Includes acquisitions of US$2.2m.

The group recognised no impairment losses on other intangible assets (2019: US$0.6m). The recoverable amount of the intangible assets that was impaired in the prior year was US$nil in 2019. The intangible assets impaired were written off in full as no future cash inflows were associated with them.

The impairment losses have been included in "Other losses – net" in the income statement, of which US$0.6m related to 2019 and has been included in the classifieds segment.

8. SIGNIFICANT SUBSIDIARIES

The following information relates to the group's interest in its significant subsidiaries as at 31 March:

Name of subsidiary	Effective percentage interest(1) 2020 %	2019 %	Nature of business	Country of incorporation	Functional currency
Unlisted companies					
Corporate companies					
MIH B2C Holdings B.V.	**100.00**	100.00	Investment holding	The Netherlands	US$
MIH Internet Holdings B.V.	**100.00**	100.00	Investment holding	The Netherlands	US$
Classifieds					
Aasaanjobs Private Limited	**68.55**	68.55	Classifieds	India	INR
Avito AB	**100.00**	100.00	Classifieds	Sweden	SEK
Brocante Lab SAS (Selency)	**54.79**	54.79	Classifieds	France	EUR
Dubizzle Limited (BVI)(2)	**100.00**	100.00	Classifieds	UAE	AED
Frontier Car Group Inc (FCG)(3)	**84.37**	–	Classifieds	Germany	EUR
Letgo Global B.V.	**79.94**	79.94	Classifieds	The Netherlands	US$
Letgo USA B.V. (merged with Letgo Global B.V.)	**–**	79.94	Classifieds	The Netherlands	US$
Netrepreneur Connections Enterprises Inc. (Sulit)(5)	**–**	100.00	Classifieds	Philippines	PHP
OLX B.V.	**100.00**	100.00	Classifieds	The Netherlands	US$
OLX Portugal S.A.	**100.00**	100.00	Classifieds	Portugal	EUR
Silver Indonesia JVCo B.V. (OLX Indonesia)	**65.78**	65.78	Classifieds	The Netherlands	US$
The Car Trader Proprietary Limited (AutoTrader)	**100.00**	100.00	Classifieds	South Africa	ZAR
321sprzedane.pl Sp. z.o.o. (Poland Used Car Group)(4)	**84.37**	–	Classifieds	Poland	PLN
Etail					
Dante International S.A. (eMAG)	**80.08**	80.11	Retail and ecommerce	Romania	RON
Extreme Digital Zrt(4)	**41.64**	–	Retail and ecommerce	Hungary	HUF

(1) The percentage interest shown is the financial effective interest, after disregarding the interests of the group's equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.
(2) Refer to note 43 for the disposal of the group's interest subsequent to the current year.
(3) The group acquired an additional interest in the current year and now accounts for its interest as a subsidiary.
(4) Refer to note 3 for the acquisition of the group's interest during the current year.
(5) The subsidiary was contributed in exchange for an interest in Carousell Private Limited during the current reporting period (refer to note 3). The group classified Sulit as held for sale during the prior year.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

8. SIGNIFICANT SUBSIDIARIES continued

The following information relates to the group's interest in its significant subsidiaries as at 31 March:

Name of subsidiary	Effective percentage interest[1] 2020 %	2019 %	Nature of business	Country of incorporation	Functional currency
Payments and Fintech					
iyzi Ödeme ve Elektronik Para Hizmetleri Anonim Şirketi (Iyzico)[2]	**88.66**	–	Payments platform	Turkey	TRY
PayU Global B.V.	**98.77**	98.80	Payments platform	The Netherlands	US$
PayU Payments Private Limited	**98.77**	98.80	Payments platform	India	INR
PaySense Private Limited[3]	**79.20**	–	Credit platform	India	INR
Red Dot Payment Private Limited[2]	**72.43**	–	Payments platform	Singapore	SGD
Wibmo Inc.[2]	**98.77**	–	Payments platform	United States of America	US$
Zooz Mobile Limited	**98.77**	98.80	Payments platform	Israel	US$
Food Delivery					
iFood.com Agência de Restaurantes Online S.A.(iFood)	**54.68**	53.77	Food delivery	Brazil	BRL
Other ecommerce					
Movile Internet Móvel S.A.	**82.02**	80.65	Mobile value added services	Brazil	BRL
Sympla Internet Soluções S.A.	**65.44**	62.84	Mobile value added services	Brazil	BRL

(1) The percentage interest shown is the financial effective interest, after disregarding the interests of the group's equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.
(2) Refer to note 3 for the acquisition of the group's interest during the current year.
(3) The group acquired an additional interest in the current year and now accounts for its interest as a subsidiary.

9. INVESTMENTS IN ASSOCIATES

The following information relates to the group's financial interest in its significant associates as at 31 March:

Name of associated company	Effective percentage interest[1] 2020 %	2019 %	Nature of business	Country of incorporation	Functional currency	Year end
Listed companies						
Delivery Hero SE	**21.16**	22.30	Food delivery	Germany	EUR	December
Mail.ru Group Limited	**27.90**	28.00	Internet-related services	British Virgin Islands	RUB	December
MakeMyTrip Limited[2]	**–**	42.60	Online travel	Mauritius	INR	March
Tencent Holdings Limited	**31.00**	31.10	Internet-related services	Cayman Islands	RMB	December
Unlisted companies						
Classifieds						
Frontier Car Group, Inc. (FCG)[3]	**–**	35.70	Classifieds	Germany	EUR	December
Payments and Fintech						
Kreditech Holding SSL GmbH[4]	**–**	34.90	Consumer lending	Germany	EUR	December
Primrose Hill Ventures Private Limited (ZestMoney)[5]	**19.44**	21.40	Consumer lending	India	INR	December
PaySense Private Limited[3]	**–**	18.80	Consumer lending	India	INR	March
Remitly, Inc.	**20.95**	22.60	Digital money transfer	United States of America	US$	December
Food Delivery						
Bundl Technologies Private Limited (Swiggy)[6]	**40.02**	38.80	Food delivery	India	INR	March

(1) The percentage interest shown is the financial effective interest, after disregarding the interests of equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.
(2) The group exchanged its interest in MakeMyTrip for an investment in Trip.com Group Limited (formerly Ctrip.com International Limited) (Trip.com) during the current year. The group accounts for its investment in Trip.com as an investment at fair value through other comprehensive income (refer note 11).
(3) The group acquired an additional interest in the current year and accounts for its investment as a subsidiary (refer to note 8).
(4) During the current year the group's effective interest was diluted. The group accounts for its investment in Kreditech as an investment at fair value through other comprehensive income (refer note 11).
(5) The group accounts for its interest as an investment in an associate on account of its board representation.
(6) Refer to note 3 for the group's additional investment during the current year.

Notes to the consolidated financial statements continued

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9. INVESTMENTS IN ASSOCIATES continued

The following information relates to the group's financial interest in its significant associates as at 31 March:

Name of associated company	Effective percentage interest[1] 2020 %	2019 %	Nature of business	Country of incorporation	Functional currency	Year end
Unlisted companies continued						
Other ecommerce						
Brainly, Inc.	**43.81**	34.00	Educational technology	United States of America	US$	December
emTransit B.V.(Dott)[2]	**19.70**	13.00	Travel	The Netherlands	EUR	March
Honor Technology, Inc. (Honor)[2]	**16.47**	16.40	Home care	United States of America	US$	December
Meesho, Inc.[2], [3]	**12.16**	–	Online marketplace	United States of America	US$	March
NTEx Transportation Services Private Limited (ElasticRun)[3]	**20.57**	–	Logistic services	India	INR	March
Ryzac, Inc. (Codecademy)	**21.03**	21.10	Educational technology	United States of America	US$	December
SimilarWeb Limited	**23.93**	24.50	Internet metrics	Israel	NIS	December
Sololearn, Inc.[2]	**15.24**	15.30	Educational technology	United States of America	US$	March
Think & Learn Private Limited (BYJU's)[2]	**11.31**	12.20	Educational technology	India	INR	March
Udemy, Inc.[2]	**14.81**	11.80	Educational technology	United States of America	US$	March

(1) The percentage interest shown is the financial effective interest, after disregarding the interests of equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.
(2) The group accounts for its interest as an investment in an associate on account of its board representation.
(3) The group acquired its interest in these entities during the current year (refer to note 3).

Adjustments are made for significant transactions and events that take place where lag periods are applied. These adjustments routinely include impairments and fair-value adjustments related to the underlying financial instruments of associates measured at fair value through profit or loss or at fair value through other comprehensive income.

The fair values of the group's investments in its listed associates are detailed below:

	31 March 2020 US$'m	31 March 2019 US$'m
Listed investments		
Tencent Holdings Limited	**145 249**	136 180
Mail.ru Group Limited	**985**	1 501
MakeMyTrip Limited		1 208
Delivery Hero SE	**3 134**	1 506

The above fair values have been measured using quoted prices in active markets and the disclosed amounts therefore represent level 1 fair-value measurements.

	31 March 2020 US$'m	31 March 2019 US$'m
Opening balance	**19 746**	16 669
Associates acquired – gross consideration[1]	**437**	1 279
Net assets acquired	**132**	517
Goodwill and other intangibles recognised	**328**	821
Deferred taxation recognised	**(23)**	(59)
Associates disposed of[2]	**(575)**	(461)
Share of current year other reserve movements	**129**	482
Other reserve movements recognised in other comprehensive income	**228**	919
Direct equity movements	**(99)**	(437)
Share of equity-accounted results	**3 973**	3 418
Equity-accounted results due to purchase accounting	**(21)**	(11)
Amortisation of other intangible assets	**(31)**	(19)
Realisation of deferred taxation	**10**	8
Impairment	**(21)**	(88)
Dividends received	**(377)**	(342)
Foreign currency translation effects	**(1 000)**	(1 027)
Dilution losses	**(58)**	(173)
Closing balance	**22 233**	19 746
Investments in associates		
Listed	**20 728**	18 175
Unlisted	**1 505**	1 571
Total investments in associates	**22 233**	19 746

(1) Includes the contribution of Netrepreneur Connections Enterprises Inc. for an interest in Carousell Private Limited.
(2) This relates to the deemed disposal of Frontier Car Group (FCG), PaySense and MakeMyTrip.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

9. INVESTMENTS IN ASSOCIATES continued

The group recognised US$3.9bn (2019: US$3.4bn) from associates as its share of equity-accounted results in the income statement. Cumulative unrecognised losses relating to associates that have been fully impaired, amounted to US$nil (2019: US$4.6m) as at 31 March 2020.

The group recognised total dilution losses of US$52.2m (2019: US$181.7m) as part of "Dilution gains/(losses) on equity-accounted investments" in the income statement. The aggregate net dilution losses include US$57.6m (2019: US$173.3m) related to dilutions in the group's shareholding in Tencent, Delivery Hero, MakeMyTrip, Mail.ru and other unlisted investments.

The total dilution loss presented in the income statement also includes US$5.4m (2019: US$7.9m) relating to the reclassification of a portion of the group's foreign currency translation reserves from other comprehensive income to the income statement following shareholding dilutions.

Impairment losses related mainly to equity-accounted investments focused on the provision of consumer goods in the other ecommerce business (March 2019: equity-accounted investment focused on the provision of consumer lending and financial services in the payments business). The group impaired this investment as performance and the opportunity to leverage the investment in some of the group's core markets fell below expectations.

The group's share of equity-accounted investments' other comprehensive income and reserves relates mainly to the revaluation of the associates' investments at fair value through other comprehensive income.

The group recognised no deferred tax on its investments in associates.

Material associates' summarised financial information

	31 March[1] Tencent Holdings Limited		31 March[1] Mail.ru Group Limited	
	2020 US$'m	2019 US$'m	**2020 US$'m**	2019 US$'m
Dividends received	**377**	342	**–**	–
Non-current assets	**98 321**	77 637	**2 853**	2 763
Current assets	**35 491**	32 341	**326**	381
Total assets	**133 812**	109 978	**3 179**	3 144
Non-current liabilities	**31 805**	24 564	**320**	228
Current liabilities	**33 908**	30 160	**562**	381
Total liabilities	**65 713**	54 724	**882**	609
Revenue	**54 045**	46 443	**1 464**	1 013
Net profit/(loss) from continuing operations	**13 454**	11 872	**172**	(125)
Other comprehensive income/(loss)	**310**	286	**6**	(5)
Total comprehensive income/(loss)	**13 764**	12 158	**178**	(130)

[1] Reflects the summarised financial information of the above associates as at 31 December, adjusted for significant transactions and events that take place during the lag period applied for accounting purposes.

Reconciliation of summarised financial information to carrying value of investment

	31 March[1] Tencent Holdings Limited		31 March[1] Mail.ru Group Limited	
	2020 US$'m	2019 US$'m	**2020 US$'m**	2019 US$'m
Opening net assets	**55 254**	43 961	**2 535**	2 939
Profit/(loss) for the year	**13 454**	11 872	**172**	(125)
Other comprehensive income/(loss)	**310**	286	**6**	(5)
Transactions with equity holders	**3 514**	2 515	**10**	111
Dividends	**(1 217)**	(1 100)	**–**	–
Foreign currency translation effects	**(3 216)**	(2 280)	**(440)**	(385)
Other	**–**	–	**14**	–
Closing net assets	**68 099**	55 254	**2 297**	2 535
Non-controlling interests	**(7 924)**	(4 871)	**(10)**	(6)
	60 175	50 383	**2 287**	2 529
Group's effective interest in associate (at year end)	**18 654**	15 669	**638**	709
Goodwill	**11**	11	**101**	121
Carrying value of investment	**18 665**	15 680	**739**	830

[1] Reflects the summarised financial information of the above associates as at 31 December, adjusted for significant transactions and events that take place during the lag period applied for accounting purposes.

Material associates' summarised financial information

	31 March[1] MakeMyTrip Limited[2]		31 March[1] Delivery Hero SE	
	2020 US$'m	2019 US$'m	**2020 US$'m**	2019 US$'m
Non-current assets		187	**1 456**	746
Current assets		502	**1 678**	982
Total assets		689	**3 134**	1 728
Non-current liabilities		60	**319**	168
Current liabilities		183	**682**	367
Total liabilities		243	**1 001**	535
Revenue		481	**1 372**	769
Net profit/(loss) from continuing operations		(170)	**78**	(130)
Net profit from discontinuing operations		–	**249**	61
Other comprehensive loss		(94)	**(31)**	(107)
Total comprehensive income/(loss)		(264)	**296**	(176)

[1] Reflects the summarised financial information of the above associates as at 31 December, adjusted for significant transactions and events that take place during the lag period applied for accounting purposes.
[2] The group exchanged its interest in MakeMyTrip for an investment in Trip.com during the current year. The group accounts for its investment in Trip.com as an investment at fair value through other comprehensive income (refer note 11).

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

9. INVESTMENTS IN ASSOCIATES continued

Reconciliation of summarised financial information to carrying value of investment

	31 March[1] MakeMyTrip Limited[2]		31 March[1] Delivery Hero SE	
	2020 US$'m	2019 US$'m	**2020 US$'m**	2019 US$'m
Opening net assets		668	**1 193**	1 478
Profit/(loss) for the year		(170)	**327**	(69)
Other comprehensive loss		(94)	**(31)**	(107)
Transactions with equity holders		42	**685**	20
Foreign currency translation effects		–	**(41)**	(130)
Other		–	**–**	1
Closing net assets		446	**2 133**	1 193
Non-controlling interests		–	**2**	3
		446	**2 135**	1 196
Group's effective interest in associate (at year end)		190	**452**	267
Goodwill		274	**872**	934
Carrying value of investment		464	**1 324**	1 201

(1) Reflects the summarised financial information of the above associates as at 31 December, adjusted for significant transactions and events that take place during the lag period applied for accounting purposes.
(2) The group exchanged its interest in MakeMyTrip for an investment in Trip.com during the current year. The group accounts for its investment in Trip.com as an investment at fair value through other comprehensive income (refer note 11).

Other associates' summarised financial information

	31 March	
	2020 US$'m	2019 US$'m
Net loss from continuing operations	**(327)**	(166)
Other comprehensive income	**42**	32
Total comprehensive loss	**(285)**	(134)
Carrying value of investments	**1 505**	1 571
Total carrying value of investments in associates	**22 233**	19 746

The group had no capital commitments or contingent liabilities at 31 March 2020 and 2019 in respect of its investments in associates.

10. INVESTMENTS IN JOINT VENTURES

The following information relates to the group's financial interest in its significant joint ventures at 31 March:

	Effective percentage interest[1]					
Name of joint venture	**2020 %**	2019 %	Nature of business	Country of incorporation	Functional currency	Year-end
Unlisted companies						
El Cocinero a Cuerda S.L. (SinDelantal Mexico)	**26.79**	26.40	Food delivery	Spain	EUR	December
Silver Brazil JVCo B.V. (OLX Brazil)	**50.00**	50.00	Classifieds	The Netherlands	US$	December

(1) The percentage interest shown is the financial effective interest, after disregarding the interests of equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.

Adjustments are made for significant transactions and events that take place where lag periods are applied.

	31 March	
	2020 US$'m	2019 US$'m
Opening balance	**95**	74
Joint ventures acquired – gross consideration	**23**	19
Joint venture disposed of[1]	**–**	(5)
Share of equity-accounted results	**(21)**	3
Equity-accounted results due to acquisition accounting	**(1)**	(1)
Foreign currency translation effects	**(24)**	5
Closing balance	**72**	95

(1) During the prior reporting period, the group increased its interest in Sympla Internet Soluções SA resulting in the entity becoming a subsidiary.

The group recognised losses of US$21.3m (2019 profits: US$3m) as its share of equity-accounted profits in 2020 from joint ventures in the income statement. Cumulative unrecognised losses relating to joint ventures that have been fully impaired, amounted to US$nil (2019: US$nil) as at 31 March 2020.

No impairment losses (2019: US$nil) on investments in joint ventures have been recorded.

None of the group's interests in joint ventures are considered to be individually material.

The group recognised no deferred tax on its investments in joint ventures.

In March 2020 Silver Brazil JVCo B.V. (OLX Brazil), the group's joint venture with Adevinta ASA, reached an agreement to acquire 100% of the shares of Grupo Zap for approximately US$650m. Grupo Zap is an online real estate market player. The transaction is subject to approval by the Brazilian competition authorities and other customary closing conditions. Closing is expected in the second half of 2020. The investment will be financed equally by the joint venture partners. Apart from the aforementioned transaction, the group had no capital commitment or contingent liabilities in respect of its investments in joint ventures at 31 March 2020 and none for 31 March 2019.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

11. OTHER INVESTMENTS

	31 March 2020 US$'m	31 March 2019 US$'m
Investments at fair value through other comprehensive income	**792**	47
Investments at fair value through profit or loss	**13**	–
Total other investments	**805**	47

Fair value gains or losses on investments held at fair value through other comprehensive income are not reclassified to the income statement. There is no current intention to dispose of these investments.

Significant equity investments at fair value through other comprehensive income

Significant equity investments at fair value through other comprehensive income include the following:

	31 March			
	Fair value		Dividend income	
	2020 US$'m	2019 US$'m	2020 US$'m	2019 US$'m
Listed Investments				
Trip.com Group Limited (formerly Ctrip.com International Limited)[1]	**704**	–	**–**	–
	704	–	**–**	–
Unlisted Investments				
Creditas Financial Solutions Limited	**24**	13	**–**	–
Carousell Private Limited (Carousell)	**23**	–	**–**	–
Grishin Robotics Fund, L.P.	**7**	8	**–**	–
SV Angel Funds	**6**	9	**1**	1
Bakkt Holdings LLC	**8**	5	**–**	–
Kreditech Holding SSL Gmbh	**7**	–	**–**	–
Other	**13**	12	**4**	–
	88	47	**5**	1
Total other investments	**792**	47	**5**	1

[1] The group exchanged its interest in MakeMyTrip for an investment in Trip.com during the current year. Refer to note 3.

12. DEFERRED TAXATION

The deferred tax assets and liabilities and movements thereon were attributable to the following items:

	1 April 2019 US$'m	Charged to income US$'m	Acquisition of subsidiaries and businesses US$'m	Disposals of subsidiaries and businesses US$'m	Foreign exchange effects US$'m	31 March 2020 US$'m
Deferred taxation assets						
Provisions and other current liabilities	6	1	1	–	(1)	7
Leases	–	2	–	–	–	2
Tax losses carried forward	8	(4)	–	–	(1)	3
Other	15	(8)	–	1	2	10
Total deferred tax assets	29	(9)	1	1	–	22
Offsetting of deferred tax liabilities	(15)					(7)
Net deferred tax assets	14					15
Deferred taxation liabilities						
Intangible assets	169	(32)	60	(1)	(19)	177
Other	22	(4)	–	–	(1)	17
Total deferred tax liabilities	191	(36)	60	(1)	(20)	194
Offsetting of deferred tax assets	(15)					(7)
Net deferred tax liabilities	176					187
Net deferred taxation	(162)	27	(59)	2	20	(172)

Notes to the consolidated financial statements continued

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12. DEFERRED TAXATION continued

	1 April 2018 US$'m	Charged to income US$'m	Acquisition of subsidiaries and businesses US$'m	Disposals of subsidiaries and businesses US$'m	Foreign exchange effects US$'m	31 March 2019 US$'m
Deferred taxation assets						
Provisions and other current liabilities	9	4	–	(5)	(2)	6
Tax losses carried forward	32	(10)	–	(11)	(3)	8
Other	18	(2)	–	–	(1)	15
Total deferred tax assets	59	(8)	–	(16)	(6)	29
Offsetting of deferred tax liabilities	(23)					(15)
Net deferred tax assets	36					14
Deferred taxation liabilities						
Intangible assets	204	(13)	8	(4)	(26)	169
Other	28	(1)	–	(2)	(3)	22
Total deferred tax liabilities	232	(14)	8	(6)	(29)	191
Offsetting of deferred tax assets	(23)					(15)
Net deferred tax liabilities	209					176
Net deferred taxation	(173)	6	(8)	(10)	23	(162)

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amounts accrued would not have a material adverse impact on the group's combined income statement and statement of financial position.

The group has tax losses carried forward of approximately US$2.6bn (2019: US$2.4bn). A summary of the tax losses carried forward at 31 March 2020 by tax jurisdiction and the expected expiry dates are set out below:

	Asia US$'m	Europe US$'m	Latin America and USA US$'m	Africa US$'m	Other US$'m	Total US$'m
Expires in year one	19	147	–	–	–	166
Expires in year two	21	109	2	–	6	138
Expires in year three	24	121	–	–	6	151
Expires in year four	28	322	1	–	7	358
Expires in year five	46	244	1	–	8	299
After year five	141	961	336	22	–	1 460
	279	1 904	340	22	27	2 572

Total deferred taxation assets amount to US$15.4m (2019: US$14.3m), of which US$9.3m (2019: US$8.8m) are expected to be utilised within the next 12 months and US$6.1m (2019: US$5.5m) after 12 months. Total deferred taxation liabilities amount to US$186.6m (2019: US$175.6m), of which US$18.5m (2019: US$17.5m) are expected to be settled within the next 12 months and US$168.1m (2019: US$158.1m) after 12 months. Deferred tax assets and liabilities do not have an expiry date.

Included in the group's recognised deferred tax assets is an amount of US$nil (2019: US$nil), of which the utilisation depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and the relevant group entity from which the deferred tax asset arises has suffered a loss in either the current or a preceding period. These entities are expected to return to profitability in the foreseeable future.

13. INVENTORY

	31 March 2020 US$'m	31 March 2019 US$'m
Carrying value		
Finished products, trading inventory and consumables, gross	**221**	155
Less: Allowance for slow-moving and obsolete inventories	**(8)**	(7)
Net inventory	**213**	148

The total allowance charged to the income statement to write inventory down to net realisable value amounted to US$1.3m (2019: US$1.9m), and reversals of these allowances amounted to US$0.3m (2019: US$1.4m). Net realisable value write-downs relate primarily to inventory within the etail segment.

The group's inventory allowance takes into account the impact of trading restrictions as a result of the global Covid-19 pandemic. As at 31 March 2020, the impact of Covid-19 on the inventory allowance was not material as the inventory held had not aged significantly and it is expected that the inventory will be marketable and sold once trading restrictions are eased.

Notes to the consolidated financial statements continued

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14. TRADE RECEIVABLES

	31 March 2020 US$'m	31 March 2019 US$'m
Carrying value		
Trade accounts receivable, gross	**134**	155
Less: Allowance for impairment of trade receivables	**(23)**	(20)
	111	135
The movement in the allowance for impairment of trade receivables during the year was as follows:		
Opening balance	**(20)**	(50)
Additional allowances charged to income statement	**(19)**	(5)
Allowances reversed through the income statement	**10**	18
Acquisition of subsidiaries	**(1)**	–
Disposal of subsidiaries	**2**	15
Transferred to assets classified as held for sale	**2**	–
Foreign currency translation effects	**3**	2
Closing balance	**(23)**	(20)

The group's maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The group does not hold any form of collateral as security relating to trade receivables. Refer to note 40 for the group's credit risk management.

At 31 March 2020 and 2019 the total allowance for impairment of trade receivables comprised both portfolio allowances and specific allowances. The majority of the allowance related to a portfolio allowance, which cannot be identified with specific receivables.

In determining the group's allowance for the impairment of trade receivables the impact of the Covid-19 pandemic on the collectability of the trade receivables was considered. The impairment assessment considered trade restrictions imposed on the group's businesses and the resultant economic uncertainty that may impact the debitor's ability to settle the amount owing. As at 31 March 2020 the impact of the Covid-19 pandemic was not material.

The ageing of trade receivables as well as the amount of the impairment allowance per age class is presented below:

	31 March 2020			31 March 2019		
	Carrying value US$'m	**Impairment US$'m**	**Expected loss rate**	Carrying value US$'m	Impairment US$'m	Expected loss rate
Current	**82**	**(1)**	**1%**	102	(1)	1%
Past due 30 to 59 days	**15**	**(4)**	**27%**	17	(1)	6%
Past due 60 to 89 days	**7**	**(2)**	**29%**	6	(1)	17%
Past due 90 to 119 days	**7**	**(2)**	**29%**	6	(1)	17%
Past due 120 days and older	**23**	**(14)**	**61%**	24	(16)	67%
	134	**(23)**		155	(20)	

15. OTHER RECEIVABLES

	31 March 2020 US$'m	31 March 2019 US$'m
Prepayments	**85**	98
Accrued income[(1)]	**22**	22
Staff debtors*	**5**	4
VAT and related taxes receivable	**66**	79
Merchant and bank receivables*[(2)]	**188**	156
Sundry deposits	**8**	8
Interest receivable on cross-currency interest rate swap*	**8**	8
Disposal proceeds receivable*	**14**	97
Other receivables**	**28**	24
Total other receivables	**424**	496
Less: non-current portion of other receivables[(3)]	**(4)**	(6)
Current portion of other receivables	**420**	490

(1) Relates to revenue from contracts with customers. Refer to note 26 for movements in accrued income balances.
(2) Merchant and bank receivables are presented net of an allowance for expected impairment (credit) losses of US$6.6m (2019: US$6.5m). Refer to note 40 for details of the group's credit risk management policy.
(3) Relates to non-current prepaid rental deposits and employment linked prepayments.
* Financial assets.
** Includes financial assets of US$20.9m (2019: US$14.3m).

16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In April 2019 the group concluded the contribution of its subsidiary Netrepreneur Connections Enterprises, Inc. (Sulit) to Carousell Private Limited (Carousell) for an equity interest in Carousell. Sulit was classified as held for sale as at 31 March 2019. Refer to note 3 for further details regarding the disposal.

In October 2019 the group concluded the sale of its 100% effective interest in its subsidiary BuscaPé Company Informaçao e Technologia Limitada (BuscaPé). The assets and liabilities of BuscaPé were classified as held for sale as at 30 September 2019. Refer to note 3 for further details regarding the disposal.

In March 2020 the assets and liabilities of the group's subsidiary Wavy Global Holdings B.V. (Wavy) were classified as held for sale as the group signed an agreement to sell its investment to Stockholm-based customer engagement platform, Sinch AB. (refer to note 43).

Further in March 2020, the group signed an agreement to contribute the assets and liabilities of the US letgo business in exchange for an equity interest in OfferUp Inc., a US online marketplace (refer to note 43).

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16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE continued

The assets and liabilities classified as held for sale as at 31 March 2020 and 2019 are detailed in the table below:

	31 March 2020 US$'m	31 March 2019 US$'m
Assets classified as held for sale		
Property, plant and equipment	**4**	–
Goodwill and other intangible assets	**152**	13
Trade and other receivables	**27**	2
Cash and cash equivalents	**19**	1
	202	16
Liabilities classified as held for sale		
Long-term liabilities	**3**	–
Provisions	**1**	–
Trade payables	**4**	–
Accrued expenses and other current liabilities	**18**	2
	26	2

17. RELATED PARTY TRANSACTIONS AND BALANCES

The group entered into transactions and has balances with a number of related parties, including associates, joint ventures, directors (key management personnel), shareholders, and entities under common control. Transactions that are eliminated on consolidation as well as gains or losses eliminated through the application of the equity method are not included. The transactions and balances with related parties are summarised below:

	31 March 2020 US$'m	31 March 2019 US$'m
Sale of goods and services to related parties[(1)]		
MakeMyTrip Limited[(2)]	**5**	12
MIH Holdings Proprietary Limited	**9**	–
Various other related parties	**2**	1
	16	13

(1) The group receives revenue from a number of its related parties in connection with service agreements. The nature of these related party relationships are that of associates.
(2) Revenue earned from MakeMyTrip Limited, relates to payment services provided by PayU, when MakeMyTrip was an associate of the group.

	31 March 2020 US$'m	31 March 2019 US$'m
Services received from related parties[(1)]		
MIH Holdings Proprietary Limited	**9**	–
MIH Ecommerce Holdings Proprietary Limited	**4**	4
Various related parties	**1**	2
	14	6

(1) The group receives corporate and other services rendered by a number of its related parties. The nature of these related party relationships are that of entities under the common control of the group's controlling parent, Naspers Limited.

	31 March 2020 US$'m	31 March 2019 US$'m
Dividends paid as part of distribution		
MIH Holdings Proprietary Limited[(1)]	**215**	–
	215	–

(1) Relates to distributions as a result of common control transactions by MIH Ming He, the group's former parent company prior to its formation.

During the prior year and up to the date of listing, Prosus functioned as part of the larger group of companies controlled by Naspers and accordingly, Naspers performed certain corporate overhead services for the non-South African ecommerce and internet business. These services included, but are not limited to, executive oversight, information management, legal, treasury, control and accounting, human resources, taxes and investor relations. Subsequent to the listing on 11 September 2019, corporate expenses have been directly attributed or allocated to non-South African ecommerce and internet businesses and are accordingly, recharged the relevant business to which it relates. Those costs remaining in corporate entities have been allocated to Prosus based on specific identification criteria/allocation keys. During the current year Prosus recharged US$8.4m to Naspers companies in respect of services performed on their behalf. In addition Naspers recharged cost of US$8.5m to Prosus.

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17. RELATED PARTY TRANSACTIONS AND BALANCES continued

The balances of receivables and payables between the group and related parties are as follows:

	31 March	
	2020 US$'m	2019 US$'m
Receivables[1]		
Myriad Services Limited	**–**	61
Myriad/MIH (Malta) Limited	**8**	22
MIH Holdings Proprietary Limited	**9**	6
MIH Services FZ LLC Trust[2]	**66**	114
Zoop Tecnologia e Meios de Pagamento Ltda (Zoop)	**6**	–
Honor Technology, Inc	**8**	–
Tencent Technology (Shenzhen) Co Ltd	**90**	–
Other	**3**	4
Less: Allowance for impairment of loans and receivables[3]	**–**	(58)
Total related party receivables	**190**	149
Less: Non-current portion of related party receivables	**(81)**	(140)
Current portion of related party receivables	**109**	9
The movement in the allowance for impairment of related party receivables during the year was as follows:		
Opening balance	**58**	58
Additional allowances charged to the income statement	**–**	–
Allowances utilised	**(58)**	–
Closing balance	**–**	58

[1] The group provides services and loan funding to a number of its related parties.
[2] Refer to note 42 for the group's equity compensation benefits administered by share trusts.
[3] Refer to note 40 for the group's impairment methodology for related party receivables.

	31 March	
	2020 US$'m	2019 US$'m
Payables		
MIH Holdings Proprietary Limited	**6**	–
Myriad/MIH (Malta) Limited	**4**	17
Mail.ru Group Limited	**2**	2
Other	**4**	3
Total related party payables	**16**	22
Less: Non-current portion of related party payables	**(3)**	(2)
Current portion of related party payables	**13**	20

Reconciliation of related parties arising from financing activities

	31 March	
	2020 US$'m	2019 US$'m
Balance at 1 April 2019	**2**	478
Additional related party liabilities recognised	**–**	171
Repayments of long- and short-term related parties	**–**	(551)
Interest accrued	**–**	35
Foreign exchange translation	**1**	–
Related party loans waived[1]	**–**	(131)
Balance at 31 March 2020	**3**	2

[1] The loans were waived before the disposal of the Video Entertainment business on 28 September 2018.

Terms of significant related party receivables and payables

These above receivables and payables relate primarily to cost recharges to/by entities under the common control of Naspers Limited, the group's ultimate controlling parent. These receivables and payables are interest free.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

17. RELATED PARTY TRANSACTIONS AND BALANCES continued

Directors' remuneration

The executive directors received the following remuneration and emoluments:

	2020 US$'000	2019 US$'000
Executive directors		
Salary	1 952	1 953
Annual short-term incentive payments	2 233	1 182
Pension contributions and other benefits paid on behalf of director	285	326
Share-based payment expense	15 839	3 049
Total	20 309	6 510

The non-executive directors received the following remuneration and emoluments:

	2020 US$'000	2019 US$'000
Non-executive directors		
Directors' fees	1 448	–
Committee and trust fees	358	–
Other fees	85	–
Total	1 891	–

Key management received the following remuneration:

	2020 US$'000	2019 US$'000
Key management		
Short-term employee benefits	14 744	14 240
Post-employment benefits	799	555
Share-based payment expense	58 681	36 108
Total	74 224	50 903

The group has not provided any personal loans, advances or guarantees to the executive and non-executive directors.

The statutory directors of the company changed as of 16 May 2019. The 2019 financial year's remuneration relates to the former statutory directors. The 2020 financial year's remuneration includes the remuneration of the former statutory directors until the date of resignation and the remuneration of the newly appointed executive directors from the date of appointment.

Directors' interest in Prosus shares

The directors of Prosus (and their associates) had the following interests in Prosus A1 ordinary shares as at 31 March:

	2020			2019		
	Prosus A ordinary shares			Prosus A ordinary shares		
	Beneficial			Beneficial		
Name	Direct	Indirect	Total	Direct	Indirect	Total
S J Z Pacak[(1)]	–	383	383	–	–	–
J D T Stofberg[(1)]	–	639	639	–	–	–
Total	–	1 022	1 022	–	–	–

(1) Shares acquired as a result of the unbundling by Naspers of all of its internet interests outside of South Africa into Prosus, listed on Euronext Amsterdam, on 11 September 2019.

The directors of Prosus (and their associates) had the following interests in Prosus N ordinary shares as at 31 March:

	2020			2019[(1)]		
	Prosus N ordinary shares			Prosus N ordinary shares		
	Beneficial			Beneficial		
Name	Direct	Indirect	Total	Direct	Indirect	Total
J P Bekker	–	4 688 691	4 688 691	–	4 688 691	4 688 691
C L Enenstein	–	415	415	–	415	415
F L N Letele	1 474	–	1 474	1 474	–	1 474
S J Z Pacak[(2), (3)]	–	630 635	630 635	376 635	291 548	668 183
T M F Phaswana[(4)]	–	1 030	1 030	–	3 530	3 530
V Sgourdos	32 483	87 367	119 850	32 483	84 661	117 144
M R Sorour	2 145	442	2 587	2 145	442	2 587
J D T Stofberg[(5)]	183 317	141 888	325 205	183 317	291 888	475 205
B J van der Ross	2 550	820	3 370	2 550	820	3 370
B van Dijk	51 809	922 451	974 260	51 809	922 451	974 260
Total	273 778	6 473 739	6 747 517	650 413	6 284 446	6 934 859

(1) Shares acquired as a result of the unbundling by Naspers of all of its internet interests outside of South Africa into Prosus, listed on Euronext Amsterdam, on 11 September 2019.
(2) On 16 September 2019, a total of 180 000 Naspers N ordinary shares were sold by Steve Pacak and 20 000 Naspers N ordinary shares, 200 000 Prosus N.V. N ordinary shares and 200 000 MultiChoice Group Limited ordinary shares were delivered to Steve upon payment of the amount of R30 378 633.89 (being the listed market value on the date of the offers) from the proceeds of the sale of the 180 000 Naspers N ordinary shares (distributed to Steve), to settle the amount due to the Trust. Shares held as direct beneficial were transferred to his family trust.
(3) On 28 January 2020, Steve Pacak sold 37 548 Prosus N ordinary shares at an average price of R1 086.44 per share.
(4) On 3 October 2019, Fred Phaswana sold 2 500 Prosus N ordinary shares at an average price of R1 117.83 per share. Fred retired from the board and committees on 1 April 2020.
(5) On 4 February, Cobus Stofberg sold 150 000 Prosus N ordinary shares at an average price of R1 085.9987 per share.

Additional information on the remuneration and share-based compensation of members of the board and the remuneration of key management is disclosed in the remuneration report.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

18. SHARE CAPITAL AND PREMIUM

	31 March 2020 US$'m	31 March 2019 US$'m
Authorised		
Nil ordinary shares of US$100 each (2019: nil)	–	–
5 000 000 000 N ordinary shares of EUR0.05 each (2019: nil)	280	–
10 000 000 A1 ordinary shares of EUR0.05 each (2019: nil)	1	–
10 000 A2 ordinary shares of EUR50.0 each (2019: nil)	1	–
	282	–
Issued		
Nil ordinary shares of US$100 each (2019: 1 717 777)	–	172
1 624 652 070 N ordinary shares of EUR0.05 each (2019: nil)	89	–
3 511 818 A1 ordinary shares of EUR0.05 each (2019: nil)	1	–
	90	172
Share premium	516	427
	606	599

Treasury shares

The group holds no ordinary shares (2019: nil), or nil% (2019: nil%), of the gross number of ordinary shares in issue at 31 March 2020 as treasury shares. Equity compensation plans administered by Naspers group share trusts hold 2 236 042 (2019: nil) of the N ordinary shares issued.

Voting and dividend rights

The company's issued share capital at 31 March 2020 consists of 3 511 818 A1 ordinary shares and 1 624 652 070 N ordinary shares. The N ordinary shares are listed on the Euronext Amsterdam stock exchange with a secondary listing on the JSE and, on a poll, carry one vote per share. The A1 ordinary shares are not listed on a stock exchange and, on a poll, carry one vote per share. The A2 ordinary shares are not listed on a stock exchange and currently none are issued. In the event that Naspers's shareholding in Prosus drops below 50% plus one vote, the A1 ordinary shares will convert to A2 ordinary shares and, on a poll, carry 1 000 votes per share.

In terms of the Prosus's articles of association, N ordinary shareholders are entitled to dividends. The dividends declared to A ordinary shareholders are equal to one-fifth of the dividends to which N ordinary shareholders are entitled.

In respect of all other rights, the A ordinary shares rank pari passu with the N ordinary shares of the company.

Prosus is a subsidiary of Naspers, a company incorporated in South Africa.

Share capital and Share premium

Refer to company financial statements for a reconciliation of group equity to the company's equity. Significant differences from the equity of the company arises from the accounting treatment of the restructuring that occurred upon formation of the Prosus group.

Unissued share capital

The directors of the company have unrestricted authority, until the next annual general meeting, to allot and issue the unissued 3 375 347 930 N ordinary shares, 6 488 182 A1 ordinary shares and 10 000 A2 ordinary shares of the company. This authority was granted by the Netherlands Authority for the Financial Markets subject to the provisions of the Dutch Civil Codes *(Burgerlijk Wetboek)*, other applicable Dutch laws and regulations and any other exchange on which the shares of the company may be quoted or listed from time to time.

	2020 Number of shares	2019 Number of shares
Movement in ordinary shares in issue during the year		
Ordinary shares in issue at 1 April	1 717 777	1 717 777
Ordinary shares cancelled and converted to N ordinary shares	(1 717 777)	
N ordinary shares issued[1]	1 624 652 070	–
A1 ordinary shares issued[1]	3 511 818	–
Shares in issue at 31 March	1 628 163 888	1 717 777

[1] The weighted average number of shares for the period ended 31 March 2019 for purposes of note 32, have been adjusted to include those shares issued for no consideration from the start of the earliest period presented, ie 1 April 2018 to permit comparability in accordance with IAS 33 *Earnings Per Share.*

	2020 US$'m	2019 US$'m
Share premium		
Balance at 1 April	516	1 933
Decrease as a result of a common control transaction[1]	–	(1 417)
Balance at 31 March	516	516

[1] The decrease in share premium is as a result of the restructuring that occurred in the formation of the Prosus group. Refer to note 2 for more information.

Refer to note 42 for the group's equity compensation plans.

Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk.

Prosus relies upon distributions, including dividends, from its subsidiaries, associates and joint ventures to generate the funds necessary to meet the obligations and other cash flow requirements of the combined group. The operations of the group have historically been funded in a number of ways, including both debt and equity financing. Recent acquisitions were primarily funded through debt financing. The group's businesses are beginning to scale and accordingly, they are expected to become cash generative and able to sustain their operating capital requirements. The group received US$377.3m (2019: US$342.0m) in dividends from Tencent during the year and US$458.0m after the year end – an increase of 21% compared to the 2020 financial year.

The group's general business strategy is to acquire developing businesses and to provide funding to meet the cash needs of those businesses until they can, within a reasonable period of time, become self-funding. Funding is provided through a combination of loans and share capital, depending on the country-specific regulatory requirements. From a subsidiary's perspective, intergroup loan funding is generally considered to be part of the capital structure. The focus on increased profitability and cash flow generation will continue into the foreseeable future, although the group will continue to actively evaluate potential growth opportunities within its areas of expertise.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

18. SHARE CAPITAL AND PREMIUM continued

Capital management continued

The group will also grow its business in the future by making equity investments in growth companies. The group anticipates that it may fund future acquisitions and investments through the issue of debt and equity instruments and utilisation of available cash resources.

The group follows a risk-based approach to the determination of the optimal capital structure. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group issued a seven-year US$1bn bond in July 2013. The bond had a maturity date of July 2020 and carried a fixed interest rate of 6% per annum. Following the issuance of a 10-year bond in 2020 (refer below) the group repaid the principal and accrued interest up to the maturity date of the bond in February 2020.

The group issued a 10-year US$1.2bn bond in July 2015. The bond matures in July 2025 and carries a fixed interest rate of 5.5% per annum. The group issued a 10-year US$1.0bn bond in July 2017. The bond matures in July 2027 and carries a fixed interest rate of 4.85% per annum.

The group issued a 10-year US$1.25bn bond in January 2020. The bond matures in January 2030 and carries a fixed interest rate of 3.68% per annum. The purpose of this offering was to raise proceeds to redeem the US$1.0bn bond that was redeemable in July 2020. The net proceeds of the offering of this bond was used by the group for the redemption of the 2020 bond and otherwise for general corporate purposes.

The group has an undrawn revolving credit facility (RCF) US$2.5bn of which US$2.33bn matures in April 2025 and US$0.17bn in April 2023 and bears interest at one month US LIBOR plus 1.25%, before commitment and utilisation fees.

The borrower under the bonds and the undrawn US$2.5bn (2019: undrawn balance of US$2.5bn) RCF (refer to the group's unutilised banking facilities disclosed in note 40) is Prosus N.V. and the facilities are guaranteed by Naspers Limited. The borrower is obligated to pay a commitment fee equal to 35% of the applicable margin under the RCF. The undrawn balance of the RCF is available to fund future investments and development expenditure by the group as part of its growth strategy. On 2 April 2020 (effective date) the RCF agreement was amended to remove Naspers Limited as the guarantor of the facility.

As of 31 March 2020 the group had total interest-bearing debt (including capitalised lease liabilities) of US$3.7bn (2019: US$3.2bn) and net cash balance including short-term cash investments of US$8.03bn (2019: US$9.16bn). The net interest-bearing debt-to-equity ratio was negative (2019: negative) at 31 March 2020 due to the group's net cash position. The group excludes capitalised lease liabilities from total interest-bearing debt when evaluating and managing capital. These items are considered to be operating in nature. The adjusted total interest-bearing debt (excluding capitalised lease liabilities) was US$3.52bn (2019: US$3.24bn) and the adjusted net interest-bearing debt-to-equity ratio was negative due to the group's net cash position of US$8.03bn (2019: US$9.16bn) at 31 March 2020.

The group does not have a formally targeted debt:equity ratio. The group has specific financial covenants in place with various financial institutions to govern its debt, all of which were complied with during the reporting period. These financial covenants are linked to various financial metrics including the net-debt-to-adjusted-EBITDA ratio and interest cover.

The group's listed bonds are rated by Moody's and Standard & Poor's (S&P) as Baa3 and BBB-, respectively, and both with a stable outlook.

19. OTHER RESERVES

	31 March 2020 US$'m	31 March 2019 US$'m
Other reserves in the statement of financial position comprise:		
Foreign currency translation reserve	**(2 647)**	(1 448)
Valuation reserve	**2**	641
Existing control business combination reserve	**(1 245)**	(1 087)
Share-based compensation reserve	**1 968**	1 687
	(1 922)	(207)

The foreign currency translation reserve relates to exchange differences arising on the translation of foreign operations' income statements and statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs from the group's presentation currency. The movement on the foreign currency translation reserve for the year relates primarily to the effects of foreign exchange rate fluctuations related to the group's net investments in its subsidiaries.

The valuation reserve relates to fair-value changes in financial assets at fair value through other comprehensive income, differences between the fair value and the contractually stipulated value of shares issued in business combinations and other acquisitions as well as the group's share of equity-accounted investees' revaluations of their financial assets at fair value through other comprehensive income. No amounts contained in the valuation reserve will be reclassified to the income statement in future periods.

The existing control business combination reserve is used to account for transactions with non-controlling shareholders, whereby the excess of the cost of the transactions over the acquirer's proportionate share of the net asset value acquired/sold is allocated to this reserve in equity. Written put option liabilities and other obligations that may require the group to purchase its own equity instruments by delivering cash or another financial asset are also initially recognised from this reserve. Similarly, written put option liabilities and other similar obligations are reclassified to this reserve in the event of cancellation or expiry. On disposal of a business, any amounts accumulated in the existing control business combination reserve in respect of that business are transferred to retained earnings.

The grant date fair value of share incentives issued to employees in equity-settled share-based payment transactions is accounted for in the share-based compensation reserve over the vesting period, if any. The reserve is adjusted at each reporting period when the entity revises its estimates of the number of share incentives that are expected to vest. The impact of revisions of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to this reserve in equity.

A significant proportion of the group's foreign currency translation, valuation and share-based compensation reserves relates to the group's interests in its equity-accounted investments, particularly Tencent.

20. RETAINED EARNINGS

The board recommends that shareholders are entitled to a gross payment in the form of a capital repayment of 11 euro cents per listed N ordinary share. Holders of A1 ordinary shares will receive a dividend distribution of 0.602 euro cents per share. Furthermore, the board recommends that holders of N ordinary shares as at 23 October 2020 (the dividend record date) who do not wish to receive a capital repayment can make a choice to receive a dividend instead. A choice for one option implies an opt-out of the other option. If confirmed by holders of N ordinary shares at the annual general meeting on 18 August 2020, elections to receive a dividend instead of a capital repayment will need to be made by holders of N ordinary shares by 9 November 2020. Capital repayments and dividends will be payable to shareholders recorded in the books on the dividend record date and paid on 17 November 2020.

Capital repayments will be paid from share capital for Dutch tax purposes. No dividend tax will be withheld on the amounts of capital reductions paid to shareholders.

Notes to the consolidated financial statements continued

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21. LONG-TERM LIABILITIES

	31 March					
	Long-term liabilities 2020 US$'m	**Current portion 2020 US$'m**	**Total liabilities 2020 US$'m**	Long-term liabilities 2019 US$'m	Current portion 2019 US$'m	Total liabilities 2019 US$'m
Interest bearing	**3 692**	**49**	**3 741**	3 242	13	3 255
Capitalised lease liabilities	**184**	**42**	**226**	5	3	8
Loans and other liabilities	**3 508**	**7**	**3 515**	3 237	10	3 247
Non-interest bearing	**20**	**14**	**34**	2	9	11
Loans and other liabilities	**20**	**14**	**34**	2	9	11
Total liabilities	**3 712**	**63**	**3 775**	3 244	22	3 266

Interest bearing: Capitalised lease liabilities

				31 March	
Type of lease	**Currency of year-end balance**	**Year of final repayment**	**Weighted average interest rate**	**2020 US$'m**	2019 US$'m
Buildings	Various	2020 – 2035	1.49% – 13.00%	**202**	–
Computers, furniture and office equipment	Various	2020 – 2026	3.08% – 12.86%	**18**	6
Vehicles	Various	2020 – 2024	1.54% – 9.14%	**6**	2
Total capitalised lease liabilities				**226**	8

Maturity profile

	31 March	
	2020 US$'m	2019 US$'m
Minimum instalments		
Payable within year one	**49**	3
Payable within year two	**52**	2
Payable within year three	**40**	2
Payable within year four	**28**	2
Payable within year five	**22**	–
Payable after year five	**66**	–
	257	9
Future finance costs on capitalised lease liabilities	**(31)**	(1)
Present value of capitalised lease liabilities	**226**	8

Maturity profile

	31 March	
	2020 US$'m	2019 US$'m
Present value		
Payable within year one	**42**	3
Payable within year two	**48**	2
Payable within year three	**37**	2
Payable within year four	**25**	1
Payable within year five	**19**	–
Payable after year five	**55**	–
Present value of capitalised lease liabilities	**226**	8

Interest bearing loans and other liabilities

					31 March	
	Asset secured	**Currency of year-end balance**	**Year of final repayment**	**Weighted average year-end interest rate**	**2020 US$'m**	2019 US$'m
Unsecured						
Publicly traded bond[(1)]		US$	2020	6.00%	**–**	1 000
Publicly traded bond[(1)]		US$	2025	5.50%	**1 200**	1 200
Publicly traded bond[(1)]		US$	2027	4.85%	**1 000**	1 000
Publicly traded bond[(1)]		US$	2030	3.68%	**1 250**	–
Various institutions		Various	Various	Various	**8**	22
Secured						
Exim Bank S.A.	Building	EUR	2021 – 2029	Euribor 1M + (1.44%–1.47%)	**37**	19
Raiffeisen Bank S.A.	Building	EUR	2021 – 2028	Euribor 1M + 1.47%	**21**	19
Various institutions		Various	Various	Various	**17**	–
Total facilities					**3 533**	3 260
Unamortised loan costs					**(18)**	(13)
					3 515	3 247

(1) The publicly traded bonds are listed on the Irish Stock Exchange (Euronext Dublin). Refer to note 18.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

21. LONG-TERM LIABILITIES continued

Non-interest bearing loans and other liabilities

Loans	Asset secured	Currency of year-end balance	Year of final repayment	31 March 2020 US$'m	31 March 2019 US$'m
Secured					
Automotive Finance Corporation	Various	US$	2020	**8**	-
Unsecured					
Earn-out obligations		Various	Conditional	**22**	6
Other		Various	Various	**4**	5
				34	11
Total long-term liabilities					
Repayment terms of long-term liabilities (excluding capitalised lease liabilities)					
Payable within year one				**21**	19
Payable within year two				**23**	1 011
Payable within year three				**15**	5
Payable within year four				**14**	4
Payable within year five				**10**	6
Payable after year five				**3 484**	2 226
				3 567	3 271
Unamortised loan costs				**(18)**	(13)
				3 549	3 258
Interest rate profile of long-term liabilities (long- and short-term portion, including capitalised lease liabilities)					
Liabilities at fixed rates: 1 to 12 months				**49**	6
Liabilities at fixed rates: more than 12 months				**3 626**	3 201
Interest-free loans				**34**	11
Liabilities linked to variable rates				**66**	48
				3 775	3 266

Reconciliation of liabilities arising from financing activities

	Capitalised lease liabilities[1] 2020 US$'m	Interest-bearing liabilities 2020 US$'m	Non-interest-bearing liabilities 2020 US$'m
Balance at 1 April 2019	**8**	**3 247**	**11**
Change in accounting policy[1]	**194**	**–**	**–**
Additional liabilities recognised	**58**	**1 285**	**13**
Additional earnout obligations	**–**	**–**	**2**
Repayments of long- and short-term debt	**(29)**	**(1 032)**	**(15)**
Repayments of interest on capitalised lease liabilities	**(9)**	**–**	**–**
Interest accrued	**8**	**1**	**–**
Acquisition of subsidiary	**12**	**33**	**20**
Disposal of subsidiary	**(2)**	**(5)**	**–**
Disposal of a business	**(1)**	**–**	**–**
Amortisation of transaction costs	**–**	**3**	**–**
Capitalisation of transaction costs	**–**	**(8)**	**–**
Foreign exchange translation	**(12)**	**(5)**	**–**
Transfer to held for sale	**(2)**	**(1)**	**–**
Other	**1**	**(3)**	**3**
Balance at 31 March 2020	**226**	**3 515**	**34**
Less: Current portion	**(42)**	**(7)**	**(14)**
Non-current liabilities	**184**	**3 508**	**20**

[1] Capitalised lease liabilities relate to all leases including those previously classified as operating leases in terms of IAS 17 which were not recognised on the statement of financial position. Refer to note 2 for details of the group's adoption of new accounting pronouncements during the reporting period.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

21. LONG-TERM LIABILITIES continued

Reconciliation of liabilities arising from financing activities continued

	Finance lease liabilities[1] 2019 US$'m	Interest bearing liabilities 2019 US$'m	Non-interest bearing liabilities 2019 US$'m
Balance at 1 April 2018	435	3 216	58
Additional liabilities recognised	–	60	2
Repayments of long- and short-term debt	(21)	(26)	(2)
Settlements of earnout obligations	–	–	(23)
Settlements of obligations relating to investing activities	–	–	(17)
Interest accrued	–	2	–
Remeasurement of contingent consideration	–	–	(3)
Acquisition of subsidiary	–	1	–
Disposal of subsidiary	(405)	(1)	–
Amortisation of transaction costs	–	2	–
Foreign exchange translation	(1)	(7)	(4)
Balance at 31 March 2019	8	3 247	11
Less: Current portion	(3)	(10)	(9)
Non-current liabilities	5	3 237	2

[1] Relates to previously classified finance leases in terms of IAS 17.

22. OTHER NON-CURRENT LIABILITIES

	31 March 2020 US$'m	31 March 2019 US$'m
Written put option liabilities[1]	**869**	827
Post-employment liabilities	**3**	2
Total other liabilities	**872**	829
Less: Current portion of other liabilities included in accrued expenses and other current liabilities (refer to note 24)	**(709)**	(289)
Non-current portion of other liabilities	**163**	540

[1] Relates to put options written over the non-controlling interests in the group's letgo classifieds business, Frontier Car Group, Dante International S.A. (eMAG), Movile Internet Movel S.A. and various other smaller ecommerce units.

During the year, the group recognised an aggregate gain on the remeasurement of written put option liabilities of US$53.0m (2019: US$52.8m) as part of "Other finance income – net" in the income statement (refer to note 29). The movement in the put option liability in the current year is predominantly as a result of the group's acquisition of Frontier Car Group, Extreme Digital and PaySense which increased the liability, as well as the decrease in the put option liability related to letgo classifieds business. The group signed an agreement in March 2020 to contribute its US letgo classifieds business in exchange for an equity interest in OfferUp Inc., a US online marketplace. The put option liability related to this business was measured with reference to its transaction value as it will be settled upon closing of this transaction (refer to note 43). The net remeasurement gain recognised is predominantly as a result of the decrease of the put option liability arising from a decline in value of the letgo classifieds business and the increase in the put option liability arising from the increase in value of the eMAG and Movile businesses.

The maturity profile of the group's written put option liabilities is detailed in the table below and reflects the first date on which the respective written put options can be contractually exercised:

	31 March 2020 US$'m	31 March 2019 US$'m
Exercisable within one year	**709**	289
Exercisable within one to two years	**29**	286
Exercisable after two to five years	**131**	252
Total other liabilities	**869**	827

The group has the contractual discretion to settle all written put option obligations either in cash or in Naspers N ordinary shares.

The majority of the group's written put option liabilities are exercisable when non-controlling shareholders request an initial public offering (IPO) of the relevant group subsidiary and the IPO is either declined by the group or is ultimately unsuccessful.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

22. OTHER NON-CURRENT LIABILITIES continued

Sensitivity analysis

The measurement of written put option liabilities is based on the value of the underlying businesses, calculated either through a discounted cash flow analysis or through prices observed in orderly transactions. At 31 March 2020, 36% (2019: 27%) of the total balance of written put option liabilities has been measured using discounted cash flow analyses. The discounted cash flow analysis took into account adjusted cash flow projections and budgets as a result of the Covid-19 pandemic. This adjustment took into account the impact of the pandemic on revenue and margins as well as the periods of interruptions to business operations as a result of lockdown restrictions. Accordingly, the measurement of written put option liabilities is subject to significant estimation uncertainty. The following analysis illustrates the sensitivity of written put option liabilities to reasonable changes in the most significant underlying variables used in their measurement for put options valued using a discounted cash flow analysis:

	31 March	
Increase/(decrease) in written put option liabilities and loss/(gain) in the income statement	**2020 US$'m**	2019 US$'m
1% increase in the discount rate and a 1% decrease in the terminal growth rate	**(53)**	(36)
1% decrease in the discount rate and a 1% increase the terminal growth rate	**62**	44

Other assumptions contained in the discounted cash flow analysis used by the group when valuing written put option liabilities vary widely between obligations due to the group's diverse range of business models and are closely linked to entity-specific key performance indicators. For put options valued using orderly transactions, the group assessed whether the transaction value as at 31 March 2020 was appropriate in light of the Covid-19 pandemic. This took into account the current operational performance, adjusted budget forecasts as well as broader market expectations. On 31 March 2020, the impact of the Covid-19 pandemic on the written put option liabilities based on transaction value was not considered to be significant and the value was therefore still considered to be appropriate.

Movements during the year on the group's written put option liabilities are detailed below. Cash flows arising from the settlement of written put option liabilities are presented as part of financing activities in the statement of cash flows.

	31 March	
	2020 US$'m	2019 US$'m
Opening balance	**827**	2 394
Additional obligations raised	**142**	83
Remeasurements recognised in the income statement	**(53)**	(53)
Settlements	**–**	(1 566)
Foreign currency translation effects	**(47)**	(31)
Closing balance	**869**	827

23. PROVISIONS

	31 March	
	2020 US$'m	2019 US$'m
Pending litigation	**5**	10
Reorganisation	**1**	2
Long-service and retirement gratuity	**3**	4
Other	**3**	1
Total provisions	**12**	17
Less: Non-current portion of provisions	**(3)**	(3)
Current portion of provisions	**9**	14

Provisions relate to a variety of obligations for the group as follows:

The group is currently involved in various litigation matters. The litigation provision has been estimated based on management assessment on likelihood of requirements on legal counsel and management's estimates of costs and possible claims relating to these after taking appropriate legal advice. Please refer to note 25(d) for contingent assets disclosed in respect of the group's litigation matters.

The provision for reorganisation relates to the relocation costs of certain of our operations.

The provision for long service and retirement gratuity relates to the estimated cost of these employee benefits.

Included in other provisions are estimated amounts related to other regulatory matters.

24. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March	
	2020 US$'m	2019 US$'m
Deferred income[(1)]	**51**	42
Accrued expenses*	**153**	172
Amounts owing in respect of investments acquired*	**4**	47
Taxes and other statutory liabilities	**59**	72
Bonus accrual	**53**	46
Accrual for leave	**16**	10
Other personnel accruals	**27**	27
Payments received in advance	**19**	14
Cash-settled share-based payment liability (refer to note 42)	**143**	168
Payables from reverse factoring arrangements*	**58**	57
Merchant payable*	**357**	285
Written put option liabilities (refer to note 22)*	**709**	289
Other current liabilities**	**19**	20
	1 668	1 249

(1) Relates to revenue received in advance from contracts with customers. Refer to note 26 for movements in deferred income balances.
* Financial liabilities.
** Includes financial liabilities of US$15.8m (2019: US$14.3m).

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25. COMMITMENTS AND CONTINGENCIES

The group is subject to commitments and contingencies, which occur in the normal course of business, including legal proceedings and claims that cover a wide range of matters. The group plans to fund these commitments and contingencies out of existing facilities and internally generated funds.

(a) Capital expenditure

Commitments in respect of contracts placed for capital expenditure at 31 March 2020 amount to US$nil (2019: US$5.6m).

(b) Other commitments

The group entered into contracts for the receipt of various services. These service contracts are for the receipt of information technology and computer support services, access to networks, consulting services and contractual relationships with customers, suppliers and employees. The group's commitments in respect of these agreements amount to US$102.9m (2019: US$23.2m).

(c) Lease commitments

Lease commitments include the group's short-term lease arrangements as well as other contractual lease agreements whose commencement date is after 31 March 2020. Short-term lease commitments relate to leasing arrangements with lease terms of 12 months or less that are not recognised on the statement of financial position. Lease commitments as at 31 March 2019 relate to lease agreements previously classified as operating leases in terms of IAS 17 which were not recognised on the statement of financial position. The group has the following lease commitments at 31 March 2020:

	31 March 2020 US$'m	31 March 2019 US$'m
Minimum lease payments:[1]		
Payable in year one	1	34
Payable in year two	1	34
Payable in year three	2	33
Payable in year four	2	27
Payable in year five	2	17
Payable after five years	5	36
	13	181

[1] The significant decrease in the current year is due to the adoption of IFRS 16. Refer to note 2 for the adoption of new accounting pronouncements during the reporting period.

(d) Litigation claims

Taxation matters

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$170.8m (2019: US$177.0m) related to amounts receivable from tax authorities.

(e) Assets pledged as collateral

The group pledged property, plant and equipment, investments, cash and cash equivalents, trade receivables and other working capital as collateral against its secured long-term liabilities with an outstanding balance of US$83.9m (2019: US$46.4m). Refer to note 21 for further details.

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Reportable segment(s) where revenue is included	31 March 2020 US$'m	31 March 2019 US$'m
Online sale of goods revenue	Etail and Classifieds	1 539	1 193
Classifieds listings revenue	Classifieds	772	606
Payment transaction commissions and fees	Payments and Fintech	380	309
Mobile and other content revenue	Other ecommerce	173	159
Food Delivery revenue	Food Delivery	310	159
Travel package revenue and commissions	Travel	–	27
Advertising revenue	Classifieds	91	100
Comparison shopping commissions and fees	Other ecommerce	22	45
Other revenue	Various	43	57
		3 330	2 655

Revenue is presented on an economic-interest basis (ie including a 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.

The group has recognised the following assets and liabilities in the statement of financial position that relate to revenue from contracts with customers:

Accrued income (refer to note 15)

	31 March 2020 US$'m	31 March 2019 US$'m
Accrued income	22	22
Accrued income net of impairment allowance[1]	22	22

[1] Refer to note 40 for the group's credit risk management policy. Impairment allowances recorded on accrued income balances were not significant.

Deferred income (refer to note 24)

	31 March 2020 US$'m	31 March 2019 US$'m
Deferred income	51	42
	51	42

Revenue recognised in relation to deferred income liabilities

The following table depicts the amount of revenue recognised in each reporting period that related to amounts included within the opening balance of deferred income for that reporting period:

	31 March 2020 US$'m	31 March 2019 US$'m
Revenue recognised that was included in the deferred income balance at the beginning of the year	23	24

There were no significant changes in accrued income or deferred revenue balances during any of the periods presented.

Unsatisfied long-term contracts

The group has no unsatisfied long-term contracts as at 31 March 2020 (2019: US$nil).

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27. EXPENSES BY NATURE

	31 March 2020 US$'m	31 March 2019 US$'m
Operating profit includes the following items:		
Depreciation classification		
Selling, general and administration expenses	**80**	25
Amortisation classification		
Selling, general and administration expenses	**103**	95
Lease payments[1]		
Short-term lease payments	**2**	6
Auditor's remuneration – PwC in the Netherlands[2]		
Audit fees of the financial statements	**2**	–
Other audit services	**2**	1
Tax services	**–**	1
Auditor's remuneration – PwC network outside the Netherlands		
Audit fees of the financial statements	**4**	3
Total audit fees	**8**	5
Staff costs		
The total cost of employment of all employees, including executive directors, was as follows:		
Salaries, wages and bonuses	**810**	681
Retirement benefit costs	**2**	–
Medical aid fund contributions	**–**	1
Post-employment benefits	**1**	1
Cash-settled share-based compensation expenses	**88**	53
Equity-settled share-based compensation expenses	**63**	57
	964	793
Training costs	**8**	7
Retention option expense	**61**	11
Total staff costs	**1 033**	811
Advertising expenses	**299**	292
Cost of providing services and sale of goods	**1 942**	1 400
Other purchases and expenses	**472**	403
Total	**3 939**	3 037

(1) Lease expenses recognised during 31 March 2019 relate to previously classified operating leases in terms of IAS 17. Refer to note 2 for details of the adoption of new accounting pronouncements during the reporting period.

(2) The fees listed relate to the procedures applied to the company and its consolidated group entities by accounting firms and external auditors as referred to in section 1, subsection 1 of the Audit Firms Supervision Act ('Wet Toezicht Accountantsorganisaties') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. The fees relate to the audit of the financial statements for the respective financial year.

28. OTHER GAINS/(LOSSES) – NET

	31 March 2020 US$'m	31 March 2019 US$'m
Loss on sale of assets	**–**	(1)
Fair-value adjustments on financial instruments	**4**	(27)
Impairment losses	**(10)**	(7)
Impairment of goodwill and other intangible assets	**(10)**	(7)
Gains recognised on loss of significant influence	**13**	–
Dividends received on investments	**5**	–
Other	**4**	(5)
Total other gains/(losses) – net	**16**	(40)

Refer to notes 6 and 7 for further information on the above impairments.

29. FINANCE INCOME/(COSTS)

	31 March 2020 US$'m	31 March 2019 US$'m
Interest income		
Loans and bank accounts	**198**	265
Other	**3**	–
	201	265
Interest expense		
Loans and overdrafts	**(208)**	(196)
Capitalised lease liabilities	**(8)**	–
Other	**(7)**	(4)
	(223)	(200)
Net profit from foreign exchange translation and fair-value adjustments on derivative financial instruments		
On translation of assets and liabilities	**32**	46
On translation of forward exchange contracts and cross-currency interest rate swap	**29**	15
	61	61
Remeasurement of written put option liabilities	**53**	53
Other finance income – net	**114**	114
Total finance income/(costs) – net	**92**	179

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30. NET GAINS ON ACQUISITIONS AND DISPOSALS

	31 March 2020 US$'m	31 March 2019 US$'m
Gains on sale of investments – net	**447**	1 618
Gains recognised on loss of control transactions	**17**	–
Remeasurement of contingent consideration	**–**	3
Transaction-related costs[1]	**(85)**	(18)
Securities tax on internal restructuring	**(18)**	–
Remeasurement of previously held interest	**73**	7
	434	1 610

[1] Includes transaction-related cost regarding the listing of the Prosus, as well as other acquisition and disposal transactions.

31. TAXATION

	31 March 2020 US$'m	31 March 2019 US$'m
Current taxation	**102**	264
Current year	**102**	261
Prior year	**–**	3
Deferred taxation	**(27)**	(6)
Current year	**(27)**	(15)
Prior year	**–**	9
Total taxation per income statement	**75**	258
Reconciliation of taxation		
Taxation at statutory rates[1]	**948**	1 126
Adjusted for:		
Non-deductible expenses[2]	**130**	59
Non-taxable income[2]	**(214)**	(54)
Temporary differences not provided for[3]	**228**	106
Assessed losses utilised	**(2)**	(4)
Initial recognition of prior year taxes	**(1)**	–
Other taxes	**6**	9
Tax attributable to equity-accounted earnings	**(983)**	(853)
Tax adjustment for foreign taxation rates	**(37)**	(131)
Taxation provided in income statement	**75**	258

[1] The reconciliation of taxation has been performed using the statutory tax rate of Prosus of 25% (2019: 25%). The impact of different tax rates applied to profits earned in other jurisdictions is disclosed above as "Tax adjustment for foreign taxation rates".
[2] Non-deductible expenses relate primarily to impairment losses and dilutions of equity-accounted investments. Non-taxable income relates primarily to the gains on disposals of subsidiaries and associates.
[3] Temporary differences not provided for relate primarily to loss-making entities that did not recognise deferred tax assets.

32. EARNINGS PER SHARE

	31 March 2020 Gross US$'m	2020 Taxation US$'m	2020 Non-controlling interests US$'m	2020 Net US$'m	31 March 2019 Gross US$'m	2019 Taxation US$'m	2019 Non-controlling interests US$'m	2019 Net US$'m
Earnings								
Basic earnings attributable to shareholders				**3 824**				4 303
Impact of dilutive instruments of subsidiaries, associates and joint ventures				**(65)**				(47)
Diluted earnings attributable to shareholders				**3 759**				4 256
Headline adjustments[2]								
Adjustments for:	**(1 089)**	**11**	**49**	**(1 029)**	(655)	179	(21)	(497)
Impairment of goodwill and other intangible assets	**10**	**–**	**–**	**10**	5	–	–	5
Loss on sale of assets	**–**	**–**	**–**	**–**	1	–	–	1
Gains on loss on of control transactions	**(17)**	**–**	**–**	**(17)**	–	–	–	–
Gains on loss on of significant influence	**(13)**	**–**	**1**	**(12)**	–	–	–	–
Net gains on acquisitions and disposals of investments	**(447)**	**4**	**49**	**(394)**	(1 618)	181	–	(1 437)
Remeasurement of previously held interest	**(73)**	**–**	**–**	**(73)**	(7)	–	1	(6)
Dilution losses on equity-accounted investments	**52**	**–**	**–**	**52**	182	–	–	182
Remeasurements included in equity-accounted earnings[1]	**(622)**	**7**	**(1)**	**(616)**	694	(2)	(22)	670
Impairment of equity-accounted investments	**21**	**–**	**–**	**21**	88	–	–	88
Basic headline earnings				**2 795**				3 806
Diluted headline earnings				**2 730**				3 759

[1] Remeasurements included in equity-accounted earnings include US$841.9m (2019: US$126.4m) relating to gains arising on acquisitions and disposals by associates and US$226.7m (2019: US$799.4m) relating to impairments of assets recognised by associates.
[2] Headline earnings represent net profit for the year attributable to equity holders of the group, excluding certain defined separately identifiable remeasurements. The headline earnings measure is in pursuance of the JSE Listings Requirements. Refer to note 2 for detailed accounting policy relating to earnings per share.

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32. EARNINGS PER SHARE continued

	2020 Number of shares	2019 Number of shares[1]
Number of ordinary shares in issue at year end[2]	**1 628 163 888**	1 628 163 888
Adjusted for A1 ordinary share's earnings percentage	**(2 809 454)**	(2 809 454)
Weighted average number of ordinary shares in issue during the year	**1 625 354 434**	1 625 354 434
Adjusted for effect of future share-based payment transactions	**–**	–
Diluted weighted average number of ordinary shares in issue during the year	**1 625 354 434**	1 625 354 434
Earnings per ordinary share (US cents) from continuing operations		
Basic	**235**	265
Diluted	**231**	262
Headline earnings per ordinary share (US cents)		
Basic	**172**	234
Diluted	**168**	232

[1] Per share information for the comparative periods is based on the net number of shares issued for the year ended 31 March 2020 to permit comparability. This is also applied as the actual change in shares issued represents a capitalisation without consideration (refer to note 2).
[2] Ordinary shares includes both A ordinary shares and N ordinary shares.

33. CASH FROM OPERATIONS

	31 March 2020 US$'m	31 March 2019 US$'m
Profit before tax from continuing operations per income statement	**3 790**	4 506
Adjustments relating to continuing operations:		
Non-cash and other	**(4 092)**	(4 711)
Loss on sale of assets	**–**	1
Depreciation and amortisation	**183**	120
Retention option expense	**61**	11
Share-based compensation expenses	**151**	110
Net finance income	**(92)**	(179)
Share of equity-accounted results	**(3 930)**	(3 409)
Impairment of equity-accounted investments	**21**	88
Gains on acquisitions and disposals	**(519)**	(1 628)
Dilution losses on equity-accounted investments	**52**	182
Gains recognised on loss of significant influence	**(13)**	–
Net realisable value adjustments on inventory, net of reversals	**1**	2
Impairment losses	**10**	7
Other	**(17)**	(16)
Operating cash flows of discontinued operations, net of adjustments for non-cash and other items	**–**	(46)
	(302)	(251)
Working capital	**(173)**	(121)
Cash movement in trade and other receivables	**18**	(3)
Cash movement in payables and accruals	**(165)**	(62)
Cash movement in programme and film rights	**–**	19
Cash movement in inventories	**(26)**	(75)
Total cash utilised in operations	**(475)**	(372)

Notes to the consolidated financial statements continued

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34. ACQUISITIONS OF SUBSIDIARIES AND BUSINESSES

	31 March 2020 US$'m	31 March 2019 US$'m
Fair value of assets and liabilities:		
Property, plant and equipment	**28**	3
Other intangible assets	**255**	58
Net current assets	**253**	48
Deferred taxation	**(59)**	(8)
Long-term liabilities	**(65)**	(3)
	412	98
Non-controlling interests	**(53)**	(13)
Derecognition of equity-accounted investments	**(78)**	(15)
Remeasurement of previously held interest	**(73)**	(7)
Goodwill recognised	**566**	105
Purchase consideration	**774**	168
Contribution of subsidiary	**(24)**	–
Amount to be settled in future	**(3)**	–
Net cash in subsidiaries and businesses acquired	**(279)**	(66)
Net cash outflow from acquisitions of subsidiaries and businesses	**468**	102

35. DISPOSALS OF SUBSIDIARIES AND BUSINESSES

	31 March 2020 US$'m	31 March 2019 US$'m
Carrying values of assets and liabilities:		
Property, plant and equipment	**4**	496
Goodwill	**5**	25
Other intangible assets	**6**	25
Net current liabilities	**(20)**	(11)
Deferred taxation	**(2)**	(10)
Long-term liabilities	**–**	(406)
Foreign currency translation reserve realised	**191**	594
	184	713
Distribution to owners	**–**	119
Non-controlling interests	**10**	(288)
Existing control business combination reserve	**(21)**	55
(Loss)/gain on disposal – net	**(153)**	(567)
Shown as part of continuing operations	**(153)**	24
Shown as part of discontinued operations	**–**	(591)
Selling price	**20**	32
Net cash in subsidiaries and businesses disposed of	**2**	(179)
Net cash inflow/(outflow) from disposals of subsidiaries and businesses	**22**	(147)

36. ACQUISITION OF AND ADDITIONAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Included in acquisition of and additional investments in associates of US$374.0m (2019: US$1 277.0m) are the following: Swiggy US$100.1m, Meesho Inc US$79.7m, Udemy US$43.0m, NTEx Transportation services (Elasticrun) US$30.2m, Brainly Inc US$25.0m and other acquisitions of US$96.0m (2019: Swiggy US$716.4m, BYJU's US$383.2m, Frontier Car Group US$89.4m, Honor US$35.0m, PaySense US$11.5m and other acquisitions of US$41.5m). These investments were classified as investments in associates.

Included in acquisition of and additional investments in joint ventures of US$23.0m (2019: US$18.8m) is El Cochinero US$23.0m (2019: El Cochinero US$8.8m and THL MIH Limited US$7.8m and other additional investments of US$1.2m). These investments were classified as investments in joint ventures.

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37. SHORT-TERM INVESTMENTS

The carrying values of short-term investments as at 31 March are shown below.

	Weighted average interest rate	31 March 2020 US$'m	31 March 2019 US$'m
Money market and long-term deposits	2.1%	**3 839**	6 967
Accrued interest income		**34**	70
		3 873	7 037

The money market and long-term deposits of US$3.84bn (2019: US$6.97bn) are denominated in US dollar.

The above investments have maturity dates (from the date of acquisition) of between three and 12 months and have accordingly not been disclosed as part of cash and cash equivalents.

Short-term investments are classified as financial assets at amortised cost. Due to their short-term nature, the carrying values of these investments are considered to be a reasonable approximation of their fair values. None of the group's short-term investments were past due or subject to significant impairment allowances as at 31 March 2020.

Short-term investments are held by entities that have the same functional currencies as the currencies in which the investments are denominated and accordingly do not give rise to foreign currency risk. Due to the nature of short-term investments, there is an insignificant exposure to price risk.

Refer to note 40 for further information regarding the credit risk of short-term investments.

38. CASH AND CASH EQUIVALENTS

	31 March 2020 US$'m	31 March 2019 US$'m
Cash at bank and on hand	**848**	1 222
Short-term bank deposits[1]	**3 333**	913
Bank overdrafts	**(32)**	(8)
	4 149	2 127
Restricted cash		
The following cash balances are restricted from immediate use:		
Classifieds	**5**	4
Payments and Fintech	**166**	128
Other ecommerce	**1**	–
Total restricted cash	**172**	132

[1] Included in short-term bank deposits is an amount of US$650.0m (2019: US$410.0m) which represents money-market investments held with major banking groups and high-quality institutions that have AAA money market fund credit ratings from internationally recognised ratings agencies.

Restricted cash is still included in cash and cash equivalents due to the fact that it mostly relates to cash held on behalf of customers.

39. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executive directors, who make strategic decisions. The Prosus group has the same governance structures as its ultimate controlling parent, Naspers. It has the same board and management oversight, including the same individuals comprising the CODM. Accordingly, the CODM for Naspers Limited is the same CODM for the Prosus group.

The group proportionately consolidates its share of the results of its associated companies and joint ventures in its reportable segments. This is considered to provide additional information on the economic reality of these investments and corresponds to the manner in which the CODM assesses segmental performance.

The group has identified its operating segments based on its business by service or product as follows: social and internet platforms and ecommerce and corporate. Below are the types of services and products from which each segment generates revenue:

Continuing operations

Ecommerce – the group operates internet platforms to provide various services and products. These platforms and communities offer ecommerce, communication, social networks, entertainment and mobile value-added services. The reportable segments within ecommerce include classifieds, payments and fintech, food delivery, etail, travel and other ecommerce.

- *Classifieds* – the group operates a number of leading online classifieds platforms comprising general classifieds (such as OLX and letgo) and verticals (automotive and real estate verticals) in more than 32 markets globally.
- *Payments and Fintech* – operates one of the largest mobile and online payment platforms in 20 markets through PayU, an online payment services provider. This segment also includes the group's fintech and credit interests via associates and subsidiaries.
- *Food Delivery* – the group invests in leading global online food ordering and delivery platforms operating in regions including India, Latin America and across Europe, Asia and the Middle East through its investments in Delivery Hero, Swiggy and iFood.
- *Etail* – comprises the group's etail subsidiaries (eMAG) and, up to the first half of the financial year ended 31 March 2019, the group's associate Flipkart. The group's operations are spread across Central and Eastern Europe and India.
- *Travel* – in the prior year, the group through its investment in MakeMyTrip in India operated a platform for online travel services including flight tickets and hotel reservations. We include eight months of results for MakeMyTrip in our segmental results for the current 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. After the Trip.com transaction, our travel segment will cease to exist and will not be reported on after this financial year.
- *Other Ecommerce* – this segment comprises the group's mobile and other content businesses and up to the date of disposal of the group's online comparison shopping business. Also included are various corporate support functions for the ecommerce segment.
- *Social and internet platforms* – the group holds listed investments in social and internet platforms through Tencent, China's largest and most used internet services platform and Mail.ru, a leading internet company in Russian speaking markets.
- *Corporate* – this segment comprises entities providing various corporate functions and activities. These services include, but are not limited to, executive oversight, information management, legal, treasury, control and accounting, human resources, taxes and investor relations.

Sales between the above segments are eliminated in the "inter-segmental" column. The revenue from external parties and all other items of income, expenses, profits and losses reported in the segment report is measured in a manner consistent with that in the income statement. EBITDA, as presented in the segmental report, refers to earnings before interest, tax, depreciation, amortisation and cash-settled share-based payment expenses.

The revenues from external customers for each major group of products and services are disclosed in note 26. The group is not reliant on any one major customer as the group's products are consumed by the general public in a large number of countries.

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39. SEGMENT INFORMATION continued

Discontinued operations

Discontinued operations relate to the group's sub-Saharan Video Entertainment business which the disposed of, and which was subsequently listed and distributed by the Naspers group to its shareholders in an unbundling transaction in February 2019 (refer to note 3). This segment offered digital satellite and digital terrestrial television services to subscribers as well as mobile and internet services through MultiChoice Africa in the 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. 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.

	Revenue Year ended 31 March					
	2020 US$'m	**2020 US$'m**	**2020 US$'m**	2019 US$'m	2019 US$'m	2019 US$'m
	External	**Inter-segmental**	**Total**	External	Inter-segmental	Total
Ecommerce	**4 266**	**–**	**4 266**	3 596	–	3 596
Classifieds	**1 281**	**–**	**1 281**	857	–	857
Payments and Fintech	**422**	**6**	**428**	354	6	360
Food Delivery	**751**	**–**	**751**	377	–	377
Etail	**1 363**	**–**	**1 363**	1 529	–	1 529
Travel	**146**	**–**	**146**	233	1	234
Other and Eliminations	**303**	**(6)**	**297**	246	(7)	239
Social and internet platforms	**17 189**	**–**	**17 189**	14 744	–	14 744
Tencent	**16 779**	**–**	**16 779**	14 457	–	14 457
Mail.ru	**410**	**–**	**410**	287	–	287
Corporate	**–**	**–**	**–**	–	–	–
Total economic interest from continuing operations	**21 455**	**–**	**21 455**	18 340	–	18 340
Less: Equity-accounted investments	**(18 125)**	**–**	**(18 125)**	(15 685)	–	(15 685)
Total consolidated from continuing operations	**3 330**	**–**	**3 330**	2 655	–	2 655
Total consolidated from discontinued operations	**–**	**–**	**–**	644	–	644
Total consolidated	**3 330**	**–**	**3 330**	3 299		3 299

	Year ended 31 March 2020						
	US$'m Total revenue	**US$'m COPS and SGA[1]**	**US$'m EBITDA**	**US$'m Deprecia-tion**	**US$'m Amorti-sation of software**	**US$'m Interest on finance leases**	**US$'m Trading (loss)/ profit**
Ecommerce	**4 266**	**(5 055)**	**(789)**	**(108)**	**(12)**	**(9)**	**(918)**
Classifieds	**1 281**	**(1 199)**	**82**	**(40)**	**(3)**	**(5)**	**34**
Payments and Fintech	**428**	**(488)**	**(60)**	**(6)**	**–**	**(1)**	**(67)**
Food Delivery	**751**	**(1 347)**	**(596)**	**(24)**	**(3)**	**(1)**	**(624)**
Etail	**1 363**	**(1 355)**	**8**	**(25)**	**(2)**	**(1)**	**(20)**
Travel	**146**	**(165)**	**(19)**	**(3)**	**–**	**–**	**(22)**
Other and Eliminations	**297**	**(501)**	**(204)**	**(10)**	**(4)**	**(1)**	**(219)**
Social and internet platforms	**17 189**	**(11 734)**	**5 455**	**(705)**	**(25)**	**(26)**	**4 699**
Tencent	**16 779**	**(11 451)**	**5 328**	**(692)**	**(11)**	**(24)**	**4 601**
Mail.ru	**410**	**(283)**	**127**	**(13)**	**(14)**	**(2)**	**98**
Corporate[2]	**–**	**(4)**	**(4)**	**–**	**–**	**–**	**(4)**
Total economic interest	**21 455**	**(16 793)**	**4 662**	**(813)**	**(37)**	**(35)**	**3 777**
Less: Equity-accounted investments	**(18 125)**	**13 139**	**(4 986)**	**733**	**28**	**27**	**(4 198)**
Total consolidated	**3 330**	**(3 654)**	**(324)**	**(80)**	**(9)**	**(8)**	**(421)**

[1] Refers to cost of providing services and sale of goods as well as selling, general and administration expenses.
[2] Corporate cost of US$3.5m has been incurred subsequent to the listing of the Prosus group.

Notes to the consolidated financial statements continued

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39. SEGMENT INFORMATION continued

	Year ended 31 March 2019					
	US$'m Total revenue	US$'m COPS and SGA[1]	US$'m EBITDA	US$'m Deprecia-tion	US$'m Amorti-sation of software	US$'m Trading (loss)/profit
Ecommerce	3 596	(4 115)	(519)	(37)	(19)	(575)
Classifieds	857	(847)	10	(13)	(3)	(6)
Payments and Fintech	360	(399)	(39)	(4)	–	(43)
Food Delivery	377	(539)	(162)	(4)	(5)	(171)
Etail	1 529	(1 616)	(87)	(13)	(1)	(101)
Travel	234	(270)	(36)	(1)	–	(37)
Other and Eliminations	239	(444)	(205)	(2)	(10)	(217)
Social and internet platforms	14 744	(10 375)	4 369	(400)	(17)	3 952
Tencent	14 457	(10 133)	4 324	(388)	(7)	3 929
Mail.ru	287	(242)	45	(12)	(10)	23
Corporate	–	–	–	–	–	–
Total economic interest	18 340	(14 490)	3 850	(437)	(36)	3 377
Less: Equity-accounted investments	(15 685)	11 570	(4 115)	412	20	(3 683)
Total consolidated from continuing operations	2 655	(2 920)	(265)	(25)	(16)	(306)
Total consolidated from discontinued operations	644	(755)	(111)	(41)	(2)	(154)
Total consolidated	3 299	(3 675)	(376)	(66)	(18)	(460)

(1) Refers to cost of providing services and sale of goods as well as selling, general and administration expenses.

Additional disclosure

	Year ended 31 March 2020			
	US$'m Impairment of assets	**US$'m Remeasurement of written put option liabilities**	**US$'m Share of equity-accounted results**	**Average number of employees[1]**
Ecommerce	**–**	**53**	**(296)**	**16 875**
Classifieds	**–**	**239**	**(22)**	**6 482**
Payments and Fintech	**–**	**–**	**(23)**	**2 080**
Food Delivery	**–**	**–**	**(166)**	**2 882**
Etail	**–**	**(59)**	**–**	**5 223**
Travel	**–**	**–**	**(27)**	**–**
Other	**–**	**(127)**	**(58)**	**208**
Social and internet platforms	**(201)**	**–**	**4 226**	
Tencent	**(175)**	**–**	**4 178**	
Mail.ru	**(26)**	**–**	**48**	
Corporate	**–**	**–**	**–**	**164**
Total reportable segments	**(201)**	**53**	**3 930**	**17 039**
Less: Equity-accounted investments[2]	**201**	**–**	**–**	
Total	**–**	**53**	**3 930**	**17 039**

	Year ended 31 March 2019			
	US$'m Impairment of assets	US$'m Remeasurement of written put option liabilities	US$'m Share of equity-accounted results	Average number of employees[1]
Ecommerce	(7)	53	(252)	13 846
Classifieds	–	86	5	4 885
Payments and Fintech	–	3	(29)	1 440
Food Delivery	–	–	(66)	1 862
Etail	(2)	7	(43)	4 707
Travel	(1)	–	(73)	4
Other	(4)	(43)	(46)	948
Social and internet platforms	(806)	–	3 661	
Tencent	(799)	–	3 696	
Mail.ru	(7)	–	(35)	
Corporate	–	–	–	96
Total reportable segments	(813)	53	3 409	13 942
Less: Equity-accounted investments[2]	806	–	–	
Total	(7)	53	3 409	13 942

(1) Includes 177 (2019: 139) employees working in the Netherlands. As at 31 March 2020 the group employed 20 524 (2019: 15 078) permanent employees.
(2) All associates' and joint ventures' results are accounted for using the equity method.

Notes to the consolidated financial statements continued

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39. SEGMENT INFORMATION continued

Trading loss as presented in the segment disclosure is the CODM's measure of each segment's operational performance. A reconciliation of the segmental trading profit/(loss) to operating profit/(loss) and profit before tax as reported in the income statement is provided below:

	31 March 2020 US$'m	31 March 2019 US$'m
Trading loss from continuing operations per segment report	**(421)**	(306)
Interest on capitalised leases	**8**	–
Amortisation of other intangible assets	**(94)**	(87)
Other gains/(losses) – net	**16**	(40)
Retention option expense	**(61)**	(11)
Share-based incentives calculated on a cash-settled basis(1)	**(25)**	45
Share-based incentives settled in Naspers Limited shares(2)	**(16)**	(23)
Operating loss per the income statement	**(593)**	(422)
Interest income	**201**	265
Interest expense	**(223)**	(200)
Other finance income/(costs) – net	**114**	114
Share of equity-accounted results	**3 930**	3 409
Impairment of equity-accounted investments	**(21)**	(88)
Dilution losses on equity-accounted investments	**(52)**	(182)
Net gains on acquisitions and disposals	**434**	1 610
Profit before taxation per the income statement	**3 790**	4 506

(1) Represents the differential between share-based incentives valued 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 Limited 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.

On 24 April 2020, the Naspers board approved a prospective change in the settlement mechanism for the group's share appreciation rights (SARs) plans from settlement in Naspers N ordinary shares to using cash resources for settlement. Accordingly, going forward these plans will be classified as cash-settled share-based payment expenses at both Prosus and Naspers. The change in settlement mechanism had no impact on the Prosus consolidated accounts, however the CODM will review share-based incentives on a cash-settled basis for both Naspers and Prosus going forward. The cash-settled charge will therefore be included in the group's trading profit going forward.

Geographical information

The group operates in five main geographical areas:

Asia – The group's activities comprise its interests in internet activities based in China, India, Thailand and Singapore.

Europe – The group's activities comprise its interest in internet activities based in Central and Eastern Europe and Russia. Furthermore, the group generates revenue from services provided by subsidiaries based in the Netherlands.

Latin America – The group's activities comprise its interests in internet activities based in Brazil and other Latin American countries.

Africa – The group derives revenues primarily from payments and fintech and classifieds services and products.

Other – Includes the group's provision of various products and internet services located mainly in Australia and the United States of America.

	Asia US$'m	Europe US$'m	Latin America US$'m	Other US$'m	Total US$'m
March 2020					
External consolidated revenue	**341**	**2 187**	**624**	**178**	**3 330**
External proportionately consolidated revenue(1)	**17 450**	**3 069**	**677**	**259**	**21 455**
March 2019					
External consolidated revenue from continuing operations	215	1 895	423	122	2 655
External proportionately consolidated revenue from continuing operations(1)	15 270	2 431	469	170	18 340

(1) Revenue includes the group's proportionate share of associates' and joint ventures' external revenue.

Revenue is allocated to a country based on the location of subscribers or users/customers.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

40. FINANCIAL RISK MANAGEMENT

Financial risk factors

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. These include the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme seeks to minimise the potential adverse effects of financial risks on its financial performance. The group uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the board of directors and its risk management committee. Management identifies, evaluates and, where appropriate, hedges financial risks. The various boards of directors within the group provide written policies, in line with the overall group policies, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and the investment of excess liquidity.

40.1 Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk. A substantial portion of the group's revenue and expenses is denominated in the currencies of the countries in which it operates.

In certain instances, the group will hedge its foreign currency risks associated with certain of its net investments in foreign operations. The group will determine which investments to hedge based on the foreign currency risk arising on translation of its foreign operations.

Following the acquisition of the group's interests in Delivery Hero SE during the 2018 financial year, the group elected to hedge the foreign exchange risk resulting from the difference between the functional currency of Delivery Hero (euro) and the currency of the funding incurred to acquire the investment (USD). The group therefore entered into a cross-currency interest rate swap, and in order to best reflect the result of this risk management strategy, designated it as a hedge of its net investment in Delivery Hero.

The cross-currency interest rate swap matures in July 2025 and on maturity the group will exchange €700m for US$783.7m. As the investment in Delivery Hero SE is translated at the spot rate, the group has designated only the spot exchange rate element of the cross-currency interest rate swap as forming part of the hedging relationship. The hedge ratio is 1:1.

Cumulative gains of US$24.8m (2019: gains of US$11.7m) have been recognised in the foreign currency translation reserve relating to the net investment hedge since the inception of the hedging relationship. The increase in the value of the net investment in Delivery Hero used to determine hedge ineffectiveness for the period is US$123.0m (2019: decrease in value of US$173.0m).

During the current year, total gains of US$82.3m (2019: gains of US$89.9m) were recognised on the cross-currency interest rate swap. Gains of US$13.1m (2019: gains of US$77.3m) for the year have been recognised in the foreign currency translation reserve relating to the net investment hedge (and comprise the fair value movements used as a basis for recognising hedge effectiveness). Gains of US$69.2m (2019: gains of US$12.6m) were recognised as part of "Other finance (costs)/income – net" in the income statement. This is the element of the cross-currency interest rate swap not designated as part of the hedging relationship. Ineffectiveness may arise from credit risk on the cross-currency interest rate swap. Ineffectiveness is negligible as all critical terms on the hedging instrument and hedged item match.

In March 2020, the group entered into an agreement, maturing within the next 12 months, to exchange US$457.2m (2019: US$180.2m) for HKD3.55bn (Hong Kong dollars) (2019: HKD1.41bn) at an average exchange rate US$/HKD7.76 (2019: US$/HKD7.82).

The group does not apply hedge accounting with respect to any of its forward exchange contracts outstanding as at 31 March 2020.

Where the group has surplus funds offshore, the treasury policy is to spread the funds between more than one currency to limit the effect of foreign exchange rate fluctuations and to generate the highest possible interest income. As at 31 March 2020 the group had a net cash balance including short-term cash investments of US$8.03bn (2019: US$9.16bn). These funds are largely denominated in US dollar which is also the functional currency of the relevant group subsidiary in which the cash is held.

Foreign currency sensitivity analysis

The group's presentation currency is the US dollar, but as it operates internationally, it is exposed to a number of currencies, of which the exposure to the US dollar, euro, Indian rupee and Russian rouble is the most significant. The group is also exposed to the British pound, Chinese yuan renminbi, Polish zloty and Brazil real, albeit to a lesser extent. For purposes of the below analysis, financial instruments are only considered sensitive to foreign exchange rates when they are not denominated in the functional currency of the group entity holding the relevant financial instrument.

The sensitivity analysis details the group's sensitivity to a 10% decrease (2019: 10% decrease) in the Indian rupee and Russian rouble against the US dollar as well as a 10% increase of the US dollar against the euro (2019: 10% increase of the US dollar against the euro). These movements would result in a US$67.9m decrease in net profit after tax for the year (2019: US$52.2m decrease). Total equity would increase by US$59.7m (2019: US$89.0m decrease).

This analysis includes only outstanding foreign currency denominated monetary assets and liabilities (ie those monetary assets and liabilities denominated in a currency that differs from the relevant group company's functional currency) and adjusts their translation at the period end for the above percentage changes in foreign currency rates. The sensitivity analysis includes external loans, as well as loans to foreign operations within the group, but excludes translation differences due to translating from functional currency to presentation currency. The analysis has been adjusted for the effect of hedge accounting.

Foreign exchange rates

The exchange rates used by the group to translate foreign entities' income statements, statements of comprehensive income and statements of financial position are as follows:

	31 March 2020		31 March 2019	
	Average rate	**Closing rate**	Average rate	Closing rate
Currency (1FC = US$)				
South African rand (ZAR)	**0.0667**	**0.0560**	0.0723	0.0690
Euro (EUR)	**1.1103**	**1.1031**	1.1537	1.1218
Chinese yuan renminbi (CNY)	**0.1433**	**0.1412**	0.1485	0.1490
Brazilian real (BRL)	**0.2398**	**0.1921**	0.2622	0.2548
Indian rupee (INR)	**0.0141**	**0.0133**	0.0143	0.0145
Polish zloty (PLN)	**0.2569**	**0.2420**	0.2684	0.2606
Russian rouble (RUB)	**0.0152**	**0.0127**	0.0153	0.0152
British pound sterling (GBP)	**1.2702**	**1.2419**	1.3084	1.3033

Notes to the consolidated financial statements continued

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40. FINANCIAL RISK MANAGEMENT continued

40.1 Foreign exchange risk continued

Foreign exchange rates continued

The average rates listed above are only approximate average rates. The group measures separately the transactions of each of its material operations, using the particular currency of the primary economic environment in which the operation conducts its business, translated at the prevailing exchange rate on the transaction date.

The below table details the group's unhedged liabilities that are denominated in a currency other than the functional currency of the settling entity:

	31 March 2020		31 March 2019	
	Currency amount of liabilities 'm	**US$'m**	Currency amount of liabilities 'm	US$'m
Uncovered liabilities				
British pound	**9**	**13**	1	1
South African rand	**84**	**6**	–	–
US dollar	**9**	**9**	32	32
Euro	**6**	**6**	8	9
Other	**–**	**7**	–	–

Derivative financial instruments

The following table details the group's derivative financial instruments:

	31 March 2020		31 March 2019	
	Assets US$'m	**Liabilities US$'m**	Assets US$'m	Liabilities US$'m
Current portion				
Forward exchange contracts	**–**	**38**	–	3
	–	**38**	–	3
Non-current portion				
Derivatives embedded in leases	**6**	**2**	1	–
Cross-currency interest rate swap	**49**	**–**	–	33
	55	**2**	1	33
Total	**55**	**40**	1	36

The group's forward-exchange contracts and cross-currency interest rate swap are subject to master netting arrangements that allow for offsetting of asset and liability positions with the same counterparty in the event of default. None of the group's forward exchange contracts and cross-currency interest rate swap agreements have been offset in the statement of financial position. At 31 March 2020 there were no contracts that could be offset under the master netting arrangement. In the prior year had forward exchange contracts been offset, the net liability presented in the statement of financial position would amount to US$2.6m.

40.2 Credit risk

The group is exposed to credit risk relating to the following financial assets measured at amortised cost:

Trade receivables and accrued income balances

Trade receivables consist primarily of invoiced amounts from normal trading activities. The group has a diversified customer base across various geographical areas. Various credit checks are performed on new debtors to determine the quality of their credit history. These checks are also performed on existing debtors with long-overdue accounts. Furthermore, current debtors are monitored to ensure they do not exceed their credit limits.

The group's trade receivables arise mainly in its etail, classifieds and online content businesses as well as, but to a lesser extent, from its online comparison shopping and payments businesses. Average payment terms vary considerably between the group's businesses, given the diverse nature of their operations. Average payment terms, however, generally do not exceed 60 days from date of invoice.

Accrued income balances relate to unbilled revenue that has been earned and have substantially similar risk characteristics as trade receivables. Accrued income balances arise mainly in the group's etail, classifieds and payments businesses and are included within "Other receivables" in the statement of financial position.

The group applies the simplified approach mandated by IFRS 9 *Financial Instruments* when measuring impairment loss allowances related to trade receivables and accrued income balances and accordingly the group's impairment allowances on these financial assets equal, at all times, the credit losses expected to arise over the lifetime of these financial assets.

In measuring credit losses expected to arise over the lifetime of trade receivables and accrued income balances, financial assets are grouped according to their shared credit characteristics and ageing profile.

The quantification of credit losses expected to arise over the lifetime of trade receivables and accrued income balances is based on (i) the group's actual observed historical loss experience/rates within each business and (ii) forward-looking information that is considered predictive of future credit losses within each business.

The historical loss experience/rates that are taken into account when determining impairment allowances is determined with reference to representative sales periods within each business (typically not shorter than 12 months) and the credit losses incurred over that period.

Forward-looking information considered in measuring lifetime expected credit losses include macro-economic factors, with the most significant factors considered being inflation and unemployment rate increases as these are considered to most significantly affect the future ability of the group's customers to settle their accounts as they fall due for payment. All forward-looking information considered is specific to the economy that most significantly affects the underlying customer's ability to repay the relevant amount due. These significant factors further took into account the impact of the Covid-19 pandemic. Due to the group's diverse operations, the forward-looking information considered and the values assigned to forward-looking information when calculating impairment allowances vary by business type and country in which the customer is located.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

40. FINANCIAL RISK MANAGEMENT continued

40.2 Credit risk continued

Related party loans and receivables

Related party loans and receivables consist primarily of balances with a number of entities under the common control of Naspers Limited, the group's ultimate controlling parent, as well as with certain associates of the group. The measurement of the impairment loss allowance on these loans and receivables is based on the assessment of whether there has been a significant increase in credit risk. Management has assessed that the credit risk of these loans and receivables is based on the creditworthiness of the borrowers and their ability to repay the amounts owing. Consequently, the impairment loss allowance is based on a 12-month expected credit loss model. As the amounts owing are due by group companies, the impairment assessment takes into account the default of the Naspers group on external debt (being the ultimate holding company able to repay debt on behalf of group companies) as well as the existence of collateral, letters of support by group companies and re-adjusted budgets and forecasts of group companies as a result of the Covid-19 pandemic's impact on operations. Budget forecasts consider the businesses remaining operational amidst lockdown restrictions. As at 31 March 2020, impairment allowances on related party loans and receivables were not significant.

Other receivables

Credit risk related to other receivables arises mainly from accrued income balances, merchant and bank receivables, and disposal proceeds receivable.

Accrued income

The credit risk profile and impairment methodology applied to accrued income balance that are included within "Other receivables" in the statement of financial position is outlined above.

Merchant and bank receivables

Merchant and bank receivables balances relate to transactions, primarily in the group's payments and fintech and food delivery segments, where the group facilitates the payment process between the end consumer and the provider of goods and services (ie the merchant).

Impairment allowances are established on merchant and bank receivables by considering the group's historical loss experience/rates as well as forward-looking information which also considered the impact of the Covid-19 pandemic. The group also considers whether the underlying counterparty is a new or recurring customer. The credit risk inherent in merchant and bank receivables is also reduced by the group's right to offset amounts receivable from counterparties against the corresponding amounts payable to banks and other merchants (refer to note 24) in the event of default. An average payment terms of 30 days generally apply to merchant and bank receivables.

As at 31 March 2020, an impairment allowance of US$6.6m (2019: US$6.5m) has been recognised with respect to merchant and bank receivables.

Disposal proceeds receivable

Disposal proceeds receivable relate to amounts held in escrow following disposals of group businesses to external parties. These amounts are generally held in escrow by the relevant purchaser as security for the group's warranty and indemnity obligations in terms of disposal agreements.

The group assesses, on a continuing basis, whether a significant increase in credit risk has taken place with respect to the relevant underlying counterparty. At 31 March 2020, impairment allowances related to disposal proceeds receivable were not significant.

Cash and cash equivalents, short-term investments and derivative assets

The group is exposed to certain concentrations of credit risk relating to its cash and cash equivalents, short-term investments and derivative assets. There are no significant concentrations of credit risk relating to derivative financial assets. The group places these instruments mainly with major banking groups and high-quality institutions that have high credit ratings. The group's treasury policy is designed to limit exposure to any one institution and to invest excess cash in low-risk investment accounts. As at 31 March 2020, the group held the majority of its cash and cash equivalents, short-term investments and derivative assets with local and international banks with a "Baa1" credit rating or higher. The majority of the group's short-term investments are placed with international banks with an "A1" credit rating (Moody's international's long-term deposit rating). The credit standings of counterparties that are used by the group are evaluated on a continuous basis.

Total impairment losses on financial assets at amortised cost

Total impairment losses (net of reversals) recorded on financial assets measured at amortised cost amounted to US$8.9m as at 31 March 2020 (2019: US$13.2m). This impairment loss takes into account the impact of the Covid-19 pandemic. The group assessed the impact on recoverability of financial assets (mainly trade receivables) due to Covid-19. Factors considered were the trading restrictions imposed (if any) and changes to consumer behaviour and spending as a result of this pandemic. As at 31 March 2020, the impact of Covid-19 on the group's impairment allowances was not significant as the lockdown measures related to Covid-19 have not significantly impacted the recoverability of our financial assets and it is expected that the businesses will maintain a sufficient share of the consumer market in the foreseeable future.

40.3 Liquidity risk

Prudent liquidity risk management implies, among other aspects, maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The facilities expiring within one year are subject to renewal at various dates during the next year. The group had the following unutilised banking facilities as at 31 March 2020 and 2019:

	31 March	
	2020 US$'m	2019 US$'m
On call	**29**	35
Expiring within one year	**41**	25
Expiring beyond one year	**2 500**	2 510
	2 570	2 570

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40. FINANCIAL RISK MANAGEMENT continued

40.3 Liquidity risk continued

The following analysis details the remaining contractual maturity of the group's non-derivative liabilities and derivative financial assets and liabilities. The analysis is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to settle the liability. The analysis includes both interest and principal cash flows.

	31 March 2020				
	Carrying value US$'m	Contractual cash flows US$'m	0 – 12 months US$'m	1 – 5 years US$'m	5 years + US$'m
Non-derivative financial liabilities					
Interest bearing: Capitalised lease liabilities[1]	(226)	(257)	(49)	(142)	(66)
Interest bearing: Loans and other liabilities	(3 515)	(4 723)	(168)	(683)	(3 872)
Non-interest bearing: Loans and other liabilities	(34)	(34)	(14)	(18)	(2)
Other non-current liabilities	(160)	(160)	–	(160)	–
Trade payables	(291)	(291)	(291)	–	–
Accrued expenses and other current liabilities[2]	(1 297)	(1 297)	(1 297)	–	–
Related party loans and payables	(16)	(16)	(13)	(3)	–
Bank overdrafts	(32)	(32)	(32)	–	–
Derivative financial assets/(liabilities)					
Forward exchange contracts – inflow	–	1 105	1 105	–	–
Forward exchange contracts – outflow	(38)	(1 138)	(1 138)	–	–
Derivatives contained in lease agreements – inflow	6	6	–	6	–
Derivatives contained in lease agreements – outflow	(2)	(2)	–	(2)	–
Cross-currency interest rate swap – inflow	49	1 021	43	173	805
Cross-currency interest rate swap – outflow	–	(976)	(29)	(114)	(833)

(1) The increase in capitalised lease liabilities is as a result of the group's adoption of IFRS 16 – refer to note 2 for the group's adoption of new accounting pronouncements during the reporting period.
(2) Includes written put liabilities (refer to note 22).

	31 March 2019				
	Carrying value US$'m	Contractual cash flows US$'m	0 – 12 months US$'m	1 – 5 years US$'m	5 years + US$'m
Non-derivative financial liabilities					
Interest bearing: Capitalised finance leases[1]	(8)	(9)	(3)	(6)	–
Interest bearing: Loans and other liabilities	(3 247)	(4 198)	(185)	(1 632)	(2 381)
Non-interest bearing: Loans and other liabilities	(11)	(11)	(9)	(2)	–
Other non-current liabilities	(538)	(538)	–	(538)	–
Trade payables	(244)	(244)	(244)	–	–
Accrued expenses and other current liabilities	(861)	(861)	(861)	–	–
Related party loans and payables	(39)	(39)	(37)	(2)	–
Bank overdrafts	(8)	(8)	(8)	–	–
Derivative financial assets/(liabilities)					
Forward exchange contracts – inflow	–	179	179	–	–
Forward exchange contracts – outflow	(1)	(180)	(180)	–	–
Cross-currency interest rate swap – inflow	–	1 063	43	172	848
Cross-currency interest rate swap – outflow	(33)	(1 115)	(29)	(125)	(961)

(1) These relate to lease arrangements previously classified as finance leases in terms of IAS 17.

40.4 Interest-rate risk

As part of the process of managing the group's fixed and floating borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Where appropriate, the group uses derivative financial instruments, such as interest rate swap agreements, purely for hedging purposes. The fair value of these instruments will not change significantly as a result of changes in interest rates due to their short-term nature and floating interest rates.

Refer to note 21 for the interest rate profiles and repayment terms of long-term liabilities as at 31 March 2020 and 2019.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date (after taking into account the effect of hedge accounting) and the stipulated change taking place at the beginning of the next financial year and held constant throughout the reporting period in the case of instruments that have floating rates. The group is mainly exposed to interest rate fluctuations of the American, European and London repo rates. Management's best estimate of the possible change in these interest rates is an increase of 100 basis points (2019: 100 basis points).

If interest rates changed as stipulated above and all other variables were held constant, specifically foreign exchange rates, the group's net profit after tax and total equity for the year ended 31 March 2020 would increase by US$69.9m (2019: increase on net profit (and equity) by US$77.7m).

Price-risk sensitivity analysis

The group has an investment in Trip.com Group Limited (Trip.com) measured at fair value through other comprehensive income. The group's sensitivity to a 10% decrease in the share price of this investment will result in a US$70.4m decrease in other comprehensive income (2019: nil).

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values, net gains and losses recognised in profit and loss, total interest income, total interest expense and impairment per class of financial instrument are as follows:

	31 March 2020			
	Carrying value US$'m	Net gains/(losses) recognised in profit or loss US$'m	Total interest income US$'m	Impairment US$'m
Assets				
Other investments	805	–	–	–
Financial assets at fair value through profit or loss[1]	13	–	–	–
Financial assets at fair value through other comprehensive income[2]	792	–	–	–
Receivables and loans[3]	537	17	6	16
Trade receivables	111	–	–	9
Other receivables	236	(1)	6	7
Foreign currency intergroup receivables	–	18	–	–
Related party receivables	190	–	–	–
Derivative financial instruments[1]	55	75	–	–
Cross-currency interest rate swap	49	69	–	–
Derivatives embedded in leases	6	6	–	–
Short-term investments[3]	3 873	7	34	–
Cash and cash equivalents[3]	4 181	1	161	–
Total	9 451	100	201	16

(1) Measured at fair value through profit or loss.
(2) During the year a loss of US$282.0m (2019: gains of US$8.5m) was recognised in other comprehensive income with respect to the group's financial assets at fair value through other comprehensive income.
(3) Measured at amortised cost.

	31 March 2020		
	Carrying value US$'m	Net gains/(losses) recognised in profit or loss US$'m	Total interest expense US$'m
Liabilities			
Long-term liabilities[1]	3 875	–	205
Interest bearing: Capitalised lease liabilities	184	–	6
Interest bearing: Loans and other liabilities	3 508	–	199
Non-interest bearing: Loans and other liabilities	20	–	–
Other non-current liabilities	160	–	–
Related party loans and payables	3	–	–
Short-term payables and loans[1]	1 664	56	11
Interest bearing: Capitalised lease liabilities	42	(1)	2
Interest bearing: Loans and other liabilities	7	(1)	2
Non-interest bearing: Loans and other liabilities	14	–	–
Trade payables	291	(13)	–
Accrued expenses and other current liabilities	1 297	91	7
Related party loans and payables	13	–	–
Foreign currency intergroup payables	–	(20)	–
Derivative financial instruments[2]	40	(42)	–
Forward exchange contracts	38	(40)	–
Derivatives embedded in leases	2	(2)	
Bank overdrafts	32	–	7
Total	5 611	14	223

(1) Measured at amortised cost.
(2) Measured at fair value through profit or loss.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

41. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

The carrying values of all financial instruments, apart from those disclosed below, are considered to be a reasonable approximation of their fair values.

The fair values of the following instruments that are not measured at fair value have been disclosed as their carrying values are not a reasonable approximation of fair value:

Financial liabilities	Carrying value US$'m	Fair value US$'m	Level 1 US$'m	Level 2 US$'m	Level 3 US$'m
31 March 2020					
Publicly traded bonds	**3 450**	**3 183**	**–**	**3 183**	**–**
31 March 2019					
Publicly traded bonds	3 200	3 350	–	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.

	31 March 2019			
	Carrying value US$'m	Net gains/ (losses) recognised in profit or loss US$'m	Total interest income US$'m	Impairment US$'m
Assets				
Investments and loans	47	(27)	–	–
Investments in convertible notes of associates[(1)]	–	(27)	–	–
Financial assets at fair value through other comprehensive income[(2)]	47	–	–	–
Receivables and loans[(1)]	563	(15)	–	13
Trade receivables	135	(3)	–	6
Other receivables	279	(1)	–	7
Foreign currency intergroup receivables	–	(11)	–	–
Related party receivables and loans	149	–	–	–
Derivative financial instruments[(3)]	1	–	–	–
Derivatives embedded in leases	1	–	–	–
Short-term investments[(1)]	7 037	–	70	–
Cash and cash equivalents[(1)]	2 135	16	195	–
Total	9 783	(26)	265	13

[(1)] Measured at amortised cost.
[(2)] Measured at fair value through other comprehensive income. During the year a gain of US$8.5m was recognised in other comprehensive income with respect to the group's financial assets at fair value through other comprehensive income.
[(3)] Measured at fair value through profit or loss.

	31 March 2019		
	Carrying value US$'m	Net gains/ (losses) recognised in profit or loss US$'m	Total interest expense US$'m
Liabilities			
Long-term liabilities[(1)]	3 784	113	187
Interest bearing: Capitalised finance leases[(3)]	5	–	–
Interest bearing: Loans and other liabilities	3 237	–	187
Non-interest bearing: Loans and other liabilities	2	–	–
Other non-current liabilities	538	113	–
Related party loans and payables	2	–	–
Short-term payables and loans[(1)]	1 147	(23)	1
Interest bearing: Capitalised finance leases[(3)]	3	–	–
Interest bearing: Loans and other liabilities	10	(1)	1
Non-interest bearing: Loans and other liabilities	9	3	–
Trade payables	244	(1)	–
Accrued expenses and other current liabilities	861	(27)	–
Related party loans and payables	20	–	–
Foreign currency intergroup payables	–	3	–
Derivative financial instruments[(2)]	36	15	–
Forward exchange contracts	3	2	–
Cross-currency interest rate swap	33	13	–
Bank overdrafts[(1)]	8	–	10
Total	4 975	105	198

[(1)] Measured at amortised cost.
[(2)] Measured at fair value through profit or loss.
[(3)] Relates to previously classified finance leases in terms of IAS 17.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

41. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

The group categorises fair-value measurements into levels 1 to 3 of the fair value hierarchy based on the degree to which the inputs used in measuring fair value are observable:

- Level 1 fair-value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair-value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). The fair value of financial instruments that are not traded in active markets (for example, derivatives such as interest rate swaps, forward exchange contracts and certain options) is determined through valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in level 2.
- Level 3 fair-value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques and key inputs used to measure significant level 2 and level 3 fair values

Level 2 fair-value measurements

- *Forward exchange contracts* – in measuring the fair value of forward exchange contracts, the group makes use of market observable quotes of forward foreign exchange rates on instruments that have a maturity similar to the maturity profile of the group's forward exchange contracts. Key inputs used in measuring the fair value of forward exchange contracts include: current spot exchange rates, market forward exchange rates and the term of the group's forward exchange contracts.
- *Cross currency interest rate swap* – the fair value of the group's interest rate and cross currency swaps is determined through the use of discounted cash flow techniques using only market observable information. Key inputs used in measuring the fair value of interest rate and cross currency swaps include: spot market interest rates, contractually fixed interest rates, foreign exchange rates, counterparty credit spreads, notional amounts on which interest rate swaps are based, payment intervals, risk-free interest rates as well as the duration of the relevant interest rate and cross currency swap arrangement.

Level 3 fair-value measurements

- *Shareholders' liabilities* – relate predominantly to derivative financial instruments contained in shareholders' agreements to which the group is a party. Where relevant, such derivative financial instruments are valued using option pricing models as well as discounted cash flow analyses. Significant inputs vary between agreements but include: the current fair value of the underlying share over which the instrument is written, the strike price of the option, risk-free interest rates, calculated volatilities and the period to exercise.
- *Earn-out obligations* – relate to amounts that are payable to the former owners of businesses now controlled by the group provided that contractually stipulated post-combination performance criteria are met. These are remeasured to fair value at the end of each reporting period. Key inputs used in measuring fair value include: current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments.

Instruments not measured at fair value for which fair value is disclosed

- *Level 2* – the fair values of the publicly traded bonds have been determined with reference to the listed prices of the instruments at the reporting date. As the instruments are not actively traded, this is a level 2 disclosure.
- *Level 3* – the fair values of all level 3 disclosures have been determined through the use of discounted cash flow analyses. Key inputs include current market interest rates as well as contractual cash flows.

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

	31 March 2020			
	Fair value US$'m	**Level 1 US$'m**	**Level 2 US$'m**	**Level 3 US$'m**
Assets				
Financial assets at fair value through other comprehensive income	**792**	**704**	**3**	**85**
Financial assets at fair value through profit or loss	**13**	**–**	**–**	**13**
Derivatives embedded in leases	**6**	**–**	**–**	**6**
Cross-currency interest rate swap	**49**	**–**	**49**	**–**
Total	**860**	**704**	**52**	**104**
Liabilities				
Forward exchange contracts	**38**	**–**	**38**	**–**
Derivatives embedded in leases	**2**	**–**	**–**	**2**
Earn-out obligations	**22**	**–**	**–**	**22**
Total	**62**	**–**	**38**	**24**

	31 March 2019			
	Fair value US$'m	Level 1 US$'m	Level 2 US$'m	Level 3 US$'m
Assets				
Financial assets at fair value through other comprehensive income	47	–	3	44
Forward exchange contracts	–	–	–	–
Derivatives embedded in leases	1	–	–	1
Total	48	–	3	45
Liabilities				
Forward exchange contracts	3	–	3	–
Earn-out obligations	6	–	–	6
Cross-currency interest rate swap	33	–	33	–
Total	42	–	36	6

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

41. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

The following table shows a reconciliation of the group's level 3 financial instruments:

	31 March 2020			
	Earn-out obligations US$'m	Financial assets at FVOCI[1] US$'m	Derivatives embedded in leases US$'m	Financial assets at FVPL[2] US$'m
Balance at 1 April 2019	**6**	**44**	**1**	**–**
Additions	**20**	**76**	**3**	**13**
Total losses recognised in other comprehensive income	**–**	**(14)**	**–**	**–**
Settlements/disposals	**(5)**	**(21)**	**–**	**–**
Foreign currency translation effects	**1**	**–**	**–**	**–**
Total	**22**	**85**	**4**	**13**

	31 March 2019		
	Earn-out obligations US$'m	Financial assets at FVOCI[1] US$'m	Derivatives embedded in leases US$'m
Balance at 1 April 2018	55	28	1
Additions	–	7	–
Total losses recognised in the income statement	(3)	–	–
Total losses recognised in other comprehensive income	–	11	–
Settlements/disposals	(39)	(2)	–
Foreign currency translation effects	(7)	–	–
Total	6	44	1

[1] Financial assets at fair value through other comprehensive income.
[2] Financial assets at fair value through profit or loss.

There were no transfers between level 1 and level 2 during any period presented.

42. EQUITY COMPENSATION BENEFITS

The Naspers group had various equity compensation plans in operation during the financial year, the majority of which are classified as cash-settled. In terms of these plans, employees of the Naspers group are offered awards in the form of either share options, restricted stock units (RSUs), performance share units (PSUs) or share appreciation rights (SARs). The equity compensation plans disclosed relate to the employees of the Prosus group.

All awards are granted subject to the completion of a requisite service (vesting) period by employees, ranging from one year to five years. Unvested awards are subject to forfeiture on termination of employment. Vesting takes place in tranches depending on the duration of the total vesting period.

In respect of the share options and SARs on exercise date, following completion of the vesting period, awards are settled with employees in the equity instruments of subsidiaries of the Prosus group for equity-settled plans and in cash or other assets (including shares of the Naspers group) for cash-settled plans, where applicable. The share options and SARs are cash-settled when the group has an obligation to pay cash or an obligation to settle in Naspers shares that are purchased on the open market.

With respect to certain share option plans in which the group's employees participate, awards are settled with employees by the relevant share trust/option plan and the Prosus group does not have any obligation to settle these awards with employees. Such awards are classified as equity-settled.

In respect of RSUs and PSUs, awards are automatically settled in Naspers equity instruments on the vesting date. The RSUs are classified as equity-settled if the group does not have any obligation to make settlement, otherwise they will be classified as cash-settled.

The group share trusts hold Naspers shares (as shareholders) to settle awards held by employees of the Naspers and Prosus groups. These share trusts were founded by Naspers to administer the Naspers group share schemes for all employees. On the listing of Prosus, these trusts received Prosus shares via the capitalisation issue of Naspers M ordinary shares that converted into Prosus N ordinary shares on listing date. These Prosus shares are linked to the respective Naspers shares and accordingly on settlement of the awards employees will receive the Naspers shares as stipulated on grant date and the linked Prosus shares. There was no adjustment to the original strike price. With the exception of these share schemes with linked Prosus shares on settlement, there are no share options, RSUs, PSUs or SARs that are settled solely in Prosus shares. The share trusts are controlled and consolidated by Naspers and accordingly, the share schemes that are settled in Naspers shares are classified as cash settled when Prosus group has the obligation to make settlement, and equity settled when the trust (ie Naspers) has the obligation to make settlement. The equity-settled share-based compensation plans administered by the trust relates to the RSU and PSU schemes. The RSUs and PSUs are classified as equity settled as the group does not have an obligation to make settlement.

Prosus provides funding to the trust to settle share-based compensation plans for Prosus group employees via loan account. Please refer to note 17 for details of related party balances with the trusts.

All share options are granted with an exercise price of not less than 100% of the market value or fair value of the respective company's shares on the date of the grant. RSUs are granted with an exercise price of zero. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All unvested share options/RSUs/SARs are subject to forfeiture upon termination of employment. All cancelled options/RSUs/SARs are cancelled by mutual agreement between the employer and employee.

Although the group has various equity compensation plans in operation, disclosure is provided only for those plans that had the most significant impact on the group's income statement during the current year.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

42. EQUITY COMPENSATION BENEFITS continued

The following share option and RSU plans were in operation during the financial year:

Share option plan/RSU plan	Maximum awards permissible[1]	Vesting period[2]	Period to expiry from date of offer	IFRS 2 classification
Naspers group				
MIH Services FZ LLC Share Trust (MIH Services)	Note 3	a[3]	10 years	Equity-settled
Naspers Restricted Stock Plan Trust (Naspers RSU)	Note 4	a	Note 5	Equity-settled
Social and internet platforms				
MIH Russia Internet B.V. Share Trust	10%	c	10 years	Equity-settled
Ecommerce				
OLX B.V. Share Trust	15%	b	7 years and 3 months	Cash-settled
letgo Global B.V. 2016 Stock Option Plan	5%	a	10 years	Equity-settled
Frontier Car Group (FCG) Share Option Scheme	15%	d	10 years	Equity-settled
iFood.com Share Option Scheme (iFood)	10%	c	10 years	Equity-settled
Movile Internet Movel S.A. 2013 Share Option Scheme	10%	a[6]	10 years	Equity-settled
Dante International S.A. (eMAG) Share Option Scheme	12.5%	c	10 years	Cash-settled
Red Dot Payment Pte Ltd Options Scheme	20%	a	10 years	Cash-settled
MMC PlayKids Holding B.V. Share Option Scheme	15%	c	10 years	Equity-settled

The group provides detailed disclosure for those share option and RSU plans that are considered significant to the financial statements.

Notes in relation to the group's share option and RSU plans:

(1) The percentage reflected in this column is the maximum percentage of the respective companies' issued share capital that is available for the plan.

(2) Vesting period: a One quarter vests after years one, two, three and four.
b One third vests after years three, four and five.
c One fifth vests after years one, two, three, four and five.
d One quarter vests after year one and monthly thereafter over three years.

(3) The vesting period for options granted after 25 August 2017 is one quarter vesting after years one, two, three and four. Options granted before 25 August 2017 vest over three, four and five years respectively. In addition, shareholders approved that up to 40 588 541 Naspers N ordinary shares may be issued for the group's share-based incentive schemes at the Naspers annual general meeting in August 2011. During the financial year ended 31 March 2020, no new N ordinary shares had been so issued.

(4) The Naspers Restricted Stock Plan Trust may issue no more than 200 000 awards in aggregate during any one financial year. The number of PSUs that may be offered is at the discretion of the board.

(5) Awards are automatically settled with participants on the vesting date.

(6) For these schemes all offers made from 1 April 2018 vest over one, two, three and four years. All offers pre this date vest over one, two, three, four and five years.

The following share appreciation rights plans were in operation during the financial year:

Share appreciation rights plans	Maximum awards permissible[1]	Vesting period[2]	Period to expiry from date of offer	IFRS 2 classification
Social and internet platforms				
MIH China/MIH TC 2008 SAR Scheme	10%	a[4]	5 years and 14 days	Cash-settled
Ecommerce				
MIH Internet SEA Private Limited SAR Scheme	15%	a[4]	10 years	Cash-settled
MIH Food Holdings B.V. SAR Scheme	7.5%	b	10 years	Cash-settled
MIH India Food Holdings B.V. SAR Scheme	10%	b	10 years	Cash-settled
Avito AB SAR Scheme (Avito)	15%	b	10 years	Cash-settled
CEE Classifieds SAR Scheme	10%	c	10 years	Cash-settled
FixeAds B.V. SAR Scheme	10%	c	10 years	Cash-settled
Tokobagus Exploitatie B.V. SAR Scheme	15%	c	10 years	Cash-settled
Dubizzle Limited SAR Scheme	15%	c	10 years	Cash-settled
Naspers Fintech B.V. SAR Scheme (Naspers Fintech)	15%	a[4]	10 years	Cash-settled
Naspers Global Classifieds SAR Scheme (Naspers Global Classifieds)	Note 3	a[4]	10 years	Cash-settled
Naspers Global Ecommerce SAR Scheme (Naspers Global Ecommerce)	Note 3	a[4]	10 years	Cash-settled
Naspers Global Online Services SAR Scheme	Note 3	c	10 years	Cash-settled
Naspers Ventures B.V. SAR Scheme	10%	d	10 years	Cash-settled
SimilarWeb Limited SAR Scheme	5%	c	10 years	Cash-settled
Property24 SAR Scheme	15%	a[4]	10 years	Cash-settled
Red Dot Payment Pte Ltd SAR Scheme	20%	b	10 years	Cash-settled
Dante International S.A. SAR Scheme	12.5%	b	10 years	Cash-settled

The group provides detailed disclosure for those share appreciation rights plans that are considered significant to the financial statements.

Notes in relation to the group's share appreciation rights plans:

(1) The percentage reflected in this column is the maximum percentage of the respective companies issued/notional share capital that is available for the plan.

(2) Vesting period: a One third vests after years three, four and five.
b One quarter vests after years one, two, three and four.
c One fifth vests after years one, two, three, four and five.
d One quarter vests after years two, three, four and five.

(3) Collectively, the Naspers Global Classifieds, Naspers Global Ecommerce and Naspers Global Online Services SAR schemes may generally issue no more than 5% of the then total notional shares of all the underlying assets as recorded in the most recent pro forma capitalisation tables. The majority of awards in these schemes are equity-settled.

(4) For these schemes all offers made from 1 April 2018 vest over one, two, three and four years. All offers pre this date vest over one, two, three, four and five years.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

42. EQUITY COMPENSATION BENEFITS continued

Movements in terms of the group's significant share option and RSU plans are as follows:

	31 March 2020		
Shares	**Naspers RSU**	**MIH Services**	**iFood**
Outstanding at 1 April	**100 520**	**2 276 571**	**71 832**
Movements between Naspers and Prosus group companies	**(6 039)**	**(356 985)**	**–**
Granted	**84 240**	**140 172**	**56 060**
Exercised	**(30 165)**	**(100 379)**	**(8 891)**
Forfeited	**(34 501)**	**(12 546)**	**(14 703)**
Outstanding at 31 March	**114 055**	**1 946 833**	**104 298**
Available to be implemented by the trust at 31 March	**–**	**1 311 314**	**26 423**
Weighted average exercise price	**(SA rand)**	**(SA rand)**	**(BRL)**
Outstanding at 1 April	**–**	**1 671.38**	**2 055.31**
Granted	**–**	**2 930.80**	**4 270.68**
Exercised	**–**	**3 326.50**	**398.56**
Forfeited	**–**	**1 363.23**	**3 174.97**
Expired	**–**	**2 778.38**	**–**
Outstanding at 31 March	**–**	**1 795.00**	**3 229.46**
Available to be implemented by the trust at 31 March	**–**	**1 316.95**	**1 282.16**
Weighted average share price of options taken up during the year	**(SA rand)**	**(SA rand)**	**(BRL)**
Shares	**30 165**	**100 379**	**8 891**
Weighted average share price	**2 973.97**	**2 783.17**	**682.87**

	31 March 2019		
Shares	Naspers RSU	MIH Services	iFood
Outstanding at 1 April	108 407	2 185 008	65 984
Granted	82 721	326 880	26 590
Exercised	(43 693)	(200 183)	(8 162)
Forfeited	(46 915)	(35 134)	(12 580)
Outstanding at 31 March	100 520	2 276 571	71 832
Available to be implemented by the trust at 31 March	–	1 498 368	23 080
Weighted average exercise price	(SA rand)	(SA rand)	(BRL)
Outstanding at 1 April	–	1 332.29	881.82
Granted	–	3 082.67	3 984.58
Exercised	–	1 242.04	358.04
Forfeited	–	2 619.97	1 079.25
Outstanding at 31 March	–	1 492.14	2 055.31
Available to be implemented by the trust at 31 March	–	948.08	736.96
Weighted average share price of options taken up during the year	(SA rand)	(SA rand)	(BRL)
Shares	43 693	200 183	8 162
Weighted average share price	3 094.60	3 099.02	3 984.58

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

42. EQUITY COMPENSATION BENEFITS continued

Movements in terms of the group's significant share appreciation rights plans are as follows:

	31 March 2020			
SARs	**Avito**	**Naspers Global Classifieds**	**Naspers Global Ecommerce**	**Naspers Fintech**
Outstanding at 1 April	**676 269**	**20 085 382**	**12 579 747**	**1 270 943**
Movements between Naspers and Prosus group companies	**–**	**(305 126)**	**(173 796)**	**–**
Granted	**618 150**	**10 097 093**	**1 471 174**	**472 381**
Exercised	**(66 204)**	**(5 877 453)**	**(4 319 623)**	**(345 655)**
Forfeited	**(158 777)**	**(2 202 509)**	**(49 324)**	**(176 186)**
Cancelled	**–**	**–**	**–**	**(14 029)**
Outstanding at 31 March	**1 069 438**	**21 797 387**	**9 508 178**	**1 207 454**
Available to be implemented at 31 March	**183 001**	**4 103 702**	**5 809 895**	**324 649**
Weighted average exercise price	**(US$)**	**(US$)**	**(US$)**	**(US$)**
Outstanding at 1 April	**75.58**	**6.85**	**19.22**	**53.34**
Movements between Naspers and Prosus group companies	**–**	**7.13**	**26.27**	**–**
Granted	**90.63**	**9.62**	**36.75**	**95.18**
Exercised	**70.23**	**5.98**	**16.73**	**44.25**
Forfeited	**83.00**	**8.23**	**26.04**	**58.30**
Cancelled	**–**	**–**	**–**	**95.18**
Outstanding at 31 March	**83.51**	**8.24**	**23.04**	**71.10**
Available to be implemented at 31 March	**73.78**	**6.19**	**17.54**	**50.97**
Weighted average share price of options taken up during the year	**(US$)**	**(US$)**	**(US$)**	**(US$)**
SARs	**66 204**	**5 877 453**	**4 319 623**	**345 655**
Weighted average share price	**90.63**	**9.62**	**38.42**	**95.05**

Movements in terms of the group's significant share appreciation rights plans are as follows:

	31 March 2019			
SARs	Avito	Naspers Global Classifieds	Naspers Global Ecommerce	Naspers Fintech
Outstanding at 1 April	500 883	17 157 432	11 881 092	1 292 869
Granted	326 407	7 486 846	1 365 536	350 713
Exercised	(37 789)	(2 701 047)	(398 763)	(230 250)
Forfeited	(113 232)	(1 857 849)	(268 118)	(142 389)
Outstanding at 31 March	676 269	20 085 382	12 579 747	1 270 943
Available to be implemented at 31 March	93 874	5 534 311	7 649 628	360 394
Weighted average exercise price	(US$)	(US$)	(US$)	(US$)
Outstanding at 1 April	69.13	5.99	17.73	44.69
Granted	82.03	8.50	33.43	75.16
Exercised	61.62	5.44	18.66	42.11
Forfeited	70.30	7.39	26.67	46.74
Outstanding at 31 March	75.58	6.87	19.21	53.34
Available to be implemented at 31 March	69.11	5.37	16.40	43.00
Weighted average share price of options taken up during the year	(US$)	(US$)	(US$)	(US$)
SARs	37 789	2 701 047	398 763	230 250
Weighted average share price	82.03	8.50	32.38	75.16

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

42. EQUITY COMPENSATION BENEFITS continued

Share option allocations outstanding and currently available to be implemented at 31 March 2020 by exercise price for the group's significant share incentive plans:

	Share options outstanding			Share options currently available	
Exercise prices	Number outstanding at 31 March 2020	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2020	Weighted average exercise price
MIH Services (SA rand)					
197.88 to 197.88	**8 180**	0.44	197.88	**8 180**	197.88
241.88 to 256.23	**13 781**	1.58	249.61	**13 781**	249.61
303.89 to 376.58	**51 692**	2.14	356.91	**51 692**	356.91
440.88 to 482.59	**540**	2.48	474.17	**540**	474.17
661.88 to 886.69	**35 224**	3.30	680.42	**35 224**	680.42
1 046.88 to 1 272.66	**907 114**	4.02	1 057.92	**907 114**	1 057.92
1 302.89 to 1 477.88	**11 282**	4.64	1 388.17	**11 282**	1 388.17
1 572.04 to 1 700.53	**57 530**	5.43	1 626.46	**35 137**	1 623.96
1 712.87 to 1 770.05	**11 609**	5.61	1 740.52	**6 580**	1 740.77
1 817.89 to 1 931.85	**31 830**	6.34	1 842.22	**14 642**	1 840.70
1 991.88 to 2 097.88	**155 803**	6.27	2 054.29	**52 294**	2 053.86
2 230 to 2 380.94	**68 479**	7.02	2 327.80	**17 149**	2 323.52
2 429.53 to 2 782.50	**88 832**	7.71	2 731.58	**36 823**	2 738.30
2 839.88 to 3 055.00	**131 714**	7.42	2 841.94	**62 059**	2 841.54
3 077.60 to 3 213.98	**240 204**	8.24	3 100.99	**55 710**	3 101.03
3 380.00 to 3 809.00	**133 019**	9.19	3 441.59	**3 107**	3 619.41
	1 946 833			**1 311 314**	
iFood (BRL)					
73.73 to 408.64	**13 370**	5.13	374.67	**12 560**	372.48
1 221.85 to 2 233.05	**18 096**	6.95	1 451.40	**10 025**	1 387.27
3 984.58 to 4 270.68	**72 832**	9.32	4 195.30	**3 838**	3 984.58
	104 298			**26 423**	

Share appreciation rights allocations outstanding and currently available to be implemented at 31 March 2020 by exercise price for the group's significant share incentive plans:

	SARs outstanding			SARs currently available	
Exercise prices	Number outstanding at 31 March 2020	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2020	Weighted average exercise price
Avito (US$)					
54.86 to 90.63	**1 069 438**	8.65	83.51	**183 001**	73.78
Naspers Global Classifieds (US$)					
3.54 to 6.50	**4 293 099**	5.73	5.27	**2 410 468**	4.86
7.64 to 9.62	**17 504 288**	8.72	8.97	**1 693 234**	8.08
	21 797 387			**4 103 702**	
Naspers Global Ecommerce (US$)					
15.58 to 20.45	**5 516 189**	4.71	16.21	**5 088 157**	15.92
23.61 to 27.49	**1 112 624**	7.36	27.09	**395 594**	26.99
27.51 to 31.42	**352 241**	7.69	28.35	**129 237**	28.08
31.84 to 33.78	**1 061 692**	8.25	33.56	**196 907**	33.56
36.31 to 36.76	**1 465 432**	9.28	36.75	**–**	–
	9 508 178			**5 809 895**	
Naspers Fintech (US$)					
39.10 to 43.51	**312 834**	5.84	40.75	**197 684**	40.75
58.44 to 95.18	**894 620**	8.63	81.71	**126 965**	66.89
	1 207 454			**324 649**	

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

42. EQUITY COMPENSATION BENEFITS continued

Share option and RSU plan grants made during the year relating to the group's significant plans:

	Naspers RSU (SA rand)	MIH Services (SA rand)	iFood (BRL)
31 March 2020			
Weighted average fair value at measurement date	**3 251.25**	**1 148.79**	**1 990.98**
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:			
Weighted average share price	**–**	**3 329.38**	**4 270.68**
Weighted average exercise price	**–**	**3 329.38**	**4 270.68**
Weighted average expected volatility (%)*	**–**	**32.9%**	**40.5%**
Weighted average option life (years)	**2.5**	**10.0**	**10.0**
Weighted average dividend yield (%)	**0.2%**	**0.2%**	**–**
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	**–**	**8.0%**	**5.7%**
Weighted average annual suboptimal rate (%)	**–**	**340%**	**100%**
Weighted average vesting period (years)	**2.5**	**2.5**	**3.0**
31 March 2019			
Weighted average fair value at measurement date	3 140.09	1 111.81	1 906.92
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:			
Weighted average share price	–	3 113	3 985
Weighted average exercise price	–	3 113	3 985
Weighted average expected volatility (%)*	–	34.0%	37.9%
Weighted average option life (years)	2.5	10.0	10.0
Weighted average dividend yield (%)	0.2%	0.2%	–
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	–	8.4%	7.7%
Weighted average annual suboptimal rate (%)	–	340%	100%
Weighted average vesting period (years)	2.5	2.5	3.0

* The weighted average expected volatility of all share options listed above is determined using historical daily share prices.

Various early exercise expectations were calculated based on historical exercise behaviours.

Share appreciation rights plan grants made during the year relating to the group's significant plans:

	Avito (US$)	Naspers Global Classifieds (US$)	Naspers Global Ecommerce (US$)	Naspers Fintech (US$)
31 March 2020				
Weighted average fair value at measurement date	**26.81**	**2.83**	**14.89**	**37.55**
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:				
Weighted average share price	**90.63**	**9.62**	**38.82**	**95.18**
Weighted average exercise price	**90.63**	**9.62**	**36.75**	**95.18**
Weighted average expected volatility (%)*	**32.5%**	**32.5%**	**42.7%**	**45.4%**
Weighted average option life (years)	**10.0**	**10.0**	**10.0**	**10.0**
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	**0.8%**	**0.8%**	**0.8%**	**0.8%**
Weighted average annual suboptimal rate (%)	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Weighted average vesting period (years)	**2.5**	**2.5**	**2.5**	**2.5**
Share price at measurement date	**90.63**	**9.62**	**38.82**	**95.18**
31 March 2019				
Weighted average fair value at measurement date	26.61	2.72	13.07	27.81
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:				
Weighted average share price	82.03	8.50	33.63	75.16
Weighted average exercise price	82.03	8.50	33.63	75.16
Weighted average expected volatility (%)*	29.9%	29.2%	38.0%	35.3%
Weighted average option life (years)	10.0	10.0	10.0	10.0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	2.8%	2.8%	2.9%	2.9%
Weighted average annual suboptimal rate (%)	100.0%	100.0%	100.0%	100.0%
Weighted average vesting period (years)	2.5	2.5	2.5	2.5
Share price at measurement date	82.0	9.6	36.1	78.1

* The weighted average expected volatility of all share options listed above is determined using historical daily share prices.

Various early exercise expectations were calculated based on historical exercise behaviours.

Notes to the consolidated financial statements continued

for the year ended 31 March 2020

42. EQUITY COMPENSATION BENEFITS continued

Liabilities arising from share-based payment transactions

The following liabilities have been recognised in the statement of financial position relating to the group's cash-settled share-based payment obligations:

	31 March	
	2020 US$'m	2019 US$'m
Share-based payment liability		
Total carrying amount of cash-settled share-based payment liability	**376**	204
Current portion of share-based payment liability (refer to note 24)	**(143)**	(168)
Non-current portion of share-based payment liability	**233**	36

Reconciliation of the cash-settled share-based payment liability is as follows:

	31 March	
	2020 US$'m	2019 US$'m
Opening carrying amount of cash-settled share-based payment liability	**204**	234
Charge as per the income statement	**88**	53
Other additions	**41**	–
Settlement	**(111)**	(54)
Disposal	**–**	(29)
Modification[1]	**154**	–
Closing carrying amount of cash-settled share-based payment liability	**376**	204

[1] The group's equity-settled compensation plan was prospectively modified to cash-settled due to the change in settlement policy of the share option scheme.

As at 31 March 2020 63.5% of the share-based payment liability relates to vested share-based compensation plans that have not been exercised. Included in the additions to the share-based payment liability is an amount of US$34.9m that arose upon acquisition of FCG, Extreme Digital, PaySense, and Iyzico (refer to note 3). The share-based payment liability is recognised as a result of a written put option included in the acquisition agreement that is linked to a committed employment period of founders of the respective subsidiaries. The value on settlement of the put options will be dependent on the completion of the respective employment period and accordingly impacts the non-controlling interest recognised for these subsidiaries.

43. SUBSEQUENT EVENTS

In March 2020 it was announced that OfferUp and letgo US, two of America's most popular apps to buy and sell locally, intend to combine their businesses in the United States. The OLX group will therefore contribute its US letgo business plus cash of US$100m. The OLX group will own 40% of the newly combined entity. The transaction received regulatory approval and is expected to close 1 July, 2020. The group expects to account for its interest in OfferUp as an equity-accounted associate.

In March 2020 MIH Movile Holding B.V. (Movile) signed an agreement to sell its subsidiary Wavy Global Holdings B.V. (Wavy) to Stockholm-based customer engagement platform, Sinch AB, in exchange for cash of approximately US$68m (approximately BRL355m) and a 2.70% equity investment in Sinch AB. The transaction is subject to regulatory approval. The group expects to account for its interest in Sinch AB as an investment at fair value through other comprehensive income.

On 26 April 2020, OLX Global B.V. (OLX) merged its subsidiary, Dubizzle Ltd (B.V.I.) the leading classifieds platform for users in the United Arab Emirates (UAE), with Emerging Markets Property Group (EMPG). EMPG owns and operates bespoke classifieds portals in different emerging markets across the world including Bayut in Dubai, Zameen in Pakistan, and Mubawab in Morocco, North Africa. The group also contributed cash of approximately US$75m. Following the transaction, the group will hold a 39% interest in EMPG. The group will account for its interest in EMPG as an investment in associate.

Company statement of financial position

As at 31 March 2020 (before appropriation of results)

	Notes	31 March 2020 US$'m	31 March 2019 US$'m	1 April 2018 US$'m
ASSETS				
Non-current assets		**150 642**	4 815	6 621
Property, plant and equipment		**–**	1	2
Other intangible assets		**–**	1	4
Investments in subsidiaries	3	**149 789**	4 813	6 615
Amounts due from group companies	4	**804**	–	–
Derivative financial instruments	18	**49**	–	–
Current assets		**7 181**	88	10 636
Amounts due from group companies	4	**5**	14	265
Other receivables	5	**27**	30	25
Short-term investments	6	**3 873**	–	1 350
Cash and cash equivalents	7	**3 276**	44	8 996
TOTAL ASSETS		**157 823**	4 903	17 257
EQUITY AND LIABILITIES				
Shareholders' equity		**154 322**	1 540	3 267
Share capital	8,9	**90**	172	172
Share premium	8,9	**152 094**	427	1 859
Statutory reserve		**138**	–	–
Other reserves		**–**	56	44
Retained earnings		**962**	1 198	1 192
Undistributed results		**1 038**	(313)	–
Non-current liabilities		**3 432**	3 235	3 316
Long-term liabilities	10	**3 432**	3 187	3 185
Cash-settled share-based compensation liabilities	20	**–**	7	8
Derivative financial instruments	18	**–**	33	123
Provisions		**–**	8	–
Current liabilities		**69**	128	10 674
Trade payables		**2**	5	2
Amounts due to group companies	4	**20**	37	10 345
Accrued expenses and other current liabilities	11	**42**	86	78
Derivative financial instruments	18	**5**	–	–
Bank overdraft		**–**	–	249
TOTAL EQUITY AND LIABILITIES		**157 823**	4 903	17 257

The accompanying notes are an integral part of these company financial statements.

Company statement of comprehensive income

for the year ended 31 March 2020

	Notes	31 March 2020 US$'m	31 March 2019 US$'m
Revenue	12	**13**	15
Selling, general and administration expenses	13	**(136)**	(172)
Other gains/(losses) – net	14	**1 262**	(69)
Operating profit/(loss)		**1 139**	(226)
Interest income	15	**13**	193
Interest expense	15	**(198)**	(372)
Other finance income/(costs) – net	15	**84**	89
Profit/(loss) before taxation		**1 038**	(316)
Taxation	16	**–**	3
Profit/(loss) for the year		**1 038**	(313)
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the year		**1 038**	(313)

The accompanying notes are an integral part of these company financial statements.

Company statement of changes in equity

for the year ended 31 March 2020

	Share capital US$'m	Share premium US$'m	Statutory reserve US$'m	Share-based compensation reserve* US$'m	Retained earnings US$'m	Undistributed results US$'m	Total US$'m
Balance at 1 April 2018	172	1 859	–	44	1 773	(581)	3 267
Appropriation of result	–	–	–	–	(581)	581	–
Total comprehensive income for the year	–	–	–	–	–	(313)	(313)
Share-based compensation reserve movement	–	–	–	12	8	–	20
Distribution of MultiChoice Africa and Irdeto[(1)]	–	(1 432)	–	–	–	–	(1 432)
Dividends	–	–	–	–	(2)	–	(2)
Balance at 31 March 2019	172	427	–	56	1 198	(313)	1 540
Balance at 1 April 2019	**172**	**427**	**–**	**56**	**1 198**	**(313)**	**1 540**
Appropriation of result	**–**	**–**	**–**	**–**	**(313)**	**313**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**1 038**	**1 038**
Share capital issued[(2)]	**29**	**151 695**	**–**	**–**	**–**	**–**	**151 724**
Conversion of ordinary shares into ordinary N shares[(3)]	**(110)**	**110**	**–**	**–**	**–**	**–**	**–**
Currency translation of share capital	**(1)**	**–**	**–**	**–**	**1**	**–**	**–**
Share-based compensation reserve movement[(4)]	**–**	**–**	**–**	**(56)**	**76**	**–**	**20**
Transfer to statutory reserve[(5)]	**–**	**(138)**	**138**	**–**	**–**	**–**	**–**
Balance at 31 March 2020	**90**	**152 094**	**138**	**–**	**962**	**1 038**	**154 322**

(1) Relates to MultiChoice Africa and Irdeto which were disposed of to Naspers, who subsequently distributed their Video Entertainment business to their shareholders in February 2019 through a listing on the JSE. Refer to note 3 for further details.
(2) 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 438 656 059 N ordinary shares and 1 059 213 A ordinary shares. The increase in share premium is as a result of the restructuring on formation of the Prosus group particularly the acquisition of MIH Services FZ LLC that held Naspers's investment in Tencent Holdings Limited. Refer to note 3 for further details.
(3) This relates to the conversion of the company's share capital to N ordinary shares in anticipation of listing on the Euronext Amsterdam stock exchange in May 2019.
(4) As part of an internal restructuring of the Prosus group, the company transferred its equity compensation benefit plans to Prosus Services B.V. Refer to note 20 for more details.
(5) The statutory reserve is required by the company's articles of association. Refer to note 8 for further details.
* This component of equity forms part of "Other Reserves" of the company.

The accompanying notes are an integral part of these company financial statements.

Company statement of cash flows

for the year ended 31 March 2020

	Notes	31 March 2020 US$'m	31 March 2019 US$'m
Cash flows from operating activities			
Cash utilised in operations	17	**(151)**	(116)
Interest income received		**2**	193
Interest expense paid		**(200)**	(375)
Net cash utilised in operating activities		**(349)**	(298)
Cash flows from investing activities			
Loans advanced to subsidiaries		**(162)**	–
Maturity of short-term investments	2	**–**	1 350
Acquisition of short-term investments	6	**(3 863)**	–
Proceeds from transfer of cash and short-term investments from MIH Finance v.o.f.	3	**7 354**	–
Loans repaid by group companies		**12**	552
Net cash generated from investing activities		**3 341**	1 902
Cash flows from financing activities			
Repayment of bond	10	**(1 000)**	–
Loans advanced to subsidiaries	15	**–**	(10 308)
Proceeds from new bond issuance – net of costs	10	**1 241**	–
Net cash generated from/(utilised in) financing activities		**241**	(10 308)
Net increase/(decrease) in cash and cash equivalents		**3 233**	(8 704)
Foreign exchange translation adjustments on cash and cash equivalents		**(1)**	1
Cash and cash equivalents at the beginning of the year		**44**	8 747
Cash and cash equivalents at the end of the year	7	**3 276**	44

The accompanying notes are an integral part of these company financial statements.

Notes to the company financial statements

for the year ended 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES

General information

Prosus N.V. (Prosus or the company) (formerly Myriad International Holdings N.V.) is a public company with limited liability (naamloze vennootschap) incorporated under Dutch law, with its registered head office located at Symphony Offices, Gustav Mahlerplein 5, 1082 MS Amsterdam, 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 (JSE) in South Africa. The principal activities of the company are to operate as a holding company for Naspers group's international internet assets and provide equity funding to the subsidiaries of the Naspers group.

Basis of preparation and accounting policies

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. Its former parent company, MIH Ming He Holdings Limited (Ming He), indirectly held Naspers's investment in Tencent Holdings Limited. As part of the restructuring, in June 2019 through a capital contribution in return for N and A ordinary shares, the company acquired the business of Ming He via the acquisition of MIH Services FZ LLC, various receivables to its intermediate parent MIH Holdings Proprietary Limited 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 Ming He acquisition via the acquisition of MIH Services FZ LLC, Prosus management accounted for this acquisition in accordance with the cost accounting policy that it applies in the company financial statements. As a result, the initial recognition of MIH Services FZ LLC is based on the fair value at the contribution date, which is the deemed cost price of the investment.

IFRS compliance

The company financial statements are presented in accordance with, and comply, in all material respects, with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS-EU). All standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee have been endorsed by the European Union (EU). The accounting policies applied by Prosus also comply with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

First-time adoption of International Financial Reporting Standards

Prosus existed as a company within the meaning of IFRS-EU prior to 1 April 2019. It consists of Prosus and its direct and indirect subsidiaries, associated companies and joint ventures. Prosus prior year company financial statements for the year ended 31 March 2019 were prepared in accordance with the generally accepted accounting principles in the Netherlands (Dutch GAAP). As a result of the listing of the company's shares on Euronext Amsterdam on 11 September 2019, and as discussed in the notes to the consolidated financial statements, the company is required to prepare consolidated financial statements in accordance with IFRS-EU. In conjunction with this, the company elected to also present the company financial statements in accordance with IFRS-EU. The adoption has been reflected in accordance with IFRS 1. The transition date to IFRS is 1 April 2018. The company financial statements presented here are based on uniform IFRS-EU accounting policies. The comparative statement of financial position as at 1 April 2018 has been presented as part of the company financial statements for the year ended 31 March 2020.

On transition to IFRS-EU, the company applied IFRS to the financial statements retrospectively. This means that the assets, liabilities, income and expenses of the economic activities included in the company financial statements correspond with the amounts included by Naspers Limited in the consolidated financial statements except for the company's investment in subsidiaries which were measured in transition to IFRS at their respective deemed cost (ie being the previous GAAP carrying amount).

As a result, the adoption of the new accounting standards conforms with adoption dates of Naspers. The company adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) with effect from 1 April 2018 on a retrospective basis and accordingly restated all comparative information from that date. The company further adopted IFRS 9 *Financial Instruments* (IFRS 9) from 1 April 2018 and elected not to restate comparatives on transition.

These are Prosus's first financial statements prepared in accordance with IFRS-EU. In preparing its opening IFRS-EU statement of financial position, Prosus has adjusted amounts previously reported in financial statements prepared in accordance with Dutch GAAP. An explanation of how the transition from Dutch GAAP to IFRS-EU has affected the Prosus financial position, financial performance and cash flows is set out in note 2 below.

Accounting policies

The accounting policies of the company are the same as those of the Prosus group, where applicable (refer to note 2 of the consolidated financial statements), specifically as regards to financial assets measured at amortised cost.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the company financial statements.

Non-cash distributions to shareholders/distributions from investments in subsidiaries

When the company declares a non-cash distribution to its shareholders it recognises the distribution when it is appropriately authorised. Non-cash distributions to shareholders are measured at the respective carrying amounts of the assets.

Non-cash distributions received from the company's investments in subsidiaries are measured at the fair value of the non-cash assets distributed.

IFRS 9 *Financial Instruments*

Classification of loans to subsidiaries

Loans to subsidiaries, related party receivables and cash and cash equivalents are classified as financial assets at amortised cost as these items are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual cash flows represent solely payments of principal and interest on the amount outstanding. In making this assessment, the company considers the effect of terms (including conversion, prepayment and extension features) that may affect the timing and/or amounts of cash flows.

Measurement of financial assets at amortised cost

The company applied the measurement provisions of IFRS 9, including those relating to impairment allowances on financial assets at amortised cost, to all financial instruments within the measurement scope of IFRS 9. The company's impairment methodology related to financial assets at amortised cost is detailed in note 3 of the company financial statements.

Notes to the company financial statements continued

for the year ended 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES continued

Basis of preparation and accounting policies continued

Accounting policies continued

Accounting judgements and sources of estimation uncertainty

The preparation of the company financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates.

Company's investment in MIH Finance v.o.f.

MIH Finance v.o.f. (VOF) is a treasury company of the Naspers group. It was established as a general partnership (vennootschap onder firma) under Dutch law in 2010 to carry out treasury and financing activities for the Naspers group. The partnership was established by the company and its subsidiary Ming He (formerly the company's parent). The company holds 99.99% of the interest in VOF and Ming He holds the remaining 0.01%. VOF's sole activities are to provide loan funding to other Naspers group companies and manage the central offshore cash of the Naspers group. The company is required to absorb net losses that VOF may incur related to group financing activities and controls the operations of the entity due to its majority interest. Given the governance structure and the ability of VOF to enter into legal agreements itself, management's judgement is that the VOF is an entity rather than a branch. Though the VOF was set up as a partnership, the company controls the operations of the entity because it can take relevant decisions with a simple majority of votes cast as a result of its 99.99% interest in VOF. Therefore, management's judgement is that the nature of VOF is that of a subsidiary rather than that of a joint operation.

As at 31 March 2020, MIH Finance v.o.f. was no longer a direct subsidiary of Prosus N.V. as it has been contributed to the company's subsidiary MIH Internet Holdings B.V.

Company's investment in MIH Services FZ LLC

In June 2019 through a capital contribution, Prosus acquired the business of Ming He via the acquisition of MIH Services FZ LLC. Prosus then indirectly held Naspers's investment in Tencent Holdings Limited (Tencent). The fair value of MIH Services FZ LLC was determined predominantly from the fair value of the underlying Tencent investment, instead of determining the fair value of the entity as a whole based on a discounted cash-flow model. This is because no other significant assets are held by MIH Services FZ LLC. The value of MIH Services FZ LLC was therefore determined as the sum of the fair value of Tencent, cash and cash equivalents, receivables and payables held by the entity. The fair value of Tencent was based on the number of shares held multiplied by the share price at the transaction date. The carrying values of cash and cash equivalents, receivables and payables reflected the respective fair values of these balances at the transaction date due to their short-term nature and respective terms and conditions.

Basis of preparation and accounting policies

Impairment of investments

The company periodically (at least once a year at balance sheet date) evaluates the carrying value of assets when events and circumstances indicate that the carrying value may not be recoverable. Factors that the company considers important, which could trigger an impairment review include, but are not limited to, significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the company's overall business, significant negative industry or economic trends that are likely to prevail into the long term and the market capitalisation of listed investments relative to its net book value. The carrying value of an asset is considered impaired when the recoverable amount of such an asset is separately identifiable and is less than its carrying value. In that event, a loss is recognised based on the amount by which the carrying value exceeds the fair value of the asset. Impairments that are recognised, are recorded in the profit and loss account.

An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The recoverable amount is determined primarily using anticipated cash flows discounted at a rate commensurate with the risk involved; recent funding rounds by the Prosus group; or the last traded price for listed investments or based on recent funding rounds by Prosus.

The revenue growth rates and profit margins (EBITDA margins) used to estimate future performance are based on past performance and management's expectations for growth rates and profit margins achievable in the markets and businesses the companies are active in. In addition to the forecasts used in the impairment assessments, sensitivity analyses have been prepared.

Assets to be disposed of are recorded at the lower of their cost and fair value, reduced by the estimated costs to dispose of the asset. The realisable value is determined based on the active market, whereby the prevailing bid price is taken as market price. The costs deducted in determining net realisable value are based on the estimated costs that are directly attributable to the sale and are necessary to realise the sale.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Equity compensation benefits

The significant judgements and estimates related to equity compensation benefits are the same as those of the Prosus group where applicable. Refer to note 2 of the consolidated financial statements.

2. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The tables and explanatory notes below provide a reconciliation of the equity and total comprehensive income reported under Dutch GAAP to the equity and total comprehensive income under IFRS-EU as at 1 April 2018 (the date of transition) and as at 31 March 2019, which is the date of the most recent company financial statements prepared in accordance with Dutch GAAP.

Notes to the company financial statements continued

for the year ended 31 March 2020

2. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS continued

Reconciliation of equity

	1 April 2018			31 March 2019		
	Dutch GAAP US$'m	Effect of transition to IFRS-EU US$'m	**IFRS-EU US$'m**	Dutch GAAP US$'m	Effect of transition to IFRS-EU US$'m	**IFRS-EU US$'m**
ASSETS						
Non-current assets	6 621	–	**6 621**	4 815	–	**4 815**
Investments in subsidiaries	6 615	–	**6 615**	4 813	–	**4 813**
Property, plant and equipment	2	–	**2**	1	–	**1**
Other intangible assets	4	–	**4**	1	–	**1**
Current assets	10 636	–	**10 636**	88	–	**88**
Loans to subsidiaries	265	–	**265**	14	–	**14**
Other receivables	25	–	**25**	30	–	**30**
Short-term investments[1]	–	1 350	**1 350**	–	–	**–**
Cash and cash equivalents[1]	10 346	(1 350)	**8 996**	44	–	**44**
TOTAL ASSETS	17 257	–	**17 257**	4 903	–	**4 903**
EQUITY AND LIABILITIES						
Shareholders' equity	3 267	–	**3 267**	1 540	–	**1 540**
Share capital	172	–	**172**	172	–	**172**
Share premium	1 859	–	**–**	427	–	**427**
Other reserves[2]	–	44	**44**	–	56	**56**
Retained earnings[2]	1 236	(44)	**1 192**	941	(56)	**885**
Non-current liabilities	3 316	–	**3 316**	3 235	–	**3 235**
Long-term liabilities	3 185	–	**3 185**	3 187		**3 187**
Derivative financial instruments	123	–	**123**	33	–	**33**
Provisions	–	–	**–**	8	–	**8**
Cash-settled share-based compensation liabilities	8	–	**8**	7	–	**7**
Current liabilities	10 674	–	**10 674**	128	–	**128**
Bank overdraft	249	–	**249**	–	–	**–**
Trade payables	2	–	**2**	5	–	**5**
Amounts owing to group companies	10 345	–	**10 345**	37	–	**37**
Accrued expenses and other current liabilities	78	–	**78**	86	–	**86**
TOTAL EQUITY AND LIABILITIES	17 257	–	**17 257**	4 903	–	**4 903**

(1) The difference in cash and cash equivalents relates to cash deposits with a maturity date of more than 90 days and therefore not considered as cash and cash equivalents under IFRS-EU.

(2) The difference in other reserves relates to the recognition of the share-based compensation reserve relating to equity-settled share-based compensation plans. The company has equity compensation benefits for its employees that will be settled in Naspers Limited shares. The company was previously exempt under Dutch GAAP from recognising equity-settled share-based payment transactions not settled by a person or entity of the Prosus group. Refer to note 20.

Reconciliation of total comprehensive income

	31 March 2019		
	Dutch GAAP US$'m	Effect of transition to IFRS-EU US$'m	**IFRS-EU US$'m**
Revenue from contracts with customers	15	–	**15**
Selling, general and administration expenses[1]	(151)	(21)	**(172)**
Other (losses)/gains – net	(69)	–	**(69)**
Operating loss	(205)	(21)	**(226)**
Interest income	193	–	**193**
Interest expense	(372)	–	**(372)**
Other finance income/(costs) – net	89	–	**89**
Loss before taxation	(295)	(21)	**(316)**
Taxation	3	–	**3**
Loss for the year	(292)	(21)	**(313)**
Total comprehensive loss for the year	(292)	(21)	**(313)**

(1) The increase is as a result of the recognition of equity-settled share-based payment expenses on transition to IFRS-EU. Under Dutch GAAP the company was exempt from recognising equity-settled share-based payment transactions not settled by a person or entity of the Prosus group.

Notes to the company financial statements continued

for the year ended 31 March 2020

3. INVESTMENTS IN SUBSIDIARIES

The following information relates to Prosus N.V.'s direct interest in its subsidiaries:

Name of subsidiary	Functional currency	Effective percentage interest 2020 %	Effective percentage interest 2019 %	Direct investment in shares 2020 US$'m	Direct investment in shares 2019 US$'m	Nature of business	Country of incorporation
Unlisted companies							
MIH ecommerce Holdings B.V.	US$	–	100.0	–	1 692	Investment holding	The Netherlands
MIH Finance v.o.f.[1]	US$	–	99.9	–	2 081	Corporate	The Netherlands
MIH Russia Internet B.V.	US$	–	100.0	–	975	Investment holding	The Netherlands
MIH B2C Holdings B.V.	US$	–	100.0	–	63	Investment holding	The Netherlands
MIH Technology Holdings B.V.	US$	–	100.0	–	2	Investment holding	The Netherlands
MIH eCommerce (UK) Ltd	GBP	–	100.0	–	–	Investment holding	The United Kingdom
MIH Internet (UK) Ltd	GBP	–	100.0	–	–	Corporate	The United Kingdom
MIH Internet Holdings B.V.	US$	**100.0**	100.0	**15 099**	–	Investment holding	The Netherlands
MIH LatAm Holdings B.V.	US$	–	100.0	–	–	Investment holding	The Netherlands
MIH Services FZ LLC	US$	**100.0**	–	**134 690**	–	Investment holding	United Arab Emirates
Myriad International Holdings Asia B.V.	US$	–	100.0	–	–	Investment holding	The Netherlands
Myriad Services B.V.	US$	–	–	–	–	Corporate	The Netherlands
Prosus Services B.V. (Naspers Services B.V.)	US$	–	100.0	–	–	Corporate	The Netherlands
MIH Internet India PVT Limited	US$	–	100.0	–	–	Corporate	India
Showmax Poland B.V.[2]	US$	–	100.0	–	–	Corporate	The Netherlands
				149 789	4 813		

[1] Based on management's assessment in the prior year, an impairment charge was recorded for the company's subsidiary, MIH Finance v.o.f., amounting to US$64m. Refer to note 14.
[2] Currently in liquidation.

General

Historically, Prosus N.V. was an investment holding company, which held Naspers's international ecommerce and internet businesses. Its former parent company, Ming He, indirectly held Naspers's investment in Tencent.

MIH Services FZ LLC

As part of the restructuring, in June 2019, through a capital contribution amounting to US$134.69bn, the company acquired the business of Ming He via the acquisition of MIH Services FZ LLC. As a result, Prosus then indirectly held Naspers's investment in Tencent.

The fair value of MIH Services FZ LLC contributed was predominantly determined from the fair value of the Tencent investment. This is because no other significant assets are held by MIH Services FZ LLC. The value of MIH Services FZ LLC was therefore determined as the sum of the fair value of Tencent, cash and cash equivalents, receivables and payables held by the entity. The fair value of Tencent was based on the number of shares held multiplied by the share price at the transaction date. The fair value of MIH Services FZ LLC on the contribution date is the cost of this investment going forward.

MIH Internet Holdings B.V. and MIH Finance v.o.f.

During the current year, the company contributed all its direct investments (with the exception of MIH Services FZ LLC) for their carrying amounts to MIH Internet Holdings B.V. as part of an internal restructuring of the Prosus group.

As part of this restructuring, the company, together with Ming He, is in the process to dissolve MIH Finance v.o.f. As part of this process all bank accounts and cash deposits held by MIH Finance v.o.f. were transferred to the company and all loan receivables due from subsidiaries held by MIH Finance v.o.f. were transferred to MIH Internet Holdings B.V. The company realised a deemed dividend of US$244m on its investment in MIH Finance v.o.f., as the proceeds exceed the carrying amount of the investment.

MultiChoice group unbundling

In prior year, MultiChoice Africa and Irdeto were disposed of to the Naspers group. The Naspers group listed its Video Entertainment business on the JSE and simultaneously distributed its shares in this business (MultiChoice Group) to the Naspers group's shareholders. The investments in the subsidiaries of the MultiChoice Group held by the company were therefore distributed to Naspers at their carrying amounts.

Below is a summary of the movements in the company's investments in subsidiaries:

	31 March 2020 US$'m	31 March 2019 US$'m
Carrying amount as at 1 April	**4 813**	6 615
Additions and contributions	**143 901**	29
Divestments	**–**	(1 433)
Capital repayments	**(11 162)**	(334)
Loan capitalisations	**12 237**	–
Impairment of investments	**–**	(64)
Movements during the year	**144 976**	(1 802)
Carrying amount as at 31 March	**149 789**	4 813

Notes to the company financial statements continued

for the year ended 31 March 2020

3. INVESTMENTS IN SUBSIDIARIES continued

Movements in investments in subsidiaries

Additions and contributions

Prosus N.V. held 40 shares in Myriad International Holdings Asia B.V. and was the entity's sole shareholder. On 1 June 2019, Myriad International Holdings Asia B.V. issued 1 000 000 new ordinary shares to MIH Holdings (Pty) Ltd. With this transaction, Prosus N.V. lost control over Myriad International Holdings Asia B.V. temporarily. On 13 June 2019, the company issued 1 ordinary N share with a nominal value of EUR0.05 to MIH Holdings (Pty) Ltd. MIH Holdings (Pty) Ltd paid this share up by a non-cash contribution consisting of 1 000 000 shares in the capital of Myriad International Holdings Asia B.V. The value of these shares is based on the fair value of Myriad International Holdings Asia B.V.'s shareholding in MIH Ming He Holdings Ltd being US$9.21bn. On 29 January 2020, the company contributed all the shares in the capital of Myriad International Holdings Asia B.V. to MIH Internet Holdings B.V. in exchange for one share in the capital of MIH Internet Holdings B.V. (against book value of the investment).

On 13 June 2019, the company issued 2 452 605 ordinary A1 shares and 85 996 010 ordinary N shares with a nominal value of EUR0.05 each to MIH Holdings (Pty) Ltd. MIH Holdings (Pty) Ltd paid these shares up by a non-cash contribution consisting of 13 724 shares in the capital of MIH Services FZ LLC with a fair value of US$134 690m. Refer above for details of how the value of MIH Services FZ LLC was determined.

During the financial year, the company contributed all its shareholdings, except for MIH Services FZ LLC, to MIH Internet Holdings B.V. at their carrying amount.

In the prior year the company acquired additional shares in MIH Russia Internet B.V. and contributed one ordinary share in OLX group in exchange for an interest in MIH ecommerce Holdings B.V.

Divestments

In the prior year the company distributed the following investments out of share premium to its shareholder:

- Showmax B.V.
- Irdeto Holdings B.V.
- MultiChoice Africa Holdings B.V.

Refer to the description of the MultiChoice Group unbundling above.

Capital repayments

As part of the dissolvement of MIH Finance v.o.f. which is scheduled to be finalised in the financial year 2021, the following transactions occurred during the financial year:

- Effective 1 March 2020: Assignment of a loan receivable on MIH e-commerce Holdings B.V. by MIH Finance v.o.f. in the amount of US$781m (being the equivalent of EUR708m), which is the face value of the loan plus interest accrued as per 29 February 2020. The loan assignment has been recognised as a capital repayment by MIH Finance v.o.f. The company has subsequently assigned its receivable on MIH e-commerce Holdings B.V. to MIH Internet Holdings B.V.
- Effective 30 March 2020: Assignment of a loan receivable on MIH Internet Holdings B.V. by MIH Finance v.o.f. in the amount of US$3bn, which is the face value of the loan at transaction date. The loan assignment has been recognised as a capital repayment by MIH Finance v.o.f.
- The cash balances and deposits held by MIH Finance v.o.f. amounting to US$7.35bn were assigned and transferred to the company. In addition, the restructuring resulted in the recognition of a deemed dividend from MIH Finance v.o.f. (refer to note 14).

In the prior year the capital repayments also related to the company's investment in MIH Finance v.o.f. MIH Finance v.o.f. assigned amounts owing from Naspers group companies to the company as a distribution of capital.

Loan capitalisations mainly relate to the following loans that were converted into equity:

Effective 31 May 2019, MIH Holdings (Pty) Ltd. assigned its US$7.82bn receivable from MIH Finance v.o.f. to the company which resulted in the company having an amount due from MIH Finance v.o.f. and an amount due to MIH Holdings (Pty) Ltd.

On the same date, MIH Holdings (Pty) Ltd., as sole shareholder of the company, converted its US$7.82bn receivable into equity, without the company issuing new shares. The full amount is recognised in the company's share premium reserve. Subsequently, the company converted its receivable from MIH Finance v.o.f. into equity and increased the company's investment in MIH Finance v.o.f. for the same amount.

On 28 June 2019, MIH B2C Holdings B.V. distributed a dividend to the company in the amount of US$1.02bn. This dividend concerned part of the proceeds from the sale in May 2018 of the 11.18% stake in Indian e-commerce company Flipkart. Pte. Ltd of which MIH B2C Holdings B.V. was the holding entity. Subsequently, MIH B2C Holdings B.V. assigned its receivable on MIH Finance v.o.f. in the amount of US$1.02bn to the company due to which the company has a receivable on MIH Finance v.o.f. and a payable to MIH B2C Holdings B.V. for that amount. The dividend payable owed by MIH B2C Holdings B.V. to the company has been set off against the receivable from MIH B2C Holdings B.V. on the company. The dividend is recognised as dividend income, refer to note 14. Subsequently, the company converted its receivable from MIH Finance v.o.f. into equity and increased the company's investment in MIH Finance v.o.f. for the same amount.

On 31 March 2020, the company has converted its US$3.03bn receivable from MIH Internet Holdings B.V. (refer to paragraph 'Capital repayments' above) into equity in exchange for 1 ordinary share in the capital of MIH Internet Holdings B.V. The issue price of the share was US$3.03bn.

On 30 March 2020, the company converted US$125.1m of its receivable on MIH Internet Holdings B.V. into equity in exchange for 1 share in the capital of MIH Internet Holdings B.V. The issue price of the share was US$125.1m.

In the prior year the company subscribed for new shares in MultiChoice Africa Holdings B.V., Irdeto Holdings B.V., MIH Technology Holdings B.V. and Showmax B.V. The amount payable for this subscription was set off against the amounts owing from these companies. MultiChoice Africa Holdings B.V. and Irdeto Holdings B.V. were then subsequently distributed to Naspers and described above.

Impairment assessment

In the prior year based on management's assessment an impairment expense was recognised on the company's investment in MIH Finance v.o.f. In the current year prior to the transfer of MIH Finance v.o.f. to MIH Internet Holdings B.V. this impairment was reversed and is recognised as part of the deemed dividend from planned dissolution of the entity (refer to note 14).

At the end of each year, the company assesses whether there is an indication that the investments in subsidiaries are impaired. The impairment assessment is performed at the level of MIH Services FZ LLC and MIH Internet Holdings B.V. The recoverable amounts of these investments have been determined based on the higher of the value in use and the fair value less costs of disposal or a combination of the two where the investment is a sum of more than one underlying business.

Notes to the company financial statements continued

for the year ended 31 March 2020

3. INVESTMENTS IN SUBSIDIARIES continued

Movements in investments in subsidiaries continued

Impairment assessment continued

The recoverable amount of MIH Services FZ LLC is based on the fair value of Tencent Holdings Limited its investment in associate. The recoverability of the carrying amount of MIH Internet Holdings B.V. was tested through a sum of the recoverable amounts of its underlying investments using a combination of value-in-use calculations, recent funding transactions that occurred during the current year, option pricing models and quoted prices for listed investments.

The value in use is based on discounted cash flow calculations. The company uses up to 10-year budget and forecast information of the underlying entities. Forecasts are approved by senior management and/or the various boards of directors of group companies. Long-term average growth rates for the respective countries in which the entities operate or, where more appropriate, the growth rate of the cash-generating units, were used to extrapolate cash flows into the future. Terminal growth rates ranges used in the calculation range between 2% and 5.5% and post-tax discount rates range between 11% and 21%.

The company's impairment assessment takes into account that, in most instances, longer forecast periods are required for many ecommerce businesses. These longer forecast periods are required as the ecommerce businesses generally only reach maturity once sufficient market share has been gained, the businesses have reached the appropriate scale and have become revenue generative/profitable. Key assumptions in estimating these future cash flows over the forecast period include the entity's ability to capture the required market share and the additional investment required in order for it to reach the appropriate scale.

Value-in-use calculations are performed using the appropriate operational cash flows, and accordingly, discount rates take into account country risk premiums and inflation differentials as appropriate. Post-tax discount rates have been applied in calculations as value in use was determined using post-tax cash flows.

The calculation of value in use is most sensitive to the following assumptions:

- Revenue growth rates
- Expected EBITDA margins
- Growth rates used to extrapolate cash flows beyond the budget and forecast period, including the terminal growth rate applied in the final projection year, and
- Discount rates.

When determining cash flows over the forecast periods, EBITDA margin assumptions vary between the diverse range of businesses.

The aggregate carrying amount pertaining to the investment in MIH Internet Holdings B.V., amounting to US$15.1bn, is especially sensitive to changes in the underlying assumptions.

Key assumptions underlying revenue forecasts for the ecommerce businesses include the entities' anticipated market share, the businesses expected to be listed over the forecast period and the revenue and EBITDA contribution of each such listing. EBITDA margins of ranges between 8% and 63%, depending on the stage of maturity of the relevant business.

The company adjusted cash flow projections and budgets to include the effects of the Covid-19 pandemic. This adjustment took into account the impact of the pandemic on revenue and margins as well as the periods of interruptions to business operations as a result of lockdown trading restrictions. The company also updated its discount rates where required. Covid-19 has had a broad impact on the group, with the restrictions impacting some businesses negatively where they are unable to operate and on the other hand, having a positive impact on other major business operations where online services and sale of goods is the primary solution for social distancing measures imposed. At 31 March no impairment was recognised for the company's direct investments in MIH Services FZ LLC and MIH Internet Holdings B.V.

Listed ecommerce assets contribute 26% of the total value of the ecommerce businesses. The remainder of the ecommerce assets are at various life stages and the early stage investments are more sensitive to changes in assumptions.

We performed sensitivity analyses on the underlying discounted cash flow calculations. These analyses reveal that the values are highly sensitive and adjustments to the expected future cash flows, or higher discount rates, could result in an impairment. The main inputs for the expected future cash flows are revenue growth, profit margins, discount rates and long-term growth rates on which sensitivity analyses have been prepared. Reasonable possible changes on the revenue growth rates, profit margins and discount rates used to estimate future performance have been assessed as to whether it impacts the recoverable amounts of the company's investments in subsidiaries. It has been determined that some investments are more sensitive to changes than others. The forecast annual revenue growth rates assumed for the investments in subsidiaries ranges between 1.3% and 62.4%.

A decrease in the revenue growth of more than 4.38 percentage points for each of the years used in the forecast, or a relative decrease in the EBITDA margin by 23.82%, or a decrease of more than 7.99% in the terminal growth rate or an increase of more than 2.71% in the discount rate would be required before any part of the investments would be impaired.

As part of our impairment testing, we also compared the sum of the total value of the company's underlying assets, as well as the carrying amounts, to the market capitalisation of the company. The market capitalisation of €102.81bn (or US$112.80bn) as at 31 March 2020 shows a discount to the carrying amount of the company's shareholders' equity based on IFRS. We considered that it is common that investment holding companies trade at a discount to the fair value on the controlling basis of their underlying assets. Holding company discounts vary significantly but are normally in the 10% to 40% range although, in some cases, this can extend to over 50%. The reasons for holding company discounts can vary according to each company's specific circumstances, but can include management costs, tax leakage, governance and shareholder structure, information asymmetry and perceived reinvestment risk. Since listing on 11 September 2019, Prosus has mostly been trading between a 15% and 35% discount to its equity value. The total market value of the listed marketable securities held by Prosus N.V. at 31 March 2020 was approximately US$150bn. Based on our analysis we conclude that this discount does not – as such – result in an additional reduction of the value determined under IAS 36 used in the impairment assessment of the company's subsidiaries.

Notes to the company financial statements continued

for the year ended 31 March 2020

4. RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due from group companies

	31 March 2020 US$'m	2019 US$'m
MIH Internet Holdings B.V.	**804**	–
iFood Holdings B.V.	**2**	–
MIH TC Holdings Ltd	**2**	–
MIH Holdings Proprietary Limited	**–**	6
OLX Global B.V.	**–**	3
MIH Internet SEA Pte. Ltd	**–**	1
PayU B.V.	**–**	1
PayU Payments Private Limited	**–**	1
Other	**1**	2
Total amounts due from group companies	**809**	14
Less: non-current portion of amounts owing to group companies	**(804)**	–
Current portion of amounts due to group companies	**5**	14

Amounts due to group companies

	31 March 2020 US$'m	2019 US$'m
MIH Finance v.o.f.	**–**	19
Prosus Services B.V. (previously known as Naspers Services B.V.)	**20**	5
Naspers Ventures B.V.	**–**	6
MIH Internet SEA Pte. Ltd	**–**	3
PayU Corporate IT B.V.	**–**	1
MIH Holdings Proprietary Limited	**–**	1
Other	**–**	2
	20	37

Current loans to group companies are unsecured, denominated in various currencies, non-interest bearing and repayable on demand. Accordingly, the effect of discounting on these loans is insignificant. The non-current loan shall be repayable in full by the borrower on or before 31 March 2025 and bears an interest of 12 months EURIBOR plus 1.75%.

The company establishes allowances for credit losses (impairment allowances) on loans to group companies equal to the 12-month expected credit losses on these items unless there has been a significant increase in credit risk since initial recognition of these loans. Where there has been a significant increase in credit risk since initial recognition, impairment allowances are adjusted to equal the lifetime expected credit losses on these loans.

At 31 March 2020 and 2019, except for the impairment allowances disclosed in note 3 and note 14, the impairment allowances related to loans to group companies were not significant on account of the loan counterparties' holdings of substantial highly liquid marketable securities, and/or cash/short-term cash investment balances. These holdings by the counterparties significantly exceed their obligations, excluding their liabilities towards the company, and accordingly mitigate the credit risk arising from these loans.

Based on the principal activities of the company as holding company, the transactions disclosed in the notes are related party transactions. The financial statement impact and nature of the transactions are disclosed in the respective notes.

The company benefits from services from Naspers as a result of the shared corporate and governance structures. The corporate costs for these services are included in note 39 of the consolidated financial statements.

Directors' remuneration

The executive directors received the following remuneration and emoluments:

	2020 US$'000	2019 US$'000
Executive directors		
Salary	**1 952**	1 953
Annual short-term incentive payments	**2 233**	1 182
Pension contributions and other benefits paid on behalf of director	**285**	326
Share-based payment expense	**15 839**	3 049
Total	**20 309**	6 510

The non-executive directors received the following remuneration and emoluments:

	2020 US$'000	2019 US$'000
Non-executive directors		
Directors' fees	**1 448**	–
Committee and trust fees	**358**	–
Other fees	**85**	–
Total	**1 891**	–

Key management received the following remuneration:

	2020 US$'000	2019 US$'000
Key management		
Short-term employee benefits	**14 744**	14 240
Post-employment benefits	**799**	555
Share-based payment expense	**58 681**	36 108
Total	**74 224**	50 903

The group has not provided any personal loans, advances or guarantees to the executive and non-executive directors.

The statutory directors of the company changed as of 16 May 2019. The 2019 financial year's remuneration relates to the former statutory directors. The 2020 financial year's remuneration includes the remuneration of the former statutory directors until the date of resignation and the remuneration of the newly appointed executive directors from the date of appointment.

Notes to the company financial statements continued

for the year ended 31 March 2020

4. RELATED PARTY TRANSACTIONS AND BALANCES continued

Directors' interest in Prosus shares

The directors of Prosus A (and their associates) had the following interests in Prosus A1 ordinary shares as at 31 March:

	2020			2019		
	Prosus A ordinary shares			Prosus A ordinary shares		
	Beneficial			Beneficial		
Name	Direct	Indirect	Total	Direct	Indirect	Total
S J Z Pacak[(1)]	–	383	383	–	–	–
J D T Stofberg[(1)]	–	639	639	–	–	–
Total	–	1 022	1 022	–	–	–

(1) Shares acquired as a result of the unbundling by Naspers of all of its internet interests outside of South Africa into Prosus, listed on Euronext Amsterdam, on 11 September 2019.

The directors of Prosus (and their associates) had the following interests in Prosus N ordinary shares as at 31 March:

	2020			2019[(1)]		
	Prosus N ordinary shares			Prosus N ordinary shares		
	Beneficial			Beneficial		
Name	Direct	Indirect	Total	Direct	Indirect	Total
J P Bekker	–	4 688 691	4 688 691	–	4 688 691	4 688 691
C L Enenstein	–	415	415	–	415	415
F L N Letele	1 474	–	1 474	1 474	–	1 474
S J Z Pacak[(2), (3)]	–	630 635	630 635	376 635	291 548	668 183
T M F Phaswana[(4)]	–	1 030	1 030	–	3 530	3 530
V Sgourdos	32 483	87 367	119 850	32 483	84 661	117 144
M R Sorour	2 145	442	2 587	2 145	442	2 587
J D T Stofberg[(5)]	183 317	141 888	325 205	183 317	291 888	475 205
B J van der Ross	2 550	820	3 370	2 550	820	3 370
B van Dijk	51 809	922 451	974 260	51 809	922 451	974 260
Total	273 778	6 473 739	6 747 517	650 413	6 284 446	6 934 859

(1) Shares acquired as a result of the unbundling by Naspers of all of its internet interests outside of South Africa into Prosus, listed on Euronext Amsterdam, on 11 September 2019.
(2) On 16 September 2019, a total of 180 000 Naspers N ordinary shares were sold by Steve Pacak and 20 000 Naspers N ordinary shares, 200 000 Prosus N.V. N ordinary shares and 200 000 MultiChoice Group Limited ordinary shares were delivered to Steve upon payment of the amount of R30 378 633.89 (being the listed market value on the date of the offers) from the proceeds of the sale of the 180 000 Naspers N ordinary shares (distributed to Steve), to settle the amount due to the Trust. Shares held as direct beneficial were transferred to his family trust.
(3) On 28 January 2020, Steve Pacak sold 37 548 Prosus N ordinary shares at an average price of R1 086.44 per share.
(4) On 3 October 2019, Fred Phaswana sold 2 500 Prosus N ordinary shares at an average price of R1 117.83 per share. Fred retired from the board and committees on 1 April 2020.
(5) On 4 February, Cobus Stofberg sold 150 000 Prosus N ordinary shares at an average price of R1 085.9987 per share.

Additional information on the remuneration and share-based compensation of members of the board and the remuneration of key management is disclosed in the remuneration report.

5. OTHER RECEIVABLES

	31 March 2020 US$'m	2019 US$'m
Prepaid expenses	14	19
Deposits	8	8
Other	5	3
	27	30

6. SHORT-TERM INVESTMENTS

The carrying values of short-term investments as at 31 March are shown below.

	Weighted average interest rate	31 March 2020 US$'m	2019 US$'m
Money-market investments	2.1%	3 839	–
Accrued interest income		34	–
		3 873	–

The money-market investments of US$3.8bn (2019: US$nil) are primarily denominated in US dollar.

The above investments have maturity dates (from the date of acquisition) of between three and 12 months.

Short-term investments are classified as financial assets at amortised cost. Due to their short-term nature, the carrying values of these investments are considered to be a reasonable approximation of their fair values. None of the company's short-term investments were past due or subject to significant impairment allowances as at 31 March 2020.

Due to the nature of short-term investments, there is an insignificant exposure to price risk at company level.

Refer to note 18 for further information regarding the credit risk of short-term investments.

7. CASH AND CASH EQUIVALENTS

	31 March 2020 US$'m	2019 US$'m
Cash at bank and on hand[(1)]	3 276	44

(1) At the company's free disposal. Included in short-term bank deposits is an amount of US$650.0m (2019: US$nil) which represents money-market investments held with major banking groups and high-quality institutions that have AAA money market fund credit ratings from internationally recognised rating agencies.

Notes to the company financial statements continued

for the year ended 31 March 2020

8. SHARE CAPITAL AND PREMIUM

	31 March 2020 US$'m	31 March 2019 US$'m
Authorised		
Nil ordinary shares of US$100.00 each (2019: nil)	**–**	–
5 000 000 000 N ordinary shares of EUR0.05 each (2019: nil)	**280**	–
10 000 000 A1 ordinary shares of EUR0.05 each (2019: nil)	**1**	–
10 000 A2 ordinary shares of EUR50.00 each (2019: nil)	**1**	–
	282	–
Issued and fully paid		
Nil ordinary shares of US$100.00 each (2019: 1 717 777)	**–**	172
1 624 652 070 N ordinary shares of EUR0.05 each (2019: nil)	**89**	–
3 511 818 A1 ordinary shares of EUR0.05 each (2019: nil)	**1**	–
Share capital	**90**	172
Share premium	**152 094**	427
Share capital and premium	**152 184**	599

	31 March 2020 Number of shares	31 March 2019 Number of shares
Movement in ordinary shares in issue during the year		
Ordinary shares in issue at 1 April	**1 717 777**	1 717 777
Ordinary shares cancelled and converted to N ordinary shares	**(1 717 777)**	–
N ordinary shares issued	**1 624 652 070**	–
A1 ordinary shares issued	**3 511 818**	–
Shares in issue at 31 March	**1 628 163 888**	1 717 777

	31 March 2020 US$'m	31 March 2019 US$'m
Share premium		
Balance at 1 April	**427**	1 859
Distribution[1]	**–**	(1 432)
Conversion of ordinary shares into N ordinary shares	**110**	–
Transfers to statutory reserve[2]	**(138)**	–
Capital contributions[3]	**151 695**	–
Balance at 31 March	**152 094**	427

[1] The distribution from share premium in the prior period relates to the investments distributed to the shareholders of the company as part of the disposal of the Video Entertainment business of the Prosus group.
[2] As required by article 29 of the company's articles of association the company holds a legal reserve for the conversion of A1 shares to A2 shares when the conversion criteria are triggered.
[3] The increase in share premium in the current period relates to the multiple capital contributions, of which the contribution of subsidiary MIH Services FZ LLC at its fair value is most significant, as part of the formation of the Prosus group. Refer to note 3 for more information.

Voting and dividend rights

The company's issued share capital at 31 March 2020 consists of 1 624 652 070 N ordinary shares and 3 511 818 A1 ordinary shares. The N ordinary shares are listed on the Euronext Stock Exchange (AEX) with a secondary listing on the JSE and, on a poll, carry one vote per share. The A1 ordinary shares are not listed on a stock exchange and, on a poll, carry one vote per share. The A2 ordinary shares are not listed on a stock exchange and currently none are issued. In the event that Naspers's shareholding in Prosus drops below 50% plus one vote, the A1 ordinary shares will convert to A2 ordinary shares and, on a poll, carry 1 000 votes per share.

In terms of Prosus's articles of association, N ordinary shareholders are entitled to nominal dividends. The dividends declared to A ordinary shareholders are equal to one-fifth (1/5) of the dividends to which N ordinary shareholders are entitled.

In respect of all other rights, the A ordinary shares rank pari passu with the N ordinary shares of the company.

Capital management, unissued shares and valuation reserve

Refer to notes 18 and 19 of the consolidated financial statements for the Prosus group's capital management policy and more details regarding the nature of the valuation reserve.

Notes to the company financial statements continued

for the year ended 31 March 2020

9. RECONCILIATION BETWEEN CONSOLIDATED AND COMPANY EQUITY

Below is a reconciliation of consolidated equity attributable to the shareholders of the company and the equity in the company financial statements. The differences between total shareholders' equity and total comprehensive income in the consolidated financial statements and the company financial statements relate to the accounting of investments in subsidiaries at cost in the company financial statements, related impairments, consolidated results of subsidiaries and equity accounted earnings of the group's associates and joint ventures.

Reconciliation of consolidated income and equity attributable to shareholders of the group to company income and equity attributable to owners of the company

	31 March		31 March	
	2020 US$'m Equity	**2020 US$'m Profit/(loss)**	2019 US$'m Equity	2019 US$'m Profit/(loss)
Consolidated equity attributable to owners of the group	**29 100**	**3 824**	27 250	3 581
Adjustments to consolidated equity attributable to owners of the company				
Increase in share premium	**151 578**	**–**	–	–
Results from consolidation of subsidiaries, equity-accounted investments and other movements	**(28 278)**	**(2 786)**	(25 973)	(3 894)
Other comprehensive income	**(2)**	**–**	(641)	–
Foreign currency translation reserve	**2 647**	**–**	1 448	–
Share-based compensation reserve	**(1 968)**	**–**	(1 631)	–
Business combination reserve	**1 245**	**–**	1 087	–
Company equity attributable to owners	**154 322**	**1 038**	1 540	(313)

The reconciling items for equity and income are further detailed below:

Reconciling item – Increase in share premium

The increase in share premium is as a result of the restructuring on formation of the Prosus group particularly the acquisition of MIH Services FZ LLC that held Naspers's investment in Tencent Holdings Limited. The acquisition in the company financial statements was recognised at fair value. In the consolidated financial statements this was accounted for as a common control transaction recognised at the carrying value of Naspers consolidated financial statements in terms of the principles of predecessor accounting. Refer to note 1 for further details.

Reconciling item – Results from consolidation of subsidiaries, equity-accounted investments and other movements

The results from consolidation of subsidiaries, associates and joint ventures includes the impact of consolidating results from the group's investments as well as the impact of the restructuring that occurred upon formation of the Prosus group.

The company's net profit for the year of US$1 038.1m (2019 loss: US$313.2m) is lower compared to the net profit of US$3 824.1m (2019 profit: US$3 581.2m) in the consolidated financial statements. This is due to the consolidated profits from subsidiaries and the equity-accounted earnings from associates and joint ventures.

Reconciling item – Other comprehensive income

The consolidated financial statements' "Other comprehensive income" includes net fair value gains and losses from the Prosus group's investments at fair value through other comprehensive income as well as the Prosus group's share of equity-accounted investment's share of other comprehensive income. The company does not have any gains or losses in other comprehensive income.

Reconciling item – Foreign currency translation reserve

The consolidated financial statements include the translation of the consolidated results of the foreign operations of the Prosus group's subsidiaries and the equity-accounted associates and joint ventures which are not recognised in the company financial statements.

Reconciling item – Share-based compensation reserve

The consolidated financial statements include the expenses and accumulated reserves related to Prosus group's share-based compensation plans which are not recognised in the company financial statements.

Reconciling item – Business combination reserve

The consolidated financial statements include common control transactions, and the recognition of written put option liabilities related to the Prosus group's business combinations which are not recognised in the company financial statements.

10. LONG-TERM LIABILITIES

	31 March					
	Long-term liabilities 2020 US$'m	**Current portion 2020 US$'m**	**Total liabilities 2020 US$'m**	Long-term liabilities 2019 US$'m	Current portion 2019 US$'m	Total liabilities 2019 US$'m
Interest bearing						
Loans and other liabilities	**3 432**	**–**	**3 432**	3 187	–	3 187
Total liabilities	**3 432**	**–**	**3 432**	3 187	–	3 187

Interest bearing: Loans and other liabilities

	Currency of year-end balance	Year of final repayment	Weighted average year-end interest rate	31 March 2020 US$'m	31 March 2019 US$'m
Unsecured					
Publicly traded bond(1)(2)	US$	2020	6.00%	**–**	1 000
Publicly traded bond(1)	US$	2025	5.50%	**1 200**	1 200
Publicly traded bond(1)	US$	2027	4.85%	**1 000**	1 000
Publicly traded bond(1)	US$	2030	3.68%	**1 250**	–
Total facilities				**3 450**	3 200
Unamortised loan costs				**(18)**	(13)
				3 432	3 187

(1) The publicly traded bonds are listed on the Irish stock exchange (Euronext Dublin).
(2) The original maturity date of the bond was July 2020, but repaid earlier upon issuing of the new bond in February 2020.

Notes to the company financial statements continued

for the year ended 31 March 2020

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March	
	2020 US$'m	2019 US$'m
Accrued expenses	**40**	47
Cash-settled share-based compensation liabilities[1]	**–**	38
Other	**2**	1
	42	86

[1] As part of an internal restructuring of the Prosus group, the company transferred its equity compensation benefit plans to Prosus Services B.V. Refer to note 20 for more details.

12. REVENUE

	31 March	
	2020 US$'m	2019 US$'m
OLX Global B.V.	**7**	8
MIH PayU B.V.	**4**	3
MIH Food Delivery Holdings B.V.	**2**	–
MultiChoice Africa Limited	**–**	1
MultiChoice Africa Holdings B.V.	**–**	1
Mail.ru Group Ltd	**–**	1
Other	**–**	1
	–	–
Total management fees	**13**	15

The revenue disclosed above are related party transactions with the respective group entities.

13. EXPENSES BY NATURE

Selling, general and administrative expenses include the following items:

	31 March	
	2020 US$'m	2019 US$'m
Staff costs		
As at 31 March 2020, the company had no (2019: nil) permanent employees		
The total cost of employment of all employees, was as follows:		
Salaries, wages and bonuses, retirement benefit costs, medical aid fund contributions, post-employment benefits, and training costs[1]	**12**	31
Share-based compensation expenses	**21**	59
Total staff costs	**33**	90
Amortisation and depreciation expenses	**4**	3
Other purchases and expenses	**99**	79
Total expenses	**136**	172

[1] Through an outsourcing arrangement with a number of group companies, including Prosus Services B.V., MIH Internet (UK) Ltd and Myriad Services B.V., company operations are performed by employees of these group entities. The recharged costs for these employees are disclosed as employee staff costs including the related employee share-based compensation expenses.

Auditor's remuneration is disclosed in note 27 of the consolidated financial statements.

14. OTHER GAINS/(LOSSES) – NET

	31 March	
	2020 US$'m	2019 US$'m
Dividend received from MIH B2C Holdings B.V. (refer to note 3)[1]	**1 015**	–
Deemed dividend from planned dissolution of MIH Finance v.o.f. (refer to note 3)	**244**	–
Reversal of impairment of related party receivable (Showmax Poland B.V.)	**3**	
Impairment of receivables	**–**	(5)
Impairment of investments in subsidiaries (refer to note 3)	**–**	(64)
Total other gains/(losses) – net	**1 262**	(69)

[1] MIH B2C Holdings B.V. distributed a dividend being part of the proceeds from the sale in 2018 of Indian ecommerce company Flipkart. Pte. Ltd.

Notes to the company financial statements continued

for the year ended 31 March 2020

15. FINANCE COSTS/INCOME

	31 March 2020 US$'m	31 March 2019 US$'m
Interest expense[1]		
Loans and bank accounts	**(197)**	(372)
Other	**(1)**	–
	(198)	(372)
Interest income[2]		
Loans and bank accounts	**13**	193
	13	193
Net gain/(loss) from foreign exchange translation		
On translation of assets and liabilities	**2**	(1)
On translation of forward exchange contracts	**82**	90
Other finance income/(costs) – net	**84**	89
Finance income/(costs) – net	**(101)**	(90)

(1) During the previous year, the company transferred the legal ownership of certain bank accounts to MIH Finance v.o.f. This decreased the cash and cash equivalents balance from US$10 347m to US$44m and the bank overdraft from US$248m to US$nil as at 31 March 2019. Prior to this transfer, the company permitted MIH Finance v.o.f. to make use of these bank accounts for its treasury activities. The company recognised the cash deposits in these bank accounts as cash and cash equivalents, being the legal owner, with a matching payable to MIH Finance v.o.f. Accordingly, the company reflected interest earned on these cash balances as interest income with an equal interest expense resulting from the payable to MIH Finance v.o.f. The interest income and related interest expense are reflected in the 31 March 2019 results above. The payable to MIH Finance v.o.f. was settled as at 31 March 2019.

In the current year MIH Finance v.o.f. was in process of dissolving and accordingly all bank accounts it held were transferred to the company. This resulted in the increase in cash and cash equivalents as at 31 March 2020.

(2) In the prior year interest income relates to interest received on bank accounts and deposits held for the economic risk and benefit of MIH Finance v.o.f. before these bank accounts and deposits were legally transferred.

With the dissolution of MIH Finance v.o.f. the legal ownership of the bank accounts and cash deposits held by MIH Finance v.o.f. were transferred to the company.

16. TAXATION

	31 March 2020 US$'m	31 March 2019 US$'m
Taxation expense	**–**	(3)
Current year	**–**	(3)
Income tax expense per statement of comprehensive income	**–**	(3)
Reconciliation of taxation		
Taxation at statutory rate of 25.00% (2019: 25.00%)	**260**	(74)
Adjusted for:		
Non-deductible expenses[1]	**6**	16
Non-taxable income[1]	**(275)**	(22)
Temporary differences not provided for	**9**	77
Income tax expense per statement of comprehensive income	**–**	(3)

(1) Non-deductible expenses relate primarily to share-based compensation expenses. Non-taxable income relates to dividend income.

As at 31 March 2020 the company is the head of a fiscal unity comprising a number of group subsidiaries for Dutch corporate income tax purposes.

In terms of Dutch tax law *(Invorderingswet)*, the members of the fiscal unity are jointly and severally liable for the payment of any Dutch corporate income tax liability of the fiscal unity. For the year ended 31 March 2020 the fiscal unity did not have a corporate income tax liability.

Tax on the profit before taxation is calculated based on the fiscal unity's profit before tax taking into account losses available for set-off from previous financial years (to the extent that they have not expired), the exempt profit components and the addition of non-deductible costs.

The company has tax losses carried forward of approximately US$1.74bn. A summary of the tax losses carried forward at 31 March 2020 by tax jurisdiction and the expected expiry dates are set out below:

	Total US$'m
Expires in year 1	**114**
Expires in year 2	**93**
Expires in year 3	**91**
Expires in year 4	**289**
Expires in year 5	**224**
Non-expiring/expires after year five	**932**
	1 743

Notes to the company financial statements continued

for the year ended 31 March 2020

16. TAXATION continued

The Dutch corporate income tax charge is calculated by applying the current corporate income tax rate of 25% to the fiscal profit of the company. Furthermore, as head of the fiscal unity for corporate income tax purposes, the company reflects the recharges of the calculated tax to/from other participating entities in the fiscal unity.

The company settles on the basis of the calculated tax results of the subsidiaries, by taking into account an allocation of the benefits of the fiscal entity to the different companies that form part of it.

As of 31 March 2020, net tax losses available for set-off against future profits amounted to US$1.74bn. This amount is based on the agreement reached with the Dutch tax authorities for the years up to and including 2016/2017, the filed 2017/2018 corporate income tax return and management's best estimate of the 2018/2019 and 2019/2020 corporate income tax position.

As it is not considered probable that the company and/or the fiscal unity which it forms with its group subsidiaries will generate taxable income in the future, no deferred tax asset for carry forward losses has been recognised.

17. CASH UTILISED IN OPERATIONS

	31 March	
	2020 US$'m	2019 US$'m
Profit/(loss) before taxation per statement of comprehensive income	**1 038**	(313)
Adjustments:		
Non-cash and other	**(1 139)**	234
Finance (income)/costs – net	**101**	90
Dividend income	**(1 015)**	–
Share-based compensation expenses	**21**	59
Deemed dividend from planned dissolution of MIH Finance v.o.f.	**(244)**	–
Impairment of receivables	**(3)**	5
Impairment of investments in subsidiaries	**–**	64
Addition to provisions	**–**	8
Depreciation and amortisation	**4**	3
Other	**(3)**	5
Working capital	**(50)**	(37)
Cash movement in other receivables	**(2)**	(9)
Cash movement in trade payables and accruals	**(48)**	(28)
Cash utilised in operations	**(151)**	(116)

18. FINANCIAL RISK MANAGEMENT

Foreign exchange risk

Refer to note 40 of the consolidated financial statements for the Prosus group's foreign exchange risks policy.

Following the acquisition of the Prosus group's interests in Delivery Hero SE during the 2018 financial year, the group elected to hedge the foreign exchange risk resulting from the difference between the functional currency of Delivery Hero (euro) and the currency of the funding incurred to acquire the investment (USD). To hedge the exposure to the foreign currency translation risk arising on translation of the Prosus group's euro denominated equity-accounted investment at a consolidated level, the company entered into a cross-currency interest rate swap agreement. The cross-currency interest rate swap agreement has been designated as a hedge of the net investment in Delivery Hero SE in the consolidated financial statements.

The cross-currency interest rate swap matures in July 2025 and on maturity the group will exchange €700m for US$786.5m.

Foreign currency sensitivity analysis

The company's functional currency is the United States dollar, but is also exposed to the euro through loan receivables that are denominated in euro.

The sensitivity analysis below details the company's sensitivity to a 10% increase (2019: 10% increase) in the dollar against the euro. These percentage decreases represent management's assessment of the possible changes in the foreign exchange rates at the respective year ends. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, derivative financial instruments and adjusts to translation at the period end for the above percentage change in foreign currency rates.

A 10% increase (2019: 10% increase) of the dollar against the euro would result in a decrease in net profit after tax of US$77m (2019: US$2.0m decrease in net profit after tax). The weakening of the dollar (increase in USD/EUR rate) will result in a US$80.2m in the profit after tax for the year (2019: US$89.4m decrease) related to the cross-currency interest rate swap.

Credit risk

Refer to note 40 of the consolidated financial statements for the Prosus group's credit risks.

The company has made various loans to its subsidiaries. The maximum potential exposure to credit risk for the loan are their carrying amounts. As the amounts owing are due by group companies, the impairment assessment for these related party receivables takes into account the default of the Naspers group on external debt (being the ultimate holding company able to repay debt on behalf of group companies) as well as the existence of collateral, letters of support by group companies and re-adjusted budgets and forecasts of group companies as a result of the Covid-19 pandemic's impact on operations. As at 31 March 2020 no impairment losses were recognised for amounts owing from group companies.

Refer to note 18 of the consolidated financial statements for details regarding the Prosus group's capital management policies.

Guarantees

The company has provided a guarantee for the payment obligations of OLX Group GmbH under a lease agreement, amounting to US$39m for the period of the lease. The guarantee expires on 22 December 2027. The maximum potential exposure to credit risk for the lease amounts to US$39m (2019: US$39m).

The company has issued a declaration of joint and several liabilities for Prosus Services B.V. in accordance with article 403 of Book 2 of the Dutch Civil Code.

Notes to the company financial statements continued

for the year ended 31 March 2020

18. FINANCIAL RISK MANAGEMENT continued

Liquidity risk

	Carrying value US$'m	Contractual cash flows US$'m	0 – 12 months US$'m	1 – 5 years US$'m	5 years + US$'m
31 March 2020					
Non-derivative financial liabilities					
Interest-bearing: long-term liabilities	**(3 432)**	**(4 631)**	**(161)**	**(642)**	**(3 828)**
Accrued expenses and other current liabilities	**(40)**	**(40)**	**(40)**	**–**	**–**
Trade payables	**(2)**	**(2)**	**(2)**	**–**	**–**
Derivative financial assets/(liabilities)					
Forward exchange contracts – inflow	**–**	**1 105**	**1 105**	**–**	**–**
Forward exchange contracts – outflow	**(5)**	**(1 105)**	**(1 105)**	**–**	**–**
Cross-currency interest rate swap – inflow	**49**	**1 021**	**43**	**173**	**805**
Cross-currency interest rate swap – outflow	**–**	**(976)**	**(29)**	**(114)**	**(833)**
31 March 2019					
Non-derivative financial liabilities					
Interest-bearing: Long-term liabilities	(3 187)	(4 131)	(175)	(1 603)	(2 354)
Accrued expenses and other current liabilities	(47)	47	47	–	–
Trade payables	(5)	(5)	(5)	–	–
Derivative financial assets/(liabilities)					
Cross-currency interest rate swap – inflow	–	1 063	43	172	848
Cross-currency interest rate swap – outflow	(33)	(1 115)	(29)	(125)	(961)

Revolving credit facility

The company has a revolving credit facility (RCF) of US$2.5bn with a syndication of banks which has a maturity of which US$2.33bn matures in April 2025 and US$0.17bn in April 2023. The RCF is undrawn and is denominated in US$ and bears interest at one-month USD LIBOR plus a 1.25% percentage point markup before commitment and utilisation fees. The company's obligations under the RCF was guaranteed by its ultimate parent company, Naspers. Naspers was removed as guarantor of the RCF effective 2 April 2020.

The company has specific financial covenants in place regarding the RCF, all of which were complied with during the reporting period. These financial covenants are linked to various financial metrics.

The upfront facility and arrangement fees paid in respect of the RCF are amortised over the period of the facility. Since the RCF has been fully repaid for a number of years and remain available at the balance sheet date, the facility and arrangement.

	31 March 2020 US$'m	31 March 2019 US$'m
Facility arrangement fees		
Fees related to revolving credit facility	**53**	51
Accumulated amortisation of fees	**(39)**	(35)
	14	16

Interest rate risk

Refer to note 40 of the consolidated financial statements for the Prosus group's interest rate risks policy.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date and the stipulated change taking place at the beginning of the next financial year and held constant throughout the reporting period in the case of instruments that have floating rates. The company is mainly exposed to interest rate fluctuations of the American and European repo rates. The following changes in the repo rates represent management's assessment of the possible change in interest rates at the respective year-ends:

European repo rate: increases by 100 basis points (2019: increases by 100 basis points).

American and European Interbank rates: increases by 100 basis points each (2019: increases by 100 basis points each).

Interest sensitivity analysis

If interest rates change as stipulated above and all other variables were held constant, specifically foreign exchange rates, the company's profit after tax for the year ended 31 March 2020 would increase by US$70.1m (2019: US$nil).

Notes to the company financial statements continued

for the year ended 31 March 2020

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values, net gains or losses recognised in profit and loss, total interest income, total interest expense and impairment per class of financial instrument are as follows:

	31 March 2020				
	Carrying value US$'m	**Net gains/ (losses) recognised in profit or loss US$'m**	**Impairment US$'m**	**Total interest income US$'m**	**Total interest expense US$'m**
Assets					
Amounts due from group companies	**809**	**–**	**–**	**1**	**–**
Derivative financial instruments	**49**	**82**	**–**	**–**	**–**
Other receivables	**13**	**–**	**–**	**–**	**–**
Short-term investments	**3 873**	**1**	**–**	**7**	**–**
Cash and cash equivalents	**3 276**	**–**	**–**	**5**	**–**
Total	**8 020**	**83**	**–**	**13**	**–**
Liabilities					
Long-term liabilities	**3 432**	**–**	**–**	**–**	**198**
Derivative financial instruments	**5**	**–**	**–**	**–**	**–**
Amounts due to group companies	**20**	**–**	**–**	**–**	**–**
Trade payables	**2**	**–**	**–**	**–**	**–**
Accrued expenses and other current liabilities	**42**	**1**	**–**	**–**	**–**
Total	**3 501**	**1**	**–**	**–**	**198**

The carrying values, net gains or losses recognised in profit or loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

	31 March 2019				
	Carrying value US$'m	Net gains/ (losses) recognised in profit or loss US$'m	Impairment US$'m	Total interest income US$'m	Total interest expense US$'m
Assets					
Amounts due from group companies	14	–	–	–	–
Other receivables	30	–	(5)	–	–
Cash and cash equivalents	44	–	–	193	181
Total	88	–	(5)	193	181
Liabilities					
Long-term liabilities	3 187	–	–	–	191
Derivative financial instruments	33	90	–	–	–
Amounts due to group companies	37	–	–	–	–
Trade payables	5	–	–	–	–
Accrued expenses and other current liabilities	86	–	–	–	–
Total	3 348	90	–	–	191

The carrying values of all financial instruments, apart from those disclosed below, are considered to be a reasonable approximation of their fair values.

The fair values of the following instruments that are not measured at fair value have been disclosed as their carrying values are not a reasonable approximation of fair value:

Financial liabilities	**Carrying value US$'m**	**Fair value US$'m**	**Level 1 US$'m**	**Level 2 US$'m**	**Level 3 US$'m**
31 March 2020					
Publicly traded bonds	**3 450**	**3 183**	**–**	**3 183**	**–**
31 March 2019					
Publicly traded bonds	3 200	3 350	–	3 350	–

The fair values of the publicly traded bonds have been determined with reference to the listed prices of the instruments at the reporting date. As the instruments are not actively traded, this is a level 2 disclosure. Refer to note 41 of the consolidated financial statements for the valuation techniques and inputs used in the fair value measurement.

The publicly traded bonds are listed on the Irish stock exchange (Euronext Dublin). The company categorises fair-value measurements into levels 1 to 3 of the fair value hierarchy based on the degree to which the inputs used in measuring fair value are observable. Refer to note 41 of the consolidated financial statements for details of valuation techniques and key inputs used to measure significant level 2 fair values.

Notes to the company financial statements continued

for the year ended 31 March 2020

19. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

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

	31 March 2020			
	Fair value US$'m	Level 1 US$'m	Level 2 US$'m	Level 3 US$'m
31 March 2020				
Asset/(liability)				
Foreign exchange contracts	**(5)**	**–**	**(5)**	**–**
Cross-currency interest rate swap	**49**	**–**	**49**	**–**
31 March 2019				
Asset/(liability)				
Cross-currency interest rate swap	(33)	–	(33)	–

20. EQUITY COMPENSATION BENEFITS

Refer to note 42 of the consolidated financial statements for details regarding the Prosus group share-incentive plans. During the financial year, the company transferred all its cash and equity settled equity compensation benefits plans to Prosus Services B.V.

21. SUBSEQUENT EVENTS

In June 2020 the company issued a loan facility of US$2bn to MIH Internet Holdings B.V. The facility was granted to provide MIH Internet Holdings B.V. with liquidity to fund its direct subsidiaries.

22. PROPOSAL FOR PROFIT ALLOCATION

The board recommends that shareholders are entitled to a gross payment in the form of a capital repayment of 11 euro cents per listed N ordinary share. Holders of A1 ordinary shares will receive a dividend distribution of 0.602 euro cents per share. Furthermore, the board recommends that holders of N ordinary shares as at 23 October 2020 (the dividend record date) who do not wish to receive a capital repayment can make a choice to receive a dividend instead. A choice for one option implies an opt-out of the other option. If confirmed by holders of N ordinary shares at the annual general meeting on 18 August 2020, elections to receive a dividend instead of a capital repayment will need to be made by holders of N ordinary shares by 9 November 2020. Capital repayments and dividends will be payable to shareholders recorded in the books on the dividend record date and paid on 17 November 2020.

Capital repayments will be paid from share capital for Dutch tax purposes. No dividend tax will be withheld on the amounts of capital reductions paid to shareholders. The remainder of the undistributed results for the year (after dividend distribution) will be transferred to retained earnings.

Amsterdam, 29 June 2020.

Executive directors

Bob van Dijk	Basil Sgourdos

Non-executive directors

J P Bekker	E M Choi
H J du Toit	C L Enenstein
D G Eriksson	M Girotra
R C C Jafta	F L N Letele
G Liu	D Meyer
R Oliveira de Lima	S J Z Pacak
M R Sorour	J D T Stofberg

Independent auditor's report

To: the General Meeting and the Board of Directors of Prosus N.V.

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of Prosus N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the Company together with its subsidiaries) as at 31 March 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Prosus N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:
- the consolidated and company statement of financial position as at 31 March 2020;
- the following statements for the year ended 31 March 2020: the consolidated income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Prosus N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Independent auditor's report continued

Our audit approach

Overview and context

Prosus N.V. (formerly Myriad International Holdings N.V.) is a global consumer internet group that operates, invests in and partners with internet businesses across Asia, Central and Eastern Europe, the Middle East, Americas and Africa in sectors including online classifieds, food delivery, payments and fintech, education, health, etail and social and internet platforms. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out further below.

On 11 September 2019, Prosus N.V. completed its primary listing on Euronext Amsterdam with a secondary listing on the Johannesburg Stock Exchange. Naspers Limited retained a controlling interest in the Company. The Euronext listing of the Company triggered the requirement to prepare consolidated financial statements under International Financial Reporting Standards as adopted by the European Union (EU-IFRS). The Company elected to prepare the company financial statements based on EU-IFRS requiring a conversion of the financial reporting framework from generally accepted accounting principles in the Netherlands (Dutch GAAP) to EU-IFRS. The implications on the financial statements are disclosed in Note 2 of both the consolidated and company financial statements. Although we were previously the auditor of the Company (company financial statements only) the additional reporting requirements resulted in a significant increase of the scope of our audit, as described in the section 'The scope of our group audit'. We incurred substantial effort to expand our understanding of the Group and its individual components, and adjusted our audit team to the increased scope, including involvement of specialists and experts. We performed audit procedures to obtain audit evidence on the opening consolidated statement of financial position and comparative information. The related impact on our audit is included as a key audit matter 'Financial reporting implications of Prosus' listing on Euronext' as set out in the section 'Key Audit Matters' of this report.

In preparation for this listing the Company undertook a series of corporate restructurings. The most significant element of this process was the acquisition of Naspers' indirect investment in Tencent Holdings Limited as a contribution in kind against issuance of shares. This acquisition was accounted for as a common control transaction in the consolidated financial statements at the predecessor values previously included in the consolidated financial statements of Naspers Limited. In the company financial statements, the acquisition was recorded at the fair value as of the transaction date, resulting in an increase to the investments in subsidiaries and equity of the company by US$135 billion. Due to the significance of this transaction, we included the accounting for the indirect investment in Tencent Holdings Limited as a key audit matter, as set out in the section 'Key audit matters' of this report. As a result of the specific accounting for this transaction in the consolidated and company financial statements, the impact on the company financial statements, in terms of magnitude, was much more significant than on the consolidated financial statements. Because of this effect and the fact that the consolidated and company financial statements cover different information needs for stakeholders, we determined separate materiality levels for these financial statements. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We refer to the section 'Materiality' of this report.

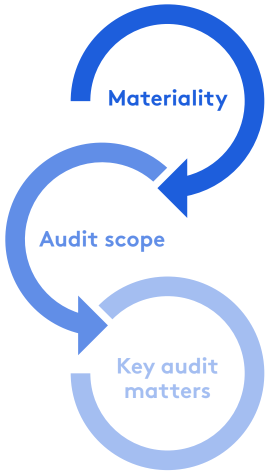
Additionally, we considered where the Board of Directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In Note 2 of the consolidated financial statements and Note 1 of the company financial statements, the company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Of the areas mentioned in these notes we considered the following matters, additional to those already mentioned, as key audit matters given the significant estimation uncertainty and the related higher inherent risk of material misstatement:

- impairment assessment of investments in subsidiaries and of goodwill and intangible assets arising from business combinations;
- valuation of share-based compensation schemes and share-based payments.

Other areas of focus, that were not considered as key audit matters, were related to the impact of the Covid-19 pandemic on the financial statements including the Group's ability to continue its operations on a going concern basis, accounting for business combinations, valuation of put option liabilities as well as accuracy, occurrence and completeness of revenue recognition.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a consumer internet company. In our team we also included specialists and experts in the areas of IT, tax, valuations, share based payments and financial instruments.

The outline of our audit approach was as follows:



Materiality
Overall consolidated materiality: US$189.5 million
Overall company materiality: US$1 billion

Audit scope
- We conducted audit work at 9 components in 7 countries.
- File reviews were performed by the group team for the work performed by PwC teams in China (Tencent), Romania (Etail segment) and Poland (Classifieds segment).
- Audit coverage: 99% of consolidated revenue, 98% of consolidated total assets and 100% of consolidated profit before tax.

Key audit matters
- Financial reporting implications of Prosus' listing on Euronext
- Accounting for the investment in Tencent Holdings Limited
- Impairment assessment of investments in subsidiaries and of goodwill and intangible assets arising from business combinations
- Valuation of share-based compensation schemes and share-based payments

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Independent auditor's report continued

	Consolidated financial statements	Company financial statements
Overall materiality	US$189.5 million (2019: not applicable).	US$1 billion (2019: US$49 million). The increase in overall materiality compared to the prior year is due to the significant increase in total assets of the Company as a result of the acquisition of the indirect investment in Tencent Holdings Limited and restructuring of the Group's other investments.
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 5% of profit before tax.	We used 1% of total assets as a preliminary guideline for determining overall materiality. Based on our professional judgement and our knowledge obtained of the Company, we considered US$1 billion as an appropriate measure, which is approximately 0,6% of total assets.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the consolidated financial statements. On this basis, we believe that profit before tax is an important metric for the financial performance of the Group.	Based on our analysis of the expected user needs of the company financial statements we determined that an asset-based benchmark is appropriate. The company financial statements provide information on the Company's assets and reserves and are not indicative of nor does it provide information of the actual results of the Group.
Component materiality	To each component in our audit scope, based on our judgement, we allocate materiality that is less than our overall group materiality. The range of materiality individually allocated across components was between US$1 million and US$158 million. Certain components were audited to a local statutory materiality that was also less than our overall group materiality.	Not applicable

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$9.4 million (consolidated) / US$50 million (company) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Prosus N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Prosus N.V. The most significant subsidiaries and associates are disclosed in Notes 8 and 9 in the consolidated financial statements.

We tailored the scope of our audit to ensure that it, in aggregate, provides sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

Our group audit strategy included consideration of significant components as well as taking into consideration the sufficiency of work performed over material line items in the financial statements.

In scoping our group audit we first determined the components that are individually financially significant to the group, namely Tencent Holdings Limited, the Classifieds and Etail segments as well as the parent company Prosus N.V. which includes the majority of the Group's cash, short term investments and external debt. These components were subjected to audits of their complete financial information (full scope audit). To achieve appropriate audit coverage over the consolidated financial statements, we selected 4 additional components (Mail.ru, Movile (including iFood) and the Payment and fintech segment and one corporate entity) for audits of their complete financial information, and one corporate entity where we performed review procedures.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	99%
Total assets	98%
Profit before tax	100%

For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Independent auditor's report continued

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, or by component auditors from other PwC network firms, or non-PwC firms operating under our instruction, in order to be able to issue our audit opinion on the consolidated financial statements of the Group. The group engagement team performed the audit work on the corporate entities. For all other components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

We issued group audit instructions to the component audit teams. These instructions included, amongst others, our risk analysis, evaluation of local materiality levels applied and our global audit approach. We had individual calls with each of the in-scope component teams before commencing their respective audits, throughout the audit and upon conclusion of their work. During these calls, we discussed our instructions, the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters which could be of relevance for the financial statements.

The group engagement team physically attended meetings with a selection of the (sub)component teams and local management at the Group's businesses in Brazil (Movile and iFood), Romania (eMAG), India (OLX and PayU) and in the United States (Letgo). During these meetings we discussed the strategy and financial performance of the local businesses, as well as the audit plan and execution, significant risks and other relevant audit topics. Since the Covid-19 outbreak limited our ability to physically visit all the significant components during the year, we conducted a series of video calls and performed remote review of selected working papers of the work performed by component teams in China (Tencent), Poland (Classifieds segment) and Romania (Etail segment).

The engagement team performed a substantial part of the audit work on the share-based compensation schemes, consolidation and financial statements preparation on site at the Group's financial reporting, consolidation and accounting department in South Africa.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Our focus on the risk of fraud and non-compliance with laws and regulations

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Directors with the oversight of the Audit Committee. We read the internal reports provided on suspected fraud and/or potential non-compliance with laws and regulations provided to the Audit Committee and were present during the discussion of potential matters in the Audit Committee meetings.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the Group. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as the financial reporting framework and tax and pension laws and regulations.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters 'Impairment assessment of investments in subsidiaries and of goodwill and intangible assets arising from business combinations' and 'Valuation of share-based compensation schemes and share-based payments', that are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgments.

Our response to the risks identified

The audit procedures to respond to the assessed risks include, amongst others, that we evaluated the design and the implementation of internal controls that mitigate fraud risks, retrospective review of prior year's estimates, procedures on unexpected journal entries with the support of data-analytics and we incorporated elements of unpredictability in our audit. In addition, we assessed matters reported on the Group's whistleblowing and complaints procedures and results of management's investigation of such matters if deemed applicable and discussed this with the Audit Committee.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Independent auditor's report continued

We have determined the matters described below to be the key audit matters to be communicated in our report. There are more key audit matters compared to the prior year due to the restructuring of the Prosus group and the consequences of its listing on Euronext during the year which required the preparation of consolidated financial statements. Previously, the company only prepared company financial statements and we then identified only one key audit matter relating to the impairment assessment of investments in subsidiaries.

Key audit matter	Our audit work and observations
Financial reporting implications of Prosus' listing on Euronext (refer to Note 2 of the consolidated and company financial statements) Following its listing Prosus prepared for the first time consolidated financial statements in accordance with EU-IFRS. In the application of IFRS 1 'First time adoption of IFRS' Prosus elected to use the carrying amounts previously recognized in the consolidated financial statements of its parent, Naspers Limited. Since Prosus historically did not prepare consolidated financial statements it involved a first-time audit of the comparative financial information. The comparative financial information presented in the consolidated financial statements is different in comparison with the combined carve-out financial statements of the combined Prosus group included in the listing prospectus. The Company also elected to prepare the company financial statements on the basis of EU-IFRS. On transition, the Company also applied the option to include assets, liabilities, income and expenses for the same amounts as previously recognized in the consolidated financial statements of its parent, Naspers Limited. The Company's investment in subsidiaries were measured in transition to EU-IFRS at their respective deemed cost based on the former Dutch GAAP's carrying amounts. The first-time preparation of the consolidated financial statements was a matter of significance to our audit since it required an audit for the first time, including the comparative period. The adoption of EU-IFRS involved complex technical accounting analyses, therefore, we considered these reporting implications as a key audit matter.	Supported by our technical accounting specialists, we evaluated the technical basis of accounting for the adoption of EU-IFRS, both in the consolidated and company financial statements, the elections made in the process and the financial statement presentation and disclosure. We performed the following procedures to obtain audit evidence on the comparative financial information presented in the consolidated financial statements: • Audited the comparative financial information through a combination of review of the work performed by component auditors and performing audit procedures on such financial information on site at the Group's financial reporting, consolidation and accounting department in South Africa. • Obtained an understanding of the reconciliation between comparative financial information in the consolidated statement of financial position to the financial information presented in the combined carve-out financial statements in the listing Prospectus as is disclosed in Note 2 of the consolidated financial statements. We tested the qualitative and quantitative assessment of the differences between Dutch GAAP and EU-IFRS on transition date in the company financial statements. In respect of the audit procedures specified above, no material findings were identified.

Key audit matter	Our audit work and observations
Accounting for the investment in Tencent Holdings Limited (Tencent) (refer to Note 2 and Note 9 of the consolidated financial statements and Note 1 and Note 3 of the company financial statements) In anticipation of the listing, Naspers completed a corporate restructuring such that the subsidiary holding the (indirect) investment in Tencent was contributed and now forms part of the Prosus group. In the consolidated financial statements of Prosus, the acquisition of Tencent, and related other net assets and activities, were accounted for as a common control transaction. This means that Tencent is recorded in the Prosus consolidated financial statements at the carrying values previously recorded in the consolidated financial statements of Naspers and is accounted for as if it was historically part of the Prosus group. The investment is equity accounted in terms of IAS 28, 'Investments in Associates and Joint Ventures'. The Tencent investment has a year-end (31 December) that is not coterminous with that of the Group. The Group's accounting policy is to account for an appropriate lag period in reporting on their results. Any significant transactions that occur between Tencent's year-end and 31 March (the Group's year-end) are taken into account in the equity accounted results of the investment. In the company financial statements, Prosus accounts for the Tencent acquisition in accordance with its cost accounting policy. This means that Tencent was initially recognised at the fair value on the contribution date (23 June 2019). The fair value was determined by the number of shares held multiplied by the share price at the transaction date. This resulted in a US$135 billion increase to investments in subsidiaries and share premium in the company financial statements. The accounting for Prosus' investment in Tencent was a matter of significance due to the technical complexities in the accounting for the acquisition in the consolidated and company financial statements, the amounts involved, the significant contribution of the associate investment to the consolidated results of the Group and the fact that the investment has a year-end that is not coterminous with that of the Group. Therefore, we considered the accounting for the investment in Tencent as a key audit matter.	With respect to the accounting for the Tencent acquisition in the current year we performed the following procedures: • With the support of our technical accounting specialists we considered the appropriateness of the technical basis for the accounting for Prosus' acquisition of Tencent. • Read the underlying contractual information, including the date of the acquisition. • Recalculated the value at which the transaction was accounted for in the company financial statements which is based on observable market information. With respect to the equity accounted results of Tencent in the consolidated financial statements, we performed the following: • We issued audit instructions to the component auditors of Tencent Holdings Limited. The instructions covered the significant audit areas that the Tencent auditors should focus on, as well as the information required to be reported back to the group audit team. A summary of the performed procedures in relation to the component auditors work is outlined in section 'The scope of our group audit' of this report. • We obtained the equity accounted results recorded by the Group and reconciled them to the audited 31 December 2019 financial statements of Tencent. • Since Tencent's year end is not coterminous with Prosus, lag period adjustments and top-level adjustments prepared by management were recalculated based on publicly available information subsequent to 31 December 2019 and input from the corresponding component team to gain comfort that material lag period adjustments were appropriately accounted for. • We independently assessed the accounting policies of the associate to that of the Group to identify any material differences with EU-IFRS. In respect of the audit procedures specified above, no material findings were identified.

Independent auditor's report continued

Key audit matter	Our audit work and observations
Impairment assessment of investments in subsidiaries and of goodwill and intangible assets arising from business combinations (refer to Notes 6 and 7 of the consolidated financial statements and Note 3 of the company financial statements) As at 31 March 2020 the Group's goodwill and intangible assets amount to US$3 billion in the consolidated financial statements. Goodwill and related intangible assets are tested annually, at the level of individual Cash Generating Units (CGUs), for impairment or whenever there is an impairment indicator at an intermediate reporting date identified by management. As described in Note 3 to the company financial statements, the carrying amount of investments in subsidiaries amount to US$150 billion as of 31 March 2020, comprising 2 assets – the investment in MIH Services FZ LLC which holds the investment in Tencent and the investment in MIH Internet Holdings B.V. which in turn holds the Group's investments in other subsidiaries and associates. The recoverable amount, based on the listed share price of the Company's shares held in Tencent at 31 March 2020, exceeded the carrying value. No impairment was recognised. The recoverability of the carrying amount of the other investment (MIH Internet Holdings B.V.) was tested for potential impairment through a sum-of-the-parts approach, with an underlying combination of valuation estimates for the unlisted investments and quoted prices for listed investments. The recoverable amounts for the unlisted investments were based on either the fair value estimates by reference to recent funding rounds or market transactions (where applicable) or value in use estimates using discounted cash flow models. In estimating the value in use, management used assumptions relating to discount rates, long term growth rates and projected revenue growth rates and operating margins, using forecast periods of up to 10 years. These forecast periods reflect the early stage in their lifecycle of many of these investments.	We have performed procedures, with the support of our valuation specialists, which varied in depth per CGU or investment based on our risk assessment with respect to the size and maturity of the individual businesses. Our audit procedures included, amongst others: • For investments in listed entities, compared the value to the quoted prices per the impairment test date. • Tested the composition of future cash flow forecasts by evaluating (i) the current and past performance of the business or CGU, (ii) the consistency with external market and industry data; (iii) the corroboration of strategic initiatives with evidence obtained in other areas of the audit; and (iv) the expectations of certain equity analysts covering Prosus for a specific business or CGU. • Assessed the reasonableness of the terminal growth rates used by management per CGU or investment by comparing to the long-term growth rates most reflective of the 98 underlying operations, obtained from independent external sources. • Compared the inputs to the discount rates to externally obtained data such as the risk-free rates in the market, equity market risk premiums, country risk premiums, debt/equity ratios as well as the betas of comparable companies. • Assessed the reasonableness of the additional risk adjustment factors included in the discount rates for certain CGU's or investments in relation to the risk profile of the future cash flow forecasts. • Recalculated the carrying amount of the (group of) CGU's with reference to underlying documentation.

Key audit matter	Our audit work and observations
Covid-19 considerations The outbreak of the Covid-19 pandemic is a triggering event for potential impairment and management performed the impairment tests as at 31 March 2020 using revised forecasts and discount rates. This resulted in a goodwill impairment loss of US$10 million recognised in the consolidated financial statements. The headroom to the carrying amount of the investments in subsidiaries in the company statement of financial position significantly decreased as disclosed in the sensitivity analyses in Note 3 to the company financial statements. These impairment assessments were considered as a key audit matter due to the significant judgement applied by management in determining the recoverable amounts as well as the magnitude of the balances involved.	• For those investments valued on a recent transaction or funding round, assessed the overall economics thereof to ensure that one or more third parties were directly impacted by the underlying valuation used. • Evaluated external analyst report valuations and comparing these to management's valuation. • Compared the 'sum of the parts' valuation of Prosus subsidiaries and associates and the resulting implied value of the company to the company's market capitalization and considered whether the resulting implied holding discount would indicate the need to include certain adjustments to the valuations used in the impairment test. • Tested the forecasts updated by management for the estimated impact of the Covid-19 pandemic by reperforming the procedures listed above. • Tested the related financial statements disclosures against the disclosure requirements of EU-IFRS. In addition to our procedures described above, we further challenged management's impairment test by performing our own sensitivity analyses based on independent inputs for key valuation assumptions. In respect of the audit procedures specified above, no material findings were identified.

Independent auditor's report continued

Key audit matter	Our audit work and observations
Valuation of share-based compensation schemes and share-based payments (refer to Note 2 and Note 42 of the consolidated financial statements) A number of equity compensation plans are used where share options, restricted stock units (RSUs), performance share units (PSUs) or share appreciation rights (SARs) are granted to employees in the Group. When these schemes are settled in cash or in Naspers shares, they are accounted for as cash-settled schemes by Prosus. The cash-settled liabilities amount to US$376 million in the consolidated financial statements as of 31 March 2020. The fair value is calculated by management using an option valuation model. In estimating the fair value of options management uses assumptions relating to risk free rates, volatility rates, dividend yields, forfeiture rates, listed share prices, and for unlisted schemes, the share prices of the underlying businesses. All awards are granted subject to the completion of a requisite service (vesting) period by employees. The following share schemes were considered to be most significant in terms of their contribution to the total share-based payment expense and cash-settled liabilities recognised in the financial statements: • Naspers Global Ecommerce SAR Scheme • Naspers Fintech B.V. SAR Scheme • Naspers Global Classifieds SAR Scheme • Avito SAR Scheme	We assessed the terms of share-based compensation schemes including changes to existing plans based on the guidance set forth in IFRS 2, 'Share-based Payment'. We traced the award movements to relevant supporting documentation as follows: • Agreed the share option/right offers during the year to signed trustee, board or remuneration committee resolutions. • Agreed the share option/right sales during the year to sales requisitions. • Agreed share option/right forfeitures to supporting documentation such as resignation or dismissal letters. • Agreed other movements such as cancellations to underlying supporting documentation. We tested the mathematical accuracy of the option valuation models by performing a recalculation of significant valuations, and we involved our internal valuation experts in assessing if the approach adopted by management in the option valuation models is in line with the requirements in IFRS 2. With the assistance of our internal valuation experts we assessed the key inputs in the option valuation calculation by performing the following procedures: • Agreed risk free rates to independently obtained external data. • Agreed expected volatility rates for listed companies to independently obtained external data, and for unlisted companies it was agreed to volatility rates of comparable companies in the market.

Key audit matter	Our audit work and observations
The cash-settled liabilities are remeasured on each reporting date and at settlement. Due to the volume of share-based payment transactions and the complexity surrounding the valuations, specifically the assumptions, judgements and estimates used in the option valuation models relating to each scheme, the valuation of share-based compensation schemes and share-based payments was considered a key audit matter.	• Assessed dividend yields by agreeing the share price information to independently obtained data and recalculating the average historical dividend yield. • Assessed the reasonableness of forfeitures rates in terms of the history of forfeitures for each grant of the relevant share option/share appreciation right scheme. • For unlisted schemes, recalculated the share prices of the underlying businesses by dividing the valuations performed by management's expert by the outstanding number of shares of the relevant scheme. • For listed schemes, agreed the share prices to the listed share price as at the grant date for equity settled awards. We assessed the experience, objectivity and competence of management's expert utilised in performing the business valuations and assessed the reasonability of these valuations by comparing them to the values attributed to these businesses as part of management's impairment assessment process. We evaluated whether the disclosures comply with the disclosure requirements of IFRS 2, 'Share-based payment'. In respect of the audit procedures specified above, no material findings were identified.

Independent auditor's report continued

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The Directors' report, as defined in the general information section of the Directors' report.
- Other parts of the annual report: Welcome, Group overview, Performance review, Sustainability review, Governance (including the Remuneration report) and Further information.
- The other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors are responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Prosus N.V. following the passing of a resolution by the shareholders at the annual meeting on 14 August 2019. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of sixteen years. Since the Company listed in September 2019, this is the first year that the Company is a public-interest entity.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in Note 27 to the consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Directors and the Audit Committee for the financial statements

The Board of Directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Board of Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going-concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 29 June 2020
PricewaterhouseCoopers Accountants N.V.
Original has been signed by Fernand Izeboud RA

Independent auditor’s report continued

Appendix to our auditor’s report on the financial statements 2020 of Prosus N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of the Board of Directors’ use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Other information to the consolidated financial statements

for the year ended 31 March 2020

A. Reconciliation to Combined Carve-out Financial Statements and the Consolidated Financial Statements

For purpose 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 has prepared consolidated financial statements based on applicable Dutch and European Union law, including relevant comparative financial information, which are different in comparison to the 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 reconciliation to the information presented in the Combined Carve-out Financial Statements of Prosus for the year ended 31 March 2019 and for the statement of financial position as at 1 April 2018.

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.

A.2 Statement of financial position reconciliation as at 1 April 2018

	Combined Carve-out Financial Statements US$'m	Reconciling items US$'m	Notes	Consolidated financial statements US$'m
Assets				
Non-current assets	20 087	634	(a)	**20 721**
Current assets	11 493	518	(a)	**12 011**
Total assets	31 580	1 152		**32 732**
Equity and liabilities				
Capital and reserves attributable to the group's equity holders	24 082	(207)	(b)	**23 875**
Net parent investment	23 307	(23 307)	(b)	**–**
Share capital and premium	–	2 032	(b)	**2 032**
Other reserves	775	(1 459)	(b)	**(684)**
Retained earnings	–	22 527	(b)	**22 527**
Non-controlling interests	274	(253)		**21**
Total equity	24 356	(460)	(b)	**23 896**
Non-current liabilities	4 460	935	(a)	**5 395**
Current liabilities	2 764	677	(a)	**3 441**
Total equity and liabilities	31 580	1 152		**32 732**

Other information to the consolidated financial statements continued

for the year ended 31 March 2020

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. As at 1 April 2018 the reconciling items also includes the assets and liabilities of the Video Entertainment business which were excluded from the Combined Carve-out Financial Statements.

(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 company financial statements

for the year ended 31 March 2020

Extract from the Articles of Association relating to Net Profit/(Loss) appropriation

Article 30. Profits and Distributions.

30.1 The board may decide that all or part of the profits realised during a financial year will be fully or partially appropriated to increase and/or form reserves.

30.2 The profits remaining after application of article 30.1 Shall be put at the disposal of the general meeting. The board shall make a proposal for that purpose. A proposal to make a distribution shall be dealt with as a separate agenda item at the general meeting.

30.3 Distributions from the company's distributable reserves may only be made pursuant to a resolution of the general meeting at the proposal of the board.

30.4 Provided it appears from an interim statement of assets and liabilities signed by the board that the requirement mentioned in article 30.8 Concerning the position of the company's assets has been fulfilled, the board may make one (1) or more interim distributions to the holders of shares.

30.5 Each ordinary share A is entitled to one-fifth (1/5) of the amount of a distribution made on each ordinary share N, multiplied by the free float percentage.

30.6 The board may decide that a distribution on shares shall not take place as a payment in cash but in the form of shares, or decide that holders of shares shall have the option to receive a distribution as a payment of cash and/or in the form of shares, out of the profit and/or at the expense of reserves, provided that the board is designated and authorised by the general meeting pursuant to article 7.2. The board shall determine the conditions applicable to the aforementioned choices.

30.7 The company may have a policy on reserves and dividends to be determined and amended by the board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the general meeting under a separate agenda item.

30.8 Distributions may be made only insofar as the company's equity exceeds the amount of the paid-up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these articles of association.

Other information – Non-IFRS financial information and alternative performance indicators

for the year ended 31 March 2020

A. 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 or losses on acquisitions and disposals of investments as well as assets, dilution gains or losses on equity-accounted investments, remeasurement gains or losses on disposal groups classified as held for sale and remeasurements included in equity-accounted earnings, net of related taxes (both current and deferred) and the related non-controlling interests. These remeasurements are determined in accordance with Circular 1/2019, Headline Earnings, as issued by the South African Institute of Chartered Accountants, pursuant to the JSE Listings Requirements.

Core headline earnings

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) once-off gains or losses (including acquisition-related costs) resulting from acquisitions and disposals of businesses, as these items relate to changes in the composition of the group and are not reflective of its underlying operating performance; (v) the amortisation of intangible assets recognised in business combinations, and acquisitions and (vi) donations made to various governments in assisting with the Covid-19 pandemic, as these expenses are not considered operational in nature. These adjustments are made to the earnings of businesses controlled by the group as well as the group's share of earnings of associates and joint ventures, to the extent that the information is available.

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

Calculation of headline and core headline earnings

	Year ended 31 March 2020 US$'m	Year ended 31 March 2019 US$'m
Net profit attributable to shareholders from continuing operations	**3 824**	4 303
Adjusted for:		
– impairment of goodwill and other intangible assets	**10**	5
– loss on sale of assets	**–**	1
– gain recognised on loss of control	**(17)**	–
– gains recognised on loss of significant influence	**(13)**	–
– gains on disposals of investments	**(447)**	(1 618)
– remeasurement of previously held interest	**(73)**	(7)
– dilution losses on equity-accounted investments	**52**	182
– remeasurements included in equity-accounted earnings[1]	**(622)**	694
– impairment of equity-accounted investments	**21**	88
	2 735	3 648
Total tax effects of adjustments	**11**	179
Total adjustment for non-controlling interest	**49**	(21)
Headline earnings[2]	**2 795**	3 806
Adjusted for:		
– equity-settled share-based payment expenses	**608**	514
– amortisation of other intangible assets	**363**	283
– fair-value adjustments and currency translation differences	**(672)**	(1 544)
– retention option expense	**56**	10
– transaction-related costs	**93**	21
– Covid-19 donations	**114**	–
Core headline earnings	**3 357**	3 090

[1] Remeasurements included in equity-accounted earnings include US$841.9m (2019: US$126.4m) relating to gains arising on acquisitions and disposals by associates and US$226.7m (2019: US$799.4m) relating to impairments of assets recognised by associates.

[2] Headline earnings represent net profit for the year attributable to equity holders of the group, excluding certain defined separately identifiable remeasurements. The headline earnings measure is in pursuant of the JSE Listings Requirements.

Other information – Non-IFRS financial information and alternative performance indicators continued

for the year ended 31 March 2020

B. Growth in local currency, excluding acquisitions and disposals

The group applies certain adjustments to segmental revenue and trading profit reported in the summarised consolidated 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:

	Year ended 31 March	
Currency (1FC = US$)	**2020**	2019
South African rand	**0.0667**	0.0723
Euro	**1.1103**	1.1537
Chinese yuan renminbi	**0.1433**	0.1485
Brazilian real	**0.2398**	0.2622
Indian rupee	**0.0141**	0.0143
Polish zloty	**0.2569**	0.2684
Russian ruble	**0.0152**	0.0153
United Kingdom pound	**1.2702**	1.3084

- 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.

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:

Year ended 31 March 2020

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
Step up of the group's interest in Frontier Car Group	Subsidiary	Ecommerce	Disposal/ 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 Zooz	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
Disposal of the group's interest in Kreditech	Associate	Ecommerce	Disposal
Disposal of the group's interest in MakeMyTrip	Associate	Ecommerce	Disposal
Disposal of the group's interest in LBS	Subsidiary	Ecommerce	Disposal
Dilution of the group's interest in BuscaPé	Subsidiary	Ecommerce	Disposal
Acquisition of the group's interest in Iyzico	Subsidiary	Ecommerce	Acquisition
Step up in the group's interest in PaySense	Subsidiary	Ecommerce	Disposal/ acquisition
Acquisition of the group's interest in Red Dot	Subsidiary	Ecommerce	Acquisition
Acquisition of the group's interest in Extreme Digital	Subsidiary	Ecommerce	Acquisition
Acquisition of the group's interest in Elastic Run	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in Meesho	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in EMicro transit	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in TTRS Servicos	Subsidiary	Ecommerce	Acquisition

The net adjustment made for all acquisitions and disposals on continuing operations that took place during the year ended 31 March 2020 amounted to a negative adjustment of US$157m on revenue and a negative adjustment of US$27m on trading profit. These adjustments include a change in estimate related to Mail.ru's deferred revenue.

Other information – Non-IFRS financial information and alternative performance indicators continued

for the year ended 31 March 2020

B. 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:

	Year ended 31 March							
	2019 A	2020 B	2020 C	2020 D	2020 E	2020 F[2]	2020 G[3]	2020 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 %	IFRS %
CONTINUING OPERATIONS								
Revenue								
Internet	18 340	(557)	400	(795)	4 067	21 455	23	17
Ecommerce	3 596	(515)	344	(178)	1 019	4 266	33	19
– Classifieds	857	(4)	133	(22)	317	1 281	37	49
– Payments and Fintech	360	(11)	25	(20)	74	428	21	19
– Food Delivery	377	(16)	55	(45)	380	751	>100	99
– Etail	1 529	(355)	73	(72)	188	1 363	16	(11)
– Travel	234	(99)	–	–	11	146	8	(38)
– Other	239	(30)	58	(19)	49	297	23	24
Social and internet platforms	14 744	(42)	56	(617)	3 048	17 189	21	17
– Tencent	14 457	(38)	–	(615)	2 975	16 779	21	16
– Mail.ru	287	(4)	56	(2)	73	410	26	43
Corporate segment	–	–	–	–	–	–	–	–
Economic interest	18 340	(557)	400	(795)	4 067	21 455	23	17
DISCONTINUED OPERATIONS								
Video Entertainment	644	(644)	–	–	–	–	–	(100)
Group economic interest	18 984	(1 201)	400	(795)	4 067	21 455	23	13

[1] Figures presented on an economic-interest basis as per the segmental review.
[2] A + B + C + D + E.
[3] [E/(A + B)] x 100.
[4] [(F/A) – 1] x 100.

Other information – Non-IFRS financial information and alternative performance indicators continued

for the year ended 31 March 2020

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

	2019 A IFRS[1] US$'m	2020 B Group composition disposal adjustment US$'m	2020 C Group composition acquisition adjustment US$'m	2020 D Foreign currency adjustment US$'m	2020 E Local currency growth US$'m	2020 F[2] IFRS[1] US$'m	2020 G[3] Local currency growth %	2020 H[4] IFRS %
CONTINUING OPERATIONS								
Trading profit								
Internet	3 377	74	(101)	(124)	555	3 781	16	12
Ecommerce	(575)	84	(157)	47	(317)	(918)	(65)	(60)
– Classifieds	(6)	1	(31)	15	55	34	>100	>100
– Payments and Fintech	(43)	6	(17)	(1)	(12)	(67)	(32)	(56)
– Food Delivery	(171)	(7)	(91)	28	(383)	(624)	>(100)	>(100)
– Etail	(101)	57	–	3	21	(20)	48	80
– Travel	(37)	9	–	–	6	(22)	21	41
– Other	(217)	18	(18)	2	(4)	(219)	(2)	(1)
Social and internet platforms	3 952	(10)	56	(171)	872	4 699	22	19
– Tencent	3 929	(10)	–	(170)	852	4 601	22	17
– Mail.ru	23	–	56	(1)	20	98	87	>100
Corporate segment	–	–	–	(1)	(3)	(4)	>(100)	>(100)
Economic interest	3 377	74	(101)	(125)	552	3 777	16	12
DISCONTINUED OPERATIONS								
Video Entertainment	(154)	154	–	–	–	–	–	100
Group economic interest	3 223	228	(101)	(125)	552	3 777	16	17

(1) Figures presented on an economic-interest basis as per the segmental review.
(2) A + B + C + D + E.
(3) [E/(A + B)] x 100.
(4) [(F/A) – 1] x 100.

Further information

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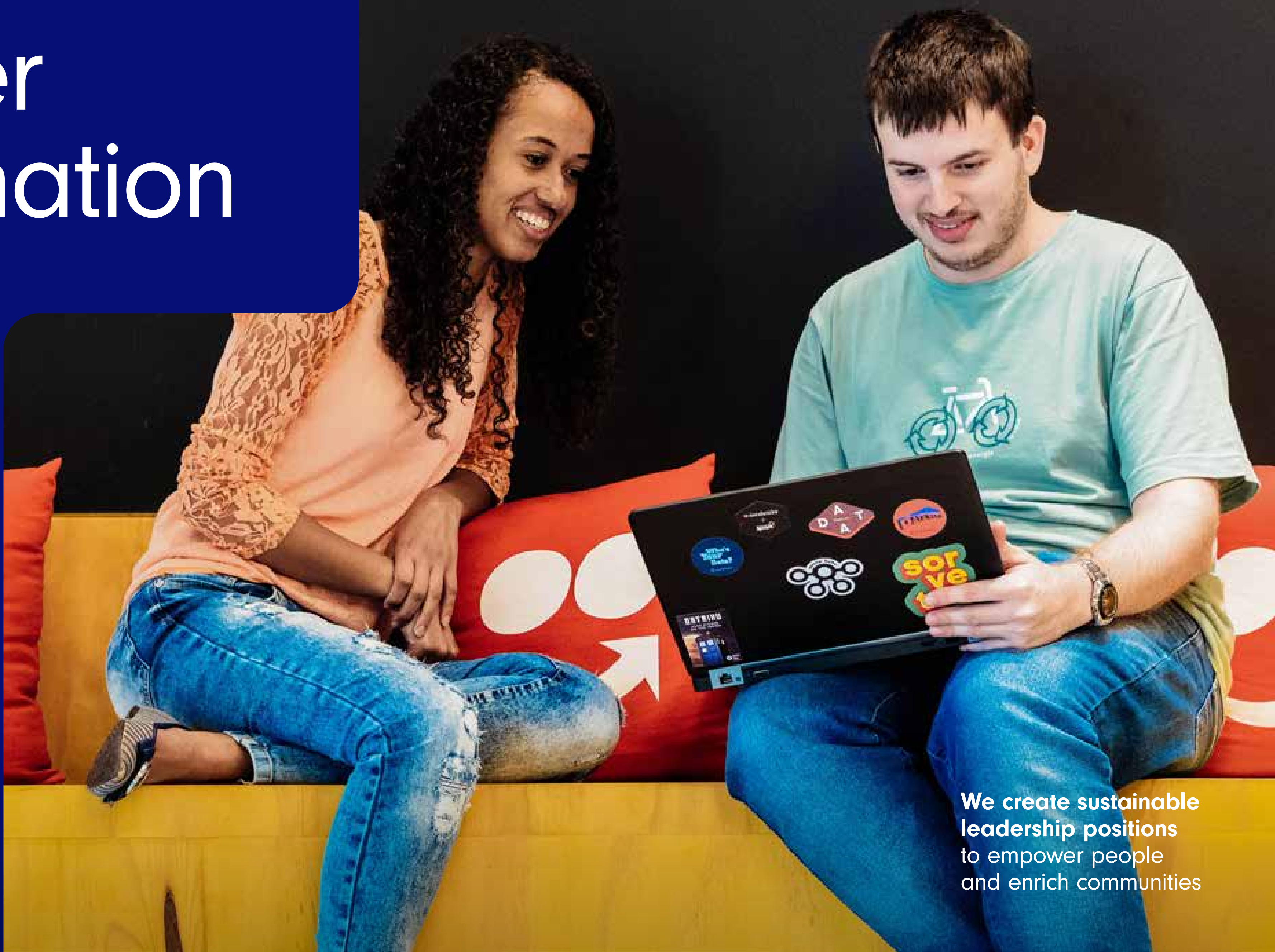

We create sustainable leadership positions to empower people and enrich communities

Chair's letter

Dear Madam/Sir

I am pleased to enclose the notice of the annual general meeting of Prosus N.V. (the company or Prosus), which will be held at 14:00 (Central European time) on Tuesday 18 August 2020. Formally, the meeting will be held at ABN AMRO, Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

In accordance with the Temporary Act Covid-19 Justice and Safety, shareholders can only attend the meeting virtually via the internet at www.abnamro.com/evoting and if they wish, vote in real time online. The meeting can also be followed on the Prosus website **www.prosus.com/investors**.

At the annual general meeting, our chief executive, Bob van Dijk, will update you on the progress of the business in FY20. Subsequently, introductions will be given on other items on the agenda. Following these presentations, we will have a full Q&A session on all matters tabled before we conduct the formal business of the meeting (the voting on all tabled voting items).

In accordance with the board rotation plan, Don Eriksson, Mark Sorour, Emilie Choi, Manisha Girotra and Rachel Jafta are offering themselves for re-election.

The end of FY20 marked the retirement of Fred Phaswana as a director and lead independent director of Prosus (and Naspers). I would like to thank Fred again on behalf of the board for his contribution to the Naspers and Prosus groups. Fred has been a director in the Naspers group for over 15 years and played a key role in transforming Naspers, and subsequently Prosus, into one of the top 10 global consumer internet companies by market capitalisation.

As announced on 29 April 2020, the board decided to nominate Ms Ying Xu for appointment as a non-executive director of Prosus.

Full explanations of all proposed resolutions are set out in the explanatory notes to this notice. The board believes that all the proposals to be put to you at the annual general meeting are in the best interests of Prosus and all shareholders. Accordingly, the directors unanimously recommend that you vote in favour of the resolutions, as they intend to do themselves in respect of their own shares.

The annual general meeting is an important opportunity for all shareholders to express their views by asking questions on the above matters and on any other topic relevant to our business and the resolutions.

If you would like to be assured of the fullest possible response to a question asked in the annual general meeting, it would be helpful if you could submit your questions in advance of the annual general meeting but ultimately on 15 August 2020, at 14:00 CET. Further questions may be posed during the meeting by those shareholders who submitted questions timeously in advance. Of course, you are also invited to write to me at any time should you wish at **investorrelations@prosus.com.** Alternatively, you may find the answer to your question on our website at **www.prosus.com**.

Enclosed with this letter you will find the notice of the annual general meeting being convened, together with the agenda and the explanatory notes. A voting instruction form has been sent to those of you who are registered in Prosus's register of shareholders. Our FY20 year-end documents are available on our website at **www.prosus.com/investors**.

Koos Bekker
Chair

If you would like to electronically grant a proxy with voting instructions to Joyce Leemrijse, civil law notary with Allen & Overy LLP in Amsterdam, you will have to do so no later than 17:30 (CET) on Tuesday 11 August 2020. Please refer to the information provided on page 236 of the notice. All your votes are important to us and I would urge you to cast your vote.

You may also cast your own vote electronically in real time during the virtual annual general meeting. The requirements are set out in the notice.

The results of the annual general meeting will be announced in the meeting, and subsequently via a press release and on the Prosus website **www.prosus.com/news** as soon as possible following the conclusion of the meeting.

The meeting will be broadcast on the Prosus website **www.prosus.com**.

I look forward to engaging with you virtually on 18 August 2020.

In accordance with the Dutch Corporate Governance Code, the draft report of the annual general meeting will be made available to shareholders on **www.prosus.com** no later than three months after the end of the meeting.

Yours sincerely

Koos Bekker
Chair

29 June 2020

Notice of virtual annual general meeting

Notice is hereby given that the virtual annual general meeting of Prosus N.V. (the company or Prosus), which will be held at 14:00 (Central European time) on Tuesday 18 August 2020, for the purposes of considering the following business. Formally, the virtual annual general meeting will be held at ABN AMRO, Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

In accordance with the Temporary Act Covid-19 Justice and Safety, shareholders can only attend the meeting virtually via the internet at www.abnamro.com/evoting and if they wish, vote in real time online. The virtual meeting can also be followed on the Prosus website **www.prosus.com**.

Record date and registration

The record date for the virtual meeting (being the date used to determine which shareholders are entitled to participate in and vote at the virtual meeting) is Tuesday, 21 July 2020.

The full agenda with explanatory notes including the verbatim text of the amendments to the articles of association, a copy of the annual report, a copy of the directors' remuneration report, a copy of the remuneration policies for the executive directors and for the non-executive directors, and the amendments to the existing Prosus Share Award Plan, are available at the offices of the company and can be accessed via the website **www.prosus.com**. Copies of these can also be obtained there free of charge, and via ABN AMRO Bank N.V. (ABN AMRO) by email: ava@nl.abnamro.com.

Upon registration (via ABN AMRO via www.abnamro.com/evoting) shareholders will be requested to choose whether they attend the meeting virtually and/or whether they vote virtually during the meeting. Alternatively, shareholders may also grant a proxy with voting instructions as referred to below.

Holders of deposit shares (or their authorised representatives) who wish to attend the annual general meeting virtually and/or to vote virtually during the meeting must register electronically with ABN AMRO (via www.abnamro.com/evoting) or via their intermediaries at which their shares are administered, following the record date and no later than Tuesday 11 August 2020 at 17:30 CET at the latest. Not later than Wednesday 12 August 2020 (before 12.00 noon CET) the intermediaries are to provide ABN AMRO Bank N.V. (ABN AMRO) via www.abnamro.com/intermediary with an electronic statement that includes the number of shares held on the record date by the shareholder concerned and which have been applied for registration. In addition, the intermediaries are requested to include the full address details of the relevant shareholder, as well as their valid email address, securities account and mobile phone number which are required for authentication purposes in order to provide virtual access. The receipt (of registration) to be supplied by ABN AMRO via the relevant intermediary will contain log-in details for attending the meeting virtually and/or to vote virtually.

Holders of registered shares (or their authorised representatives) who wish to attend the annual general meeting virtually and/or to vote virtually must apply via www.abnamro.com/evoting not later than Tuesday 11 August 2020 at 17:30 CET.

Virtual attending and voting

Shareholders can attend and vote at the meeting on all shareholders' resolutions virtually, therefore online and remotely with their own smartphone, tablet or personal computer, unless the shareholder's intermediary does not accommodate online attending and voting. Upon registration to vote virtually, a shareholder will receive an email with a link via **www.abnamro.com/evoting** to log into the Prosus online voting platform. After successful login and confirmation of the login via two-factor authentication (by SMS verification), the shareholder is automatically logged into the meeting. Further instructions may be provided via www.abnamro.com/evoting and/or the Prosus online voting platform.

You will be able to log in for virtual admission to the meeting on Tuesday 18 August 2020 via www.abnamro.com/evoting from 12:00 CET until the commencement of the meeting at 14:00 CET. You must log in and complete the virtual admission procedure for the meeting before 14:00 CET. After this time registration is no longer possible. Shareholders who log in afterwards will only have access to the webcast to follow the meeting, but will neither be able to ask questions nor to vote.

Prosus's Policy regarding the Virtual General Meeting of Shareholders can be found at **www.prosus.com** (with the meeting documents). Virtual voting entails risks, as described in Prosus's Policy regarding the Virtual General Meeting of Shareholders. If you wish to avoid such risks you should choose to give a voting instruction.

Shareholders who are unable to attend the meeting virtually and/or do not wish to vote virtually during the meeting, can render a proxy with their voting instructions electronically via www.abnamro.com/evoting. By doing so, voting instructions are given to Ms J J C A Leemrijse, civil law notary with Allen & Overy LLP, in Amsterdam, to cast their vote at the virtual annual general meeting. If a shareholder is unable to give his voting instructions electronically, these may also be given in writing. The proxy form is attached to the notice. The proxy form must be completed and received by ABN AMRO (address on power of attorney form). Voting instructions can be given until Tuesday 11 August 2020 at 17:30 CET at the latest.

Written questions and information

From today until 15 August 2020, at 14:00 CET, shareholders may submit written questions about the items on the agenda. These questions will, possibly combined, be answered and put on Prosus's website prior to the virtual annual general meeting or discussed at the meeting. For these questions and for general information please refer to the company by email on investorrelations@prosus.com or by phone: +31 (20) 299 9777.

Webcast

There will be a live video broadcast of the virtual annual general meeting via the corporate website **www.prosus.com**.

Agenda and explanatory notes

1. To discuss the Prosus annual report submitted by the board of directors, (non-voting item)

At this agenda item the chief executive will update you on the progress of the business in FY20.

2. To approve the directors' remuneration report (advisory vote)

In accordance with Dutch legislation (Section 2:135b Dutch Civil Code (DCC)), the directors' remuneration report is discussed with the shareholders and put to the general meeting of shareholders for a non-binding advisory vote. It is proposed to approve the directors' remuneration report.

Prosus has drawn up the directors' remuneration report, including an overview of remuneration to individual members of the board in accordance with the statutory requirements.

Please refer to the directors' remuneration report on our corporate website, included in the Prosus annual report on pages 101 to 137. The pages 115 to 120 regarding the remuneration policy are explicitly excluded.

3. To adopt the annual accounts (voting item)

To consider and adopt the financial statements of the company for the twelve (12) months ended 31 March 2020. The summarised form of the financial statements is attached to this notice. The external auditor will address the meeting regarding his auditor's report.

4(a). Proposal to make a distribution (voting item)

Prosus does not have a defined dividend policy and, as such, there are no restrictions on, or a target range for, the payment of dividends. The board generally considers dividend declarations annually during the month of June when it finalises the annual accounts. The ability and intention of Prosus to declare and pay dividends in the future: (i) will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity and such other factors as the board may deem relevant; and (ii) are subject to numerous assumptions, risks and uncertainties, many of which are beyond Prosus's control.

In accordance with the articles of association, the board proposes that a distribution be made to holders of ordinary shares N of 11 euro cents per share and to holders of ordinary shares A1 of 0.602 euro cents per share. Holders of ordinary shares N can elect whether they want to receive their distribution in the form of a regular dividend, or whether they prefer to receive an equal amount in the form of repaid capital instead. Holders of ordinary shares N that do not make a choice participate in the distribution of repaid capital. In addition, a choice for one option implies an opt-out of the other option.

For those holders holding their shares in South Africa via Strate, the proposed dividend as denominated in euro will be translated to South African

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rand at the exchange rate prevailing on the date of approval of the dividend at the 2020 annual general meeting.

This combined proposal for a vote consists of three parts:

(i) The proposal to distribute a dividend as set out under (a) below.

(ii) The proposal to amend the articles of association of the company by an increase of the nominal value of the ordinary shares N, thus increasing the issued share capital of the company at the charge of the share premium reserve, as set out under (c) below.

(iii) The proposal to decrease the issued share capital of the company and to amend the articles of association of the company by a decrease of the nominal value of the ordinary shares N back to the current nominal value, thus decreasing the issued share capital of the company, which decrease is partly paid to the shareholders who have opted for the repaid capital option, and the balance is added to the share premium reserve of the company, as further set out under (b) and (d) below.

(a) To consider the payment of a dividend

Subject to the approval of item (4)(a)(b) and subject to the terms of the articles of association, the board has recommended that the holders of ordinary shares N have the option to receive a regular distribution of 11 euro cents per ordinary share N in cash and 0.602 euro cents per ordinary share A1 in cash.

Holders of ordinary shares N that have opted for the regular distribution (of profits) option receive payment of their pro rata portion of the distributed profits. These shareholders, who have opted for the regular distribution (of profits) option, choose to have their part of the capital reduction distribution referenced in article 31.2 of the articles of association added to the share premium reserve and forfeit any claim to their pro rata part of the capital reduction.

(b) To consider the distribution of repaid capital

Subject to the approval of item (4)(a)(a) and subject to the terms of the articles of association, the board has recommended that the holders of ordinary shares N have the option to receive an equal amount to the amount stipulated in (4)(a)(a) above in the form of repaid capital.

Holders of the ordinary shares N that have opted for the repaid capital option receive payment of their pro rata portion of funds made available under a formal reduction of the capital of Prosus (*kapitaalvermindering*). These shareholders implicitly choose to have their part of the regular dividend added to dividend reserves and forfeit any claim to their pro rata part of the regular distribution (of profits).

(c) Reduction of Prosus's capital

Subject to the approval of item (4)(a)(b) above and subject to the terms of the articles of association, the capital of Prosus be reduced to give effect to the elections to be made by shareholders as at the dividend record date. This requires two subsequent partial amendments to the articles of association of Prosus, first increasing and subsequently decreasing the nominal value of the shares.

Article 4 of the articles of association currently reads as follows:

"Article 4. Authorised Capital.

4.1 The authorised capital of the Company is two hundred and fifty-one million euros (EUR251,000,000).

4.2 The authorised capital of the Company is divided into five billion ten million and ten thousand (5,010,010,000) Shares, of which:

- ten million (10,000,000) are Ordinary Shares A1 with a nominal value of five euro cents (EUR 0.05) each;
- ten thousand (10,000) are Ordinary Shares A2 with a nominal value of fifty euros (EUR 50) each; and
- five billion (5,000,000,000) are Ordinary Shares N with a nominal value of five euro cents (EUR 0.05) each, which Ordinary Shares N shall rank Pari Passu in respect of all rights.

4.3 All Shares are registered. The Company shall not issue share certificates or statements evidencing or purporting to evidence title to the Shares, which shall at all times remain in dematerialised form.

4.4 A person who is entitled to and wishes to inspect the register of dematerialised Shares may do so only through the Company and in accordance with Dutch law."

And Article 39.1 of the articles of association currently reads as follows:

39.1 Each ordinary share A1 and each ordinary share N confers the right to cast one (1) vote.

Each ordinary share A2 confers the right to cast one thousand (1,000) votes.

In order to increase the nominal value of all ordinary shares N with 11 euro cents, Article 4 of the articles of association will first be amended as set out below. The increase is paid up at the charge of the share premium reserve of the company.

"Article 4. Authorised Capital.

4.1 The authorised capital of the Company is eight-hundred and one million euros (EUR 801,000,000).

4.2 The authorised capital of the Company is divided into five billion ten million and ten thousand (5,010,010,000) Shares, of which:

- ten million (10,000,000) are Ordinary Shares A1 with a nominal value of five euro cents (EUR 0.05) each;
- ten thousand (10,000) are Ordinary Shares A2 with a nominal value of fifty euros (EUR 50) each; and
- five billion (5,000,000,000) are Ordinary Shares N with a nominal value of sixteen euro cents (EUR 0.16) each, which Ordinary Shares N shall rank Pari Passu in respect of all rights.

4.3 All Shares are registered. The Company shall not issue share certificates or statements evidencing or purporting to evidence title to the Shares, which shall at all times remain in dematerialised form.

4.4 A person who is entitled to and wishes to inspect the register of dematerialised Shares may do so only through the Company and in accordance with Dutch law."

It is proposed to amend Article 39.1 as well; due to the changes in the nominal value of the ordinary shares N, Dutch law prescribes that the number of votes changes as well.

39.1 Each ordinary share A1 confers the right to cast five (5) votes.

Each ordinary share N confers the right to cast sixteen (16) votes.

Each ordinary share A2 confers the right to cast five thousand (5,000) votes.

Consequently, it is proposed to amend Articles 4 and 39.1 of the articles of association of Prosus.

The proposal also includes granting a power of attorney to each member of the board, the company secretary, as well as each (deputy) civil law notary and notarial assistant of Allen & Overy LLP (Amsterdam office), attorneys-at-law, civil law notaries and tax advisers, each of them separately, to have the first deed of amendment of the articles of association executed.

(d) Reduction of Prosus's capital – subsequent decrease of the issued and authorised share capital: second amendment to Prosus's articles of association

It is proposed to subsequently reduce the issued share capital of the company by decreasing the nominal value of the ordinary shares N back to the current value of the ordinary shares N as set out below, under the condition precedent that the second amendment of the articles of association comes into full force and effect, following the statutory capital reduction process and taking into account a mandatory two-months opposition period for creditors. The amount of the repaid capital that is not opted for by the shareholders who elected a regular dividend distribution, will be added to the share premium reserve of the company. Articles 4 and 39.1 will then read again as follows:

"Article 4. Authorised Capital.

4.1 The authorised capital of the Company is two hundred and fifty-one million euros (EUR 251,000,000).

4.2 The authorised capital of the Company is divided into five billion ten million and ten thousand (5,010,010,000) Shares, of which:

- ten million (10,000,000) are Ordinary Shares A1 with a nominal value of five euro cents (EUR 0.05) each;
- ten thousand (10,000) are Ordinary Shares A2 with a nominal value of fifty euros (EUR 50) each; and
- five billion (5,000,000,000) are Ordinary Shares N with a nominal value of five euro cents (EUR 0.05) each, which Ordinary Shares N shall rank

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Pari Passu in respect of all rights.

4.3 All Shares are registered. The Company shall not issue share certificates or statements evidencing or purporting to evidence title to the Shares, which shall at all times remain in dematerialised form.

4.4 A person who is entitled to and wishes to inspect the register of dematerialised Shares may do so only through the Company and in accordance with Dutch law."

"39.1 Each ordinary share A1 and each ordinary share N confers the right to cast one (1) vote.

Each ordinary share A2 confers the right to cast one thousand (1,000) votes."

Consequently, it is proposed to amend Articles 4 and 39.1 of the articles of association of Prosus accordingly.

The proposal also includes granting a power of attorney to each member of the board, the company secretary, as well as each (deputy) civil law notary and notarial assistant of Allen & Overy LLP (Amsterdam office), attorneys-at-law, civil law notaries and tax advisers, each of them separately, to have the second deed of amendment of the articles of association executed.

As set out in the annual report, dividends and other distributions will be payable on or after 17 November 2020 after the completion of the capital reduction process.

4(b). Capital increase and capital reduction for financial year 2021 (and onwards) (voting item)

It is Prosus's intention to put the same distribution election option on the annual general meeting agenda for 2021 and onwards, so that holders of ordinary shares N may continue to elect whether they want to receive their distribution in the form of a regular dividend or whether they prefer to receive an equal amount in the form of repaid capital. In the same way as under agenda item 4(a), the capital reduction in the form of a decrease of the nominal value of shares will be effectuated by taking into account the formal capital reduction process including a mandatory two-months opposition period for creditors. In order to avoid the delay in payments (for 2020, the distributions will only be payable on or after 17 November 2020), it is proposed to resolve already in this annual general meeting on the increase and decrease of the nominal value of the ordinary shares N, so that the capital reduction process including the two-months opposition period for creditors is finalised prior to or shortly after the 2021 annual general meeting, so that the 2021 payment date need not be delayed.

As the amount of dividend for the financial year 2021 (and onwards), is presently unclear, a random amount of €0.50 will be used as an assumption with the understanding that the aggregate dividend in the coming year(s) will be (substantially) lower, and at least will not exceed this amount.

The proposal to distribute a dividend for the financial year 2021 (and onwards), and for which amount, and consequently the precise amount of repaid capital to be repaid to shareholders, will only be resolved upon in the 2021 annual general meeting (and onwards).

The combined proposal for a vote consists of two parts:

(i) The proposal to amend the articles of association of the company by an increase of the nominal value of the ordinary shares N, thus increasing the issued share capital of the company at the charge of the share premium reserve as set out under (a) below.

(ii) The proposal to decrease the issued share capital of the company and to amend the articles of association of the company by a decrease of the nominal value of the ordinary shares N back to the current nominal value, thus decreasing the issued share capital of the company, which decrease is partly paid to the shareholders who have opted for the repaid capital option for the amount resolved upon in the 2021 annual general meeting, and the balance is added to the share premium reserve of the company, as further set out under (b) below.

The process of the capital increase and capital decrease proposed under this agenda item 4(b) will only start after having completed the full process of agenda item 4(a). It will then require two subsequent partial amendments to the articles of association of Prosus, first increasing and subsequently decreasing the nominal value of the ordinary shares N.

(a) Reduction of Prosus's capital – First increase of issued and authorised share capital: first amendment to Prosus's articles of association for financial year 2021 (and onwards)

Article 4 of the articles of association currently reads (and will read following the completion of the capital reduction process under agenda item 4(a)) as follows:

"Article 4. Authorised Capital.

4.1 The authorised capital of the Company is two hundred and fifty-one million euros (EUR 251,000,000).

4.2 The authorised capital of the Company is divided into five billion ten million and ten thousand (5,010,010,000) Shares, of which:

- ten million (10,000,000) are Ordinary Shares A1 with a nominal value of five euro cents (EUR 0.05) each;
- ten thousand (10,000) are Ordinary Shares A2 with a nominal value of fifty euros (EUR 50) each; and
- five billion (5,000,000,000) are Ordinary Shares N with a nominal value of five eurocents (EUR 0.05) each, which Ordinary Shares N shall rank Pari Passu in respect of all rights.

4.3 All Shares are registered. The Company shall not issue share certificates or statements evidencing or purporting to evidence title to the Shares, which shall at all times remain in dematerialised form.

4.4 A person who is entitled to and wishes to inspect the register of dematerialised Shares may do so only through the Company and in accordance with Dutch law."

And Article 39.1 of the articles of association currently reads as follows:

"39.1 Each Ordinary Share A1 and each Ordinary Share N confers the right to cast one (1) vote.

Each Ordinary Share A2 confers the right to cast one thousand (1,000) votes.

In order to increase the nominal value of all ordinary shares N with 50 euro cents, Article 4 of the articles of association will first be amended as set out below. The increase is paid up at the charge of the share premium reserve of the company.

"Article 4. Authorised Capital.

4.1 The authorised capital of the Company is two billion seven hundred and fifty-one million euros (EUR 2.751,000,000).

4.2 The authorised capital of the Company is divided into five billion ten million and ten thousand (5,010,010,000) Shares, of which:

- ten million (10,000,000) are Ordinary Shares A1 with a nominal value of five eurocents (EUR 0.05) each;
- ten thousand (10,000) are Ordinary Shares A2 with a nominal value of fifty euros (EUR 50) each; and
- five billion (5,000,000,000) are Ordinary Shares N with a nominal value of fifty-five eurocents (EUR 0.55) each, which Ordinary Shares N shall rank Pari Passu in respect of all rights.

4.3 All Shares are registered. The Company shall not issue share certificates or statements evidencing or purporting to evidence title to the Shares, which shall at all times remain in dematerialised form.

4.4 A person who is entitled to and wishes to inspect the register of dematerialised Shares may do so only through the Company and in accordance with Dutch law."

It is proposed to amend Article 39.1 as well; due to the changes in the nominal value of the ordinary shares N, Dutch law prescribes that the number of votes changes as well.

"39.1 Each Ordinary Share A1 confers the right to cast five (5) votes.

Each Ordinary Share N confers the right to cast fifty-five (55) votes.

Each Ordinary Share A2 confers the right to cast five thousand (5,000) votes.

Consequently, it is proposed to amend Articles 4 and 39.1 of the articles of association of Prosus. The proposal also includes granting a power of attorney to each member of the board, the company secretary, as well as each (deputy) civil law notary and notarial assistant of Allen & Overy LLP (Amsterdam office), attorneys-at-law, civil law notaries and tax advisers, each of them separately, to have the

Notice of virtual annual general meeting continued

first deed of amendment of the articles of association for the financial year 2021 (and onwards) executed.

(b) Reduction of Prosus's capital – Subsequent decrease of the issued and authorised share capital: second amendment to Prosus's articles of association for the financial year 2021 (and onwards)

It is proposed to subsequently reduce the issued share capital of the company by decreasing the nominal value of the ordinary shares N back to the current value of the ordinary shares N as set out below, under the condition precedent that the second amendment of the articles of association for the financial year 2021 (and onwards) comes into full force and effect, following the statutory capital reduction process and taking into account a mandatory two-months opposition period for creditors. As the amount of the 2021 distribution will only be known following the 2021 annual general meeting, figures can not be given at this stage, but it is clear that the balance between the 2021 distribution per ordinary share N, and the total amount of the capital reduction per ordinary share N, will be added to the share premium reserve. Also the amount of the repaid capital that is not opted for by the shareholders who will elect a regular dividend distribution for the financial year 2021, will be added to the share premium reserve of the company. The balance of the repaid capital that will be added to the share premium reserve may be used for the same purposes in future years.

Articles 4 and 39.1 will then read again as follows:

"Article 4. Authorised Capital.

4.1 The authorised capital of the Company is two hundred and fifty-one million euros (EUR 251,000,000).

4.2 The authorised capital of the Company is divided into five billion ten million and ten thousand (5,010,010,000) Shares, of which:

- ten million (10,000,000) are Ordinary Shares A1 with a nominal value of five eurocents (EUR 0.05) each;
- ten thousand (10,000) are Ordinary Shares A2 with a nominal value of fifty euros (EUR 50) each; and
- five billion (5,000,000,000) are Ordinary Shares N with a nominal value of five eurocents (EUR 0.05) each, which Ordinary Shares N shall rank Pari Passu in respect of all rights.

4.3 All Shares are registered. The Company shall not issue share certificates or statements evidencing or purporting to evidence title to the Shares, which shall at all times remain in dematerialised form.

4.4 A person who is entitled to and wishes to inspect the register of dematerialised Shares may do so only through the Company and in accordance with Dutch law."

"39.1 Each Ordinary Share A1 and each Ordinary Share N confers the right to cast one (1) vote.

Each Ordinary Share A2 confers the right to cast one thousand (1,000) votes."

Consequently, it is proposed to amend Articles 4 and 39.1 of the articles of association of Prosus accordingly. The proposal also includes granting a power of attorney to each member of the board, the company secretary, as well as each (deputy) civil law notary and notarial assistant of Allen & Overy LLP (Amsterdam office), attorneys-at-law, civil law notaries and tax advisers, each of them separately, to have the second deed of amendment of the articles of association for the financial year 2021 (and onwards) executed.

5. To adopt the remuneration policy of the executive directors (voting item)

In accordance with Sections 2:135 and 2:135a DCC, the non-executives have drawn up a new remuneration policy which is available on Prosus's website at **www.prosus.com/investors**. The remuneration policy has been approved by the board on recommendation from the human resources and remuneration committee.

6. To adopt the remuneration policy of the non-executive directors (voting item)

In accordance with Sections 2:135 and 2:135a DCC, the non-executives have drawn up a remuneration policy of the non-executives setting out the combined remuneration for Naspers and Prosus. The remuneration policy is available on Prosus's website at **www.prosus.com/investors**. The remuneration policy has been approved by the board on recommendation from the human resources and remuneration committee.

Given the impact of Covid-19, the board decided not to propose an increase in fees for the 31 March 2021 financial year.

Accordingly, approval of the remuneration of non-executive directors for the year ending 31 March 2021 as follows:

Prosus board			31 March 2021[1] (total proposed fee payable by Naspers and Prosus)	31 March 2021[1] (proposed amount payable by Prosus)
1.	Chair[2]		2.5 times member	US$348 828
2.	Member		US$199 330	US$139 531
	All members: Daily fees when travelling to and attending meetings outside home country		US$3 500	US$2 450
	Committees			
3.	Audit committee	Chair	2.5 times member	US$85 943
4.		Member	US$49 110	US$34 377
5.	Risk committee	Chair	2.5 times member	US$51 048
6.		Member	US$29 170	US$20 419
7.	Human resources and remuneration committee	Chair	2.5 times member	US$60 393
8.		Member	US$34 510	US$24 157
9.	Nomination committee	Chair	2.5 times member	US$32 550
10.		Member	US$18 600	US$13 020
11.	Social, ethics and sustainability committee	Chair	2.5 times member	US$44 678
12.		Member	US$25 530	US$17 871
	Other			
13.	Trustees of group share schemes/other personnel funds		R53 760	R37 632

[1] During the year ended 31 March 2020, following the listing of Prosus on Euronext Amsterdam, Naspers non-executive directors now serve on the boards of both companies. As a result of the non-executive directors assuming these dual responsibilities, the proposed fees will be split between Naspers and Prosus, on a 30/70 basis.

[2] The chair of Prosus does not receive additional remuneration for attending meetings or being a member of or chairing any committee of the board.

Notice of virtual annual general meeting continued

7. Release of the executive directors from liability (voting item)

It is proposed that the executive directors in office as at the year-end 31 March 2020 be released of liability for their fulfilment of their tasks in the 2020 financial year.

8. Release of the non-executive directors from liability (voting item)

It is proposed that the non-executive directors for the year ended 31 March 2020 be released of liability for their fulfilment of their tasks in the 2020 financial year.

9. To appoint Ms Y Xu as a non-executive director (voting item)

Ms Y Xu (56) is the president of Wumei Technology Group (Wumei, or Wumart), a technology-driven retailer in China. Deeply engaged in the retail business for 15 years, Ms Y Xu has strong insight and knowledge of consumers in China, especially in retail, online and offline. Prior to joining Wumei Technology Group, Ms Y Xu was vice president of LG (a joint venture) at Tianjin International Trust & Investment. She does not hold any ordinary shares N or ordinary shares A. Due to the wealth of experience which Ms Y Xu has in the technology sector, the board unanimously recommends that Ms Y Xu be appointed as an independent non-executive director, for a period of three years, thus ending at the close of the annual general meeting to be held in 2023.

10. To reappoint the following non-executive directors (voting items)

It is proposed to reappoint the following non-executive directors for a period of three years, thus ending at the close of the virtual annual general meeting to be held in 2023.

(a) Mr D G Eriksson
Mr D G Eriksson (75) is an independent non-executive director and chair of the audit and risk committees for Naspers and Prosus and chair of the Naspers social, ethics and sustainability committee. Furthermore, he does not hold any ordinary shares N or ordinary shares A. He is the chair of Oakleaf Insurance Company Limited and Renasa Insurance Company Limited. On 11 June 2020, he retired from the board of MultiChoice Group and other MultiChoice companies. He served on the council of the Institute of Directors of South Africa (IoDSA) for a number of years, of which he is an honorary life member, and as a trustee to the Discovery Health Medical Scheme. He was a partner at Coopers & Lybrand (now PricewaterhouseCoopers Inc.) and an executive director of the Commercial Union group of companies (CGU Insurance Company (SA) Limited, Commercial Union Life Insurance Company Limited and Sentrasure Limited). Due to the wealth of experience which Mr D G Eriksson has, combined with his financial and accounting knowledge, the board unanimously recommends that Mr D G Eriksson be reappointed.

(b) Mr M R Sorour
Mr M R Sorour (58) is a non-independent non-executive director and former chief investment officer for the Naspers group. Furthermore, he holds 2 587 ordinary shares N. He joined the Naspers group in 1994, leading business development and corporate finance, globally. Following assignments in Hong Kong and Amsterdam, he returned to Cape Town in 2002 as the Naspers group's chief investment officer, being responsible for all global investment activities. On March 31, 2018, he retired after more than 20 years with the Naspers group. He remained on the Naspers board as a non-executive director. Due to the wealth of experience which Mr M R Sorour has, combined with his investment knowledge, the board unanimously recommends that Mr M R Sorour be reappointed.

(c) Ms E M Choi
Ms E M Choi (41) is an independent non-executive director and is a member of the risk and human resources and remuneration committees for Naspers and Prosus. Furthermore, she does not hold any ordinary shares N or ordinary shares A. She serves as chief operating officer at Coinbase, Inc. (Coinbase), the world's largest regulated cryptocurrency exchange. She oversees operations in seven countries, across three continents. Since joining Coinbase in early 2018, she has overseen more than 10 acquisitions and 50 venture investments. Prior to Coinbase, she spent more than eight years at LinkedIn Corporation as the vice president of Corporate Development, and led all M&A deals in the company's history, including its biggest deal to date, Lynda, as well as leading a number of joint ventures in China. She has also worked in corporate development and strategy roles at Warner Bros. Entertainment Inc. and Yahoo, Inc. She is also on the board of directors of ZipRecruiter, Inc., a marketplace for jobseekers and employers. Due to the experience which Ms E M Choi has in the technology industry and in start-up businesses, the board unanimously recommends that Ms E M Choi be reappointed.

(d) Ms M Girotra
Ms M Girotra (50) is an independent non-executive director and member of the audit committee for Naspers and Prosus. Furthermore, she does not hold any ordinary shares N or ordinary shares A. She is the chief executive officer of Moelis India. She has more than 25 years of investment banking experience, with crossborder mergers and acquisitions expertise across a broad range of industries. Prior to joining Moelis & Company, she was the chief executive officer and country head of UBS AG in India managing its investment bank, commercial bank, markets, equity research and wealth management divisions. Previously, she was head: North India of Barclays Bank PLC. She began her investment banking career at ANZ Grindlays in London. She serves on the boards of directors of Ashok Leyland Limited and Jio Payments Bank Limited. Due to her experience in accounting and knowledge of the financial industry the board unanimously recommends that Ms M Girotra be reappointed.

(e) Prof R C C Jafta
Prof R C C Jafta (59) is an independent non-executive director, chair of the nomination committee and a member of the projects, audit and risk committees for Naspers and Prosus and of the Naspers social, ethics and sustainability committee. Furthermore, she does not hold any ordinary shares N or ordinary shares A. She is a professor in economics at Stellenbosch University. She joined Naspers as a director in 2003 and was appointed a director of Media24 in 2007. She is a member of the South African Economic Society, chair of the Cape Town Carnival Trust and a member of the management committee of the Bureau for Economic Research at Stellenbosch University and a member of the International Advisory Board of Fondação Dom Cabral Business School, Brazil. She was appointed as the chair of the Media24 board of directors in April 2013. She is the chair of the Media24 nomination committee. She is also a director of Nasbel. Due to the wealth of experience which Prof R C C Jafta has, combined with her knowledge and experience in the field of economics, the board unanimously recommends that Prof R C C Jafta be reappointed.

The above directors retire by rotation and, being eligible, offer themselves for re-election as directors of Prosus. Their abridged curricula vitae appear on pages 77 and 78 of the annual report.

The board unanimously recommends that the re-election of directors in terms of resolution number 10 be approved by shareholders of Prosus. The re-election of directors in resolution number 10 will be conducted as a series of votes, each being for the candidacy of a single individual to fill a single vacancy, and in each vote to fill a vacancy, each voting right entitled to be exercised

Notice of virtual annual general meeting continued

may be exercised once. Each of the directors who are nominated for reappointment shall attend the virtual annual general meeting remotely.

11. To reappoint PricewaterhouseCoopers Accountants N.V. as the auditor charged with the auditing of the annual accounts for the years ending 31 March 2021 and 31 March 2022 (voting item)

To reappoint, on the recommendation of Prosus's audit committee, the firm PricewaterhouseCoopers Accountants N.V. as independent registered auditor of Prosus for the financial years ending 31 March 2021 and 31 March 2022.

The board annually reviews the performance of the auditor in June. The board is satisfied with the performance of the external auditor.

12. To designate the board of directors as the company body authorised in respect of the issue of shares in the share capital of Prosus (voting item)

To appoint the board as the competent body to resolve on the issuance of shares in the capital of Prosus, and the granting of rights to subscribe for shares to the extent that this resolution is approved by the shareholders. This authority will allow the board to be flexible and react expediently, if and when deemed appropriate, including in situations in which the capital position of Prosus is at stake.

It is proposed that the shareholders designate the board as the competent body to resolve to issue shares and rights to subscribe for shares up to 10% of the issued capital in aggregate as per the date of the virtual annual general meeting, with the power to the board to decide which class of shares is issued and to restrict or exclude pre-emptive rights accruing to shareholders in relation to the issue of shares or rights to subscribe for shares, for a period of 18 months following the virtual annual general meeting for general purposes.

Upon adoption of this resolution, the current designation of the board given on 6 September 2019 is cancelled.

13. Authority for the company or its subsidiaries to acquire shares in the company (voting item)

It is proposed that the shareholders authorise the board, for a period of eighteen (18) months from the date of the virtual annual general meeting, as the competent body to acquire fully paid-up shares in its own capital, up to a maximum of 10% of the total issued share capital as per the date of the virtual annual general meeting, provided that Prosus will hold no more shares in its own capital than a maximum of 50% of the issued capital, either through a purchase on a stock exchange or otherwise. The repurchase can take place for a price, excluding expenses, not lower than the nominal value of the shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10%.

Upon adoption of this resolution, the current authorisation to the board given on 6 September 2019 lapses.

14. Approval of amendments to the existing Prosus Share Award Plan (voting item)

The board proposes certain amendments to an existing share award plan approved by the general meeting of Prosus on 6 September 2019. In addition to the below amendments, further minor and administrative amendments will be made to the share award plan. The amendments will be effective on and as from the date on which they are approved by shareholders.

The share award plan currently provides that two types of awards may be granted to defined employees in the group, namely (i) Restricted Share Unit (RSU) Awards; and (ii) Performance Share Unit (PSU) Awards (the Share Award Plan). It is proposed that the Share Award Plan be amended to describe the category of individuals who are eligible to receive RSU Awards and/or PSU Awards as being any employee or executive director of a member of the Prosus and/or Naspers group who is selected by the Board (as defined in the Share Award Plan). This provides the Board with flexibility to grant RSU Awards and/or PSU Awards to any group employee or executive director it selects.

Consequently, it is proposed (i) to approve the amended Share Award Plan and (ii) in addition to the authority granted under item (12), to appoint the Board as the competent body to resolve on the issuance of shares in the capital of Prosus, and the granting of rights to subscribe for shares under the Share Award Plan up to 5% of the issued capital in aggregate as per the date of the virtual annual general meeting, with the power to the Board to decide which class of shares is issued and to restrict or exclude pre-emptive rights accruing to shareholders in relation to the issue of shares or rights to subscribe for shares, for a period of five years following the annual general meeting.

15. Other business

To transact such other business as may be transacted at a virtual annual general meeting.

16. Voting results

Material changes

Other than the facts and developments reported on in the annual report and annual accounts there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

By order of the board

Gillian Kisbey-Green
Company secretary

29 June 2020
Amsterdam

Power of attorney

Prosus N.V.
Incorporated in the Netherlands
Registration number: 34099856
Euronext Amsterdam and JSE share code: PRX
ISIN: NL0013654783
(the company or Prosus)

Virtual annual general meeting of shareholders
Virtual annual general meeting of shareholders of the company to be held at ABN AMRO, Gustav Mahlerplein 10, 1082MS Amsterdam, the Netherlands at 14:00 (Central European time) on Tuesday 18 August 2020.

The undersigned,

Individual		
Name		
Address		
Country and postal code		
Representative of a company, trust or other association		
Name of representative		
Function of representative		
Hereinafter referred to as the principal, acting in his capacity as shareholder of:		
Number of shares:		Ordinary shares N of €0.05 each
Number of shares:		Ordinary shares A1 of €0.05 each
in Prosus N.V., hereby grants a power of attorney to:		
Notary in Amsterdam	Joyce Leemrijse, civil law notary in Amsterdam or her deputy (with the right of substitution)	

to represent the principle at the virtual annual general meeting 2020 and to vote in respect of the items on the agenda for the virtual annual general meeting, in the manner set out overleaf:

		In favour of	Against	Abstain
Ordinary resolutions				
1.	To discuss the annual report	N/A	N/A	N/A
2.	To approve the directors' remuneration report			
3.	To adopt the annual accounts			
4(a)	Proposal to make a distribution (including reduction of Prosus's issued capital and two amendments to the articles of association)			
4(b)	Proposal for capital increase and capital reduction for financial year 2021 (and onwards)			
5.	To adopt the remuneration policy for the executive directors			
6	To adopt the remuneration policy of the non-executive directors			
7.	Release of the executive directors from liability			
8	Release of the non-executive directors from liability			
9.	To appoint Ms Y Xu as a non-executive director			
10	To reappoint the following non-executive directors:	N/A	N/A	N/A
10.1	D G Eriksson			
10.2	M R Sorour			
10.3	E M Choi			
10.4	M Girotra			
10.5	R C C Jafta			
11.	To reappoint PricewaterhouseCoopers Accountants N.V. as the auditor charged with the auditing of the annual accounts for the year ended 31 March 2021 and 31 March 2022			
12.	To designate the board of directors as the company body authorised in respect of the issue of shares in the share capital of Prosus			
13.	Authority for the company or its subsidiaries to acquire shares in the company			

Power of attorney continued

		In favour of	Against	Abstain
14.	Approval of amendments to the existing Prosus Share Award Plan			
15.	Other business	N/A	N/A	N/A
16.	Voting results	N/A	N/A	N/A

and, generally, to act as my/our proxy at the said virtual annual general meeting (tick whichever is applicable. If no indication is given, civil law notary Joyce Leemrijse will vote in favour of all resolutions).

Signed at .... on this .... day of.. 2020

Signature.. Assisted by (where applicable)

Please return, including a copy of your proof of registration, on or before Tuesday 11 August 2020 at 17:30 (Central European time) to ABN AMRO Bank N.V., Corporate Broking, PO Box 283 (HQ7050), 1000 EA Amsterdam, the Netherlands or via email to **ava@nl.abnamro.com**

Shareholder and corporate information

Administration and corporate information

Company secretary
Gillian Kisbey-Green
Gustav Mahlerplein 5
Symphony Offices
1082 MS Amsterdam
The Netherlands

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Tel: +31 20 299 9777
Website: **www.prosus.com**

Registration number
34099856
Incorporated in the Netherlands

Auditor
PricewaterhouseCoopers Accountants N.V.

Euronext listing agent
ING Bank N.V.
Bijlmerplein 888
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The Netherlands

JSE transfer secretary
Computershare Investor Services Proprietary Limited
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Euronext paying agent
ABN AMRO Bank N.V.
Corporate broking and issuer services
HQ7212
Gustav Mahlerlaan 10
1082 PP Amsterdam

ADR programme
Bank of New York Mellon maintains a Global BuyDIRECT℠ plan for Prosus N.V.

For additional information, visit Bank of New York Mellon's website at **www.globalbuydirect.com** or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to:

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Shareholder Relations Department – Global BuyDIRECT℠
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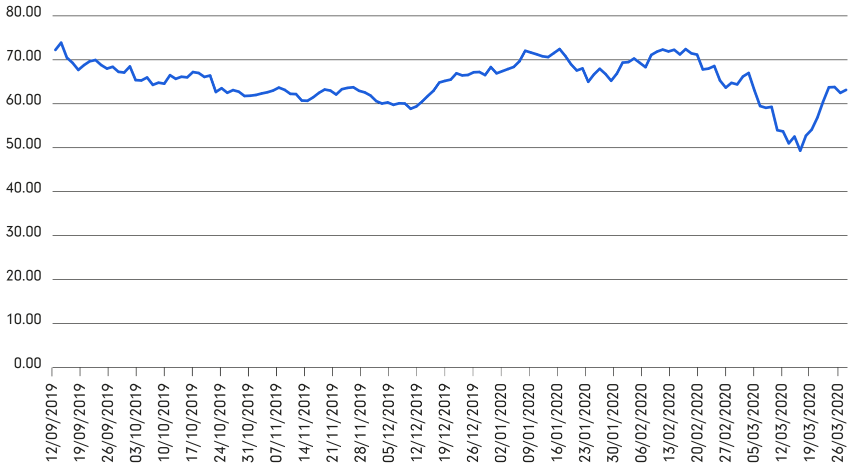
Analyses of shareholders and shareholders' diary

The following shareholders hold 5% and more of the N ordinary issued share capital of the company:

Name	% of N ordinary shares held	Number of N ordinary shares owned
Naspers Limited	72.5	1 180 250 012

Prosus share price in euros (€)



Shareholders' diary

Annual general meeting	August
Reports	
Interim for half-year to September	November
Announcement of annual results	June
Annual financial statements	June
Dividend	
Declaration	August
Payment	November
Financial year-end	March

Protection structure

The protection structure has not been activated as Naspers currently controls approximately 72.5% of Prosus. The protection structure would only be activated if Naspers makes, or is obliged to make, a filing with the AFM that it ceases to be entitled to exercise at least 50% plus one vote of the total number of voting rights that may be exercised at a general meeting.

Aim
The aim of the Prosus protection structure is to ensure the continued independence of the group. When entering or investing in some countries with restrictions on foreign ownership or when dealing with regulators in such countries, it can be advantageous or even critical that the Group is able to give an assurance of its continuity of identity: in other words, that we will not, after we have entered a territory or secured a licence, be taken over by unknown entities with whom the country or regulator may be uncomfortable. We believe that this assurance of independence and continuity is critical for our entry into, and operation in, many markets.

International
Differentiated voting rights and protection structures are commonly used in the media and internet sectors to secure independence and deter raids and efforts to seize control. Many international media and technology companies have differentiated rights or protection structures. Some more well-known examples include: Schibsted and Tele2 in Norway, Altice in the Netherlands, MTG in Sweden, Daily Mail and General Trust in the United Kingdom, JD.Com and Alibaba in China, and Alphabet (Google), Facebook, LinkedIn, 21st Century Fox, News Corporation, Discovery, Liberty Global, Snap Inc, Zillow and Zynga in the United States.

In recent times many internet and tech companies in particular have implemented similar structures.

Structure
The issued share capital of Prosus comprises two classes of shares:

- Listed N ordinary shares with a nominal value of five euro cents (€0.05) each that have one vote per share.
- Unlisted A1 ordinary shares with a nominal value of five euro cents (€0.05) each that have one vote per share and have relatively insignificant economic participation. As at 31 March 2020, 3 511 818 A1 ordinary shares are currently in issue.

The A1 ordinary shares automatically convert to A2 ordinary shares carrying 1 000 votes per share. If Naspers makes, or is obliged to make, a filing with the AFM that it ceases to be entitled to exercise at least 50% plus one vote of the total number of voting rights that may be exercised at a general meeting.

Keeromstraat 30 Beleggings (RF) Beperk (Keerom) and Naspers Beleggings (RF) Beperk (Nasbel) hold such A1 class ordinary shares that, if the protection structure were triggered, together they control more than 50% (currently 53%) of the voting rights in Prosus. These two companies exercise such rights in consultation with one another. No other entities are part of the control structure.

Keerom has 2 823 shareholders and its constitutional documents provide that no shareholder is entitled to exercise more than 50 votes regardless of shareholding. As at 31 March 2020, there are approximately 12 912 exercisable votes.

Nasbel has 2 593 shareholders, one of which is Heemstede Beleggings Proprietary Limited (Heemstede) (which is a subsidiary of Naspers) that holds 49% of the shares in Nasbel.

The board of directors of Keerom and the board of directors of Nasbel operate independently.

A voting pool agreement (the Voting Pool Agreement) and a pre-emptive rights agreement (the Pre-emptive Rights Agreement) have been entered into between Nasbel and Keerom. Nasbel and Keerom exercise their voting rights in Naspers in consultation with one another in terms of the Voting Pool Agreement. If they vote together, then they can vote the majority of the voting rights in Naspers, including in respect of any takeover offer. Under the Voting Pool Agreement, if Nasbel and Keerom cannot agree on how to vote, then they can vote as they wish, but they are required to vote: (i) against resolutions that are material to the Naspers group and its businesses, including resolutions that would materially change the control, directorate or senior management of Naspers or the nature, scope or size of Naspers's businesses; and (ii) in favour of all resolutions proposed at general meetings of Naspers, which are proposed by the Naspers board and are required to be passed by the Naspers shareholders and affect the conduct of the Naspers group's business, including special resolutions not covered by (i) and resolutions that affect Naspers's share capital and are required to be passed pursuant to the South African Companies Act, the JSE Listings Requirements and/or the rules of the South African Takeover Regulation Panel. In terms of the Pre-emptive Rights Agreement, each party has reciprocal pre-emptive rights as well as the right to acquire the Naspers A ordinary shares held by the other if there is a change of control in one of them.

Currently Naspers holds circa 72% of Prosus. Therefore, the protection structure has not been triggered.

Transfer of shares
The transfer of rights a shareholder holds with regard to shares included in the Statutory Giro System (GSD) must take place in accordance with the provisions of the Dutch Securities Transactions Act (*Wet giraal effectenverkeer*).

The transfer of shares not included in the GSD requires an instrument intended for such purpose and, save where the company itself is a party to such legal act, the written acknowledgement by the company of the transfer. The acknowledgement must be made in the instrument or by a dated statement of acknowledgement on the instrument or on a copy or extract thereof and signed as a true copy by a civil law notary or the transferor. Official service of such instrument or such copy or extract on the company is considered to have the same effect as an acknowledgement.

A transfer of shares from the GSD is subject to the restrictions of the Dutch Securities Transactions Act and is further subject to approval by the board.

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