NASPERS

# Condensed consolidated interim financial statements

for the six months ended 30 September 2020

Cape Town, South Africa

# Contents

# Commentary

September 2020 marked the first anniversary of the listing of Prosus on the Euronext Amsterdam stock exchange. This created Europe's largest consumer internet company and a new investment opportunity on the global technology stage, improving the group's access to global internet investors. A year on, ownership of Prosus continues to expand and diversify. The group's recent inclusion in Europe's leading index, the Euro Stoxx 50, is expected to attract additional European investor interest over time.

Given the wide geographical span of our operations and significant mergers and acquisitions (M&A) activity in ecommerce, reported earnings are materially impacted by foreign exchange movements and the effects of acquisitions and disposals. Where relevant in this report, we have adjusted for these effects. These adjustments (pro forma financial information) are quoted in brackets after the equivalent metrics reported under International Financial Reporting Standards (IFRS). A reconciliation of pro forma financial information to the equivalent IFRS metrics is provided elsewhere in these condensed consolidated interim financial statements.

The earnings for the period ended 30 September 2020 compared to 30 September 2019 are impacted by the contribution from the Prosus group post its listing and creation of the free float resulting in a significant non-controlling interest of the group. As at 30 September 2019 we recognised 100% of the earnings compared to 72.66% in the current period.

## FINANCIAL REVIEW

The group delivered good results for the first six months ended 30 September 2020, despite Covid-19. Group revenue, measured on an economic-interest basis, was US$13.0bn, reflecting growth of 27% (32%), a meaningful acceleration of 16pp (12pp) over the same period last year. Ecommerce revenues grew 37% (52%) year on year. Tencent grew revenues by a healthy 27% (28%).

Group trading profit grew 38% (42%) to US$2.6bn. Tencent's contribution to the group's trading profit improved 31% (32%).

Core headline earnings were US$1.6bn – down 6% (5%). Core headline earnings are largely impacted by reduced earnings contributions in the current year from the Prosus group, post its listing in September 2019 and the creation of the free float resulting in a significant non-controlling interest of the group. As at 30 September 2019 we recognised 100% of the Prosus earnings compared to 72.66% in the current period. The non-controlling interest share in the core headline earnings for the period is US$591m. We refer shareholders to the separate Prosus condensed consolidated interim financial statements which are free of the impacts outlined in this paragraph and outline the good increases in headline earnings and core headline earnings delivered by the group's operations. We remind shareholders that Prosus represents most of the group's operations. Overall, core headline earnings reflect strong performance of the group driven by improved profitability from our Ecommerce units and the growing contribution from Tencent.

We ended the period with a strong and liquid balance sheet. We had a net cash position of US$4.6bn, comprising US$10.3bn in cash and cash equivalents (including short-term cash investments), net of US$5.7bn in interest-bearing debt (excluding capitalised lease liabilities). We hold an undrawn US$2.5bn revolving credit facility. Overall, we recorded net interest expense of US$41m for the period.

In July 2020, Prosus, Naspers's 72.66%-owned subsidiary, successfully raised more than US$2bn in debt, comprising its longest-dated US dollar offering to date and its debut euro notes offering. The offerings drew strong investor demand, resulting in attractive pricing that reduced the group's average funding cost while extending the blended maturity profile of its outstanding notes to almost 12 years. The proceeds will be used for general corporate purposes, including future M&A activity, and to further augment the company's liquidity. Issuances consisted of 2050 US$1bn 4.027% notes, 2028 €500m 1.593% notes and 2032 €500m 2.031% notes. The group has no debt maturities due until 2025.

Consolidated free cash inflow was US$292m, a significant improvement on the prior year's free cash inflow of US$19m. This reflects growth in our Ecommerce unit's profitability, dividends received from Tencent of US$458m (2019: US$377m) and improved working capital management.

There were no new or amended accounting pronouncements effective from 1 April 2020 with a significant impact on the group's condensed consolidated interim financial statements.

Effective 1 April 2020, the group made a voluntary change to its accounting policy on the subsequent measurement of written put option arrangements with non-controlling shareholders. Subsequent changes in the carrying value of put option liabilities previously recognised in the income statement in "Other finance income/(costs) – net" are now recognised through equity. We believe the change in accounting policy will provide more relevant information about the effects of underlying transactions with non-controlling shareholders. Written put option arrangements are considered equity transactions because the settlement with non-controlling shareholders does not result in losing control over a subsidiary. Furthermore, on initial recognition of the written put option liability, the group simultaneously recognises the non-controlling interest because the risks and rewards of ownership are not deemed to have transferred to the group until the written put option liability is settled.

The group has adopted this change in accounting policy retrospectively, however, the impact is insignificant to the consolidated statement of financial position as all previous remeasurements recognised through the income statement are already accumulated in equity as at the effective date of the change. The previous remeasurements accumulated in retained earnings have been reclassified to the "existing control business combination reserve". Consequently, comparative figures on the statement of financial position have been restated for the reclassification between retained earnings and other reserves. The carrying value of the written put option liabilities and the total equity of the group in the comparative periods remain unchanged. The condensed consolidated income statement and finance income/costs note have been restated for the remeasurement of written put option liabilities as these are now recognised directly in equity.

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

We continue to explore growth opportunities to advance our strategy, expand our ecosystem and position the business for sustainable growth. In our Classifieds segment, we merged letgo and OfferUp, resulting in a business with national reach across the United States (US) well positioned for growth in a highly competitive market. The merger included a new US$120m investment round led by Prosus. Furthermore, we injected our Middle Eastern Classifieds assets into Emerging Markets Property Group (EMPG) and participated in a US$150m financing round that valued the business at over US$1bn. OLX Brazil has subsequently completed the US$520m (BRL2.9bn) acquisition of leading real estate vertical Grupo ZAP, announced in March 2020. In our Payments and Fintech segment, we made an additional investment of US$53m in Remitly to expand its footprint in the US, United Kingdom (UK) and Canada. Finally, we are focused on increasing our exposure to edtech (educational technology) by investing US$60m in Eruditus, a global professional higher-education online platform. In November we announced a total investment of US$500m in Churchill Capital Corp II's planned acquisition of Software Luxembourg Holding S.A. (Skillsoft) and Global Knowledge Training LLC (Global Knowledge). The transaction will create the world's leading digital learning company with a comprehensive suite of on-demand and live virtual content.

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

## SEGMENTAL REVIEW

### Ecommerce

Ecommerce revenue grew 37% (52%) to US$2.9bn. This was led by the 99% (141%) growth of Food Delivery, 73% (69%) growth in Etail (online retail) and 83% (49%) growth at Ventures. In addition, the Classifieds, and Payments and Fintech segments reported solid results on the back of a sharp recovery to pre-Covid-19 levels in the second quarter as governments eased lockdown regulations.

Aggregated trading losses in our Ecommerce segments reduced by 22% (22%) or US$94m (US$97m) to US$339m, driven by a US$96m (US$91m) improvement in profitability from our Food Delivery business and the first period of profitability from our Etail business. For the six months ended September, Etail reported a trading profit of US$10m compared to a US$37m loss in the prior period. Covid-19 impacts on trading profit included a 64% (17%) lower Classifieds trading profit, with Payments and Fintech flat on the prior year's period. We have recorded a good rise in profitability in both these segments in recent months.

Revenues from our profitable Ecommerce businesses totalled US$1.6bn, with trading profits of US$196m, reflecting growth in local currency of 39% and 25% respectively.

### Classifieds

The performance of the Classifieds segment in the first six months of FY21 differed meaningfully by quarter. The first quarter bore the brunt of lockdown regulations in key markets with a commensurate drop in revenue and profitability, while in the second quarter, user activity in most cases, recovered strongly to pre-pandemic levels.

Despite the challenges, Classifieds revenue grew 7% (-4%) to US$635m for the period, reflecting an 18% (19%) decline in revenue in the first quarter, offset by a steady recovery and 30% (11%) growth year on year in the seasonally stronger second quarter. For the period, the segment recorded trading profit of US$15m, representing a 64% (17%) decline. This was primarily due to larger losses from Frontier Car Group (FCG). We stepped up our investment to a majority position in the second half of FY20 – we saw the impact of Covid-19 and we invested further to grow our car vertical capabilities.

During the challenging periods of the pandemic, we supported our clients and partners in all geographies with targeted discounts and extended payment terms, especially for small and medium enterprises. As such, we have not observed any substantial drop in client engagement over the period. In addition, OLX group maintained its workforce, which enabled the recovery from the early impacts of Covid-19 as conditions improved.

For the half-year, we substantially increased daily buyers and active users versus the same period last year in all major markets, including Russia, Poland, India and Brazil, despite the initial decline in activity on our platforms in the first quarter. Total monthly active app users for the group increased 17%. Total monthly paying listers for the group increased 5% for the period as we extended support measures.

In the transactions business, inspection centres, which were mostly closed in the first quarter, have been steadily opening up in all markets as lockdown regulations relaxed. Over 80% of these centres were functional in September, especially in our biggest markets (India, Mexico, the US and Indonesia).

In Russia, Avito performed well in a difficult environment, recording revenues of RUB13.8bn (US$187m), representing organic growth of 10%. Avito recorded a revenue decline of 14% (4%) in the first quarter, but resumed its strong growth trajectory in the second quarter, with healthy revenue growth of 7% (23%). It recorded trading profit of RUB5.1bn (US$69m), down 37% (25%) as the business increased investment in marketing and new product initiatives, including pay-and-ship, which have accelerated platform activity.

In Europe, OLX continues to perform well. Poland remains the biggest market, followed by Ukraine and Romania. The region recorded revenues of US$157m (Poland: US$92m), with growth of 2% on the prior period, despite the impacts of Covid-19. Trading profit margin was 44% (Poland: 56%). Pay-and-ship initiatives were rolled out rapidly in the region. Expanding transactional capabilities will support continued strong growth in the region.

In the transactions business, OLX continues to integrate its horizontal platforms with FCG in Latin America (LatAm), India and Indonesia. We aim to create an end-to-end value proposition for car sellers, buyers and dealers by providing secure and frictionless transactions as well as adjacent services such as financing and insurance. At the onset of the pandemic, almost all transaction centres were shut. As restrictions lifted, centres opened quickly and we returned to more than 80% inspection centre capacity by the end of September. The business sold 37 000 cars in the period, with the US, Indonesia, India and Mexico being the top geographies by volume. The transactions business reported revenues of US$206m and a trading loss of US$40m as it remains in an investment phase.

In May, OLX consolidated its Middle Eastern operations of Lebanon, Egypt, Pakistan and the United Arab Emirates (UAE) into EMPG for a 39% stake. This transaction makes OLX the largest shareholder in EMPG's leading property vertical businesses and capabilities while delivering efficiencies in the UAE.

OLX Brazil, our 50/50 joint venture with Adevinta, recorded a revenue decline of 5% to BRL84m (US$15m) as this country remains affected by Covid-19. Competition in general classifieds increased steadily. We continued to expand our ecosystem and offering with the launch of OLX Pay, a wallet that facilitates payments between buyer and seller, and we have integrated a pay-and-ship offering in most categories. The business reported a trading profit of BRL17m (US$3m).

In March 2020, OLX Brazil reached an agreement to acquire Grupo ZAP, which includes two leading Brazilian real estate verticals: ZAP and VivaReal. The transaction was approved by the Brazilian competition authorities in September 2020 and closed on 30 October 2020. This investment was financed equally by OLX and Adevinta and will provide a market-leading platform to expand the OLX Brazil value proposition in the real estate vertical.

## Food Delivery

Our Food Delivery businesses were impacted by the pandemic to varying degrees, but the segment performed strongly overall. The segment recorded rapid growth in the period, with gross merchandise value (GMV) up 51% (69%) and order growth of 53%, resulting in revenue growing 99% (141%). Similarly, trading losses improved 34% (33%) from

US$283m to US$187m as the business benefited from scale efficiencies.

iFood grew orders by 111% and GMV by 84% (152%) as more customers spent time at home, eating together. This resulted in strong revenue growth of 145% (234%) to US$323m for the period. Trading losses declined by 88% (86%) to US$13m as revenue growth and lower marketing spend improved operating leverage. Operationally, it made significant strategic progress in the first six months. Its first-party (1P) business increased its share of orders to over 35% of total order volume in the period. Restaurant supply on the platform expanded as restaurants sought new ways to generate orders and keep their doors open. For the six months ended September 2020, iFood added over 80 000 new restaurants, bringing its network of active restaurants to 258 363.

In September 2020, iFood acquired SiteMercado, an online grocery platform in Brazil. This small but strategic acquisition gives iFood new capabilities, expanding its product assortment, offering customers greater convenience.

Delivery Hero reported order growth of 93% and GMV growth of 61% to €5.1bn in the first half of its financial year to June 2020. With revenue of US$1.1bn, our share is US$234m for the period. Delivery Hero operates in 49 markets and leads in over 90% of these. During the period, it engaged with government bodies, customers and over 630 000 restaurant partners on Covid-19 safety protocols and invested in initiatives such as contactless delivery to keep its customers safe. Delivery Hero acquired InstaShop, a leading online grocery marketplace in the Middle East and North Africa (MENA) that works with over 1 500 vendors to deliver grocery orders to customers in under an hour. More information on Delivery Hero's results is available at https://ir.deliveryhero.com.

Swiggy was materially impacted by severe lockdowns across India. When the pandemic first hit India, many restaurants were forced to close and the number of restaurants on the platform dropped significantly. Since then, government restrictions have eased somewhat, and the market is gradually recovering. Due to the three-month lag in reporting, the group's financials reflect Swiggy's operating results for January to June 2020. In the first quarter of this period, Swiggy recorded order growth of 13% year on year and GMV growth of 16% year on year. In the second quarter, when the effects of the lockdown restrictions were at their height, orders declined by 73% year on year and GMV fell 62% year on year. Our share of Swiggy's revenue contribution grew 13% (17%). Trading loss contribution for the period improved by a meaningful 43% (40%), reflecting lower marketing and delivery expenses as well as meaningful cost reductions across the operations.

### Payments and Fintech

Our Payments and Fintech segment reported good results despite Covid-19, with revenue growth of 27% (29%) to US$252m, driven by strong growth from its units in Europe and LatAm. The trading loss was flat on the prior year at US$38m, as increased profitability from the payments service provider (PSP) business was offset by investment in credit after we increased our stake in PaySense in December 2019 to a majority position.

PayU continues to benefit across its markets from large secular trends towards more consumers transacting online, and more online transactions settled through alternative forms of payment to cash. Total payment value (TPV) reached US$23.7bn, up 34% (37%), supported by a 25% increase in the number of transactions.

Our businesses in Europe and LatAm recorded a 55% (53%) increase in TPV, driven by higher transaction volumes of 34% as volumes shifted online, and local regulations supported digital purchases. This was particularly prevalent in Poland, Romania, Turkey and Colombia. Diversifying the merchant base to financial services and ecommerce helped offset the decline in the travel sector.

India, our largest market, was affected as travel and hospitality came to an abrupt halt and ecommerce was restricted to only essential services in the first phase of the country's severe lockdown, which led to major supply chain disruptions. India's TPV increased by 5% in the first quarter as lockdown restrictions were imposed. As regulations eased and digital payments adoption increased, the business recovered strongly in the second quarter, resulting in 24% TPV growth in local currency for the period.

Iyzico has strengthened our position in Turkey, which is an important growth region for us. Red Dot Payments in Singapore was affected by restrictions on the travel and hospitality industry, but diversified into other ecommerce segments to offset the decline.

With the step-up acquisition of PaySense in December 2019, we expanded our Indian credit product offering and book size. However, due to the pandemic, the Indian regulator imposed a loan moratorium until end-August 2020. In response, we minimised our loan disbursements to manage risks in the portfolio. Given the small size of the book, credit losses as a result of Covid-19 are not significant. We remain optimistic about the credit opportunity and view this as a short-term setback.

In August 2020, PayU invested an additional US$53m in Remitly, our investment in cross-border remittances. While global remittances are projected to decline by 20% in 2020 due to the economic crisis, Remitly increased new customers by 200% as it benefited from the accelerating secular shift to online remittances. The latest funding enables Remitly to continue innovating and building superior products to accelerate growth.

## Etail

Overall for the period, the group's Etail businesses performed well during the Covid-19 pandemic. With many offline retailers closed or limited in their operations, more consumers are shopping online. As the leading online retailers in their markets, our Etail businesses were well positioned to serve this surge in demand. In addition, they have adapted their operations to satisfy evolving customer needs brought on by this unprecedented situation.

### eMAG

eMAG, in Central and Eastern Europe, has performed well during the pandemic. In the first six months, revenue grew 84% (69%) to US$964m and trading profit was US$21m. This was driven by record GMV of US$1.2bn, resulting in 75% (62%) year-on-year growth. Its market-leading businesses in Romania, Hungary and Bulgaria have adopted to the pandemic and continue to provide consumers with best-in-class convenience, selection and value.

These strong results reflect the speed with which eMAG responded to the Covid-19 crisis. Going beyond its usual service offering, eMAG has launched several initiatives designed to ensure customer safety. For example, Sameday Courier, eMAG's courier business, introduced contactless delivery and accelerated the rollout of its pick-up lockers, two safe and convenient channels for customers to receive their purchases. In addition, during the pandemic, eMAG actively supported the Romanian government with its IT and logistics infrastructure and donated over US$1m in personal protective equipment. Despite the logistical challenges presented by Covid-19, eMAG Hungary's integration of eDigital remains on track.

### Takealot

In the first quarter of FY21, South Africa operated under strict government lockdown regulations. Takealot.com was permitted to sell only essential goods, while Superbalist and Mr D Food could not operate at all. The business rebounded in late May when trading restrictions were lifted and all three businesses exceeded their pre-Covid-19 growth rates in the second quarter.

The Takealot group generated US$407m GMV, growing 85% in local currency. Revenue grew 41% (66%) to U$238m. Given this strong topline performance, Takealot delivered a trading loss improvement of 36% (27%), despite significant one-time pandemic-related investments.

The core Takealot.com platform grew GMV by 88% in local currency, with the 1P and third-party (3P) businesses growing 69% and 119% respectively.

Superbalist, South Africa's leading online fashion, beauty and home store, grew GMV 37% in local currency and delivered healthy gross margins.

Mr D Food, South Africa's leading food-delivery service, continued to scale and expand the local market for food delivery. Once lockdown regulations were lifted, Mr D Food regained its momentum and grew GMV 101% in local currency for the period.

### Tencent

Tencent executed key initiatives to help users adapt to the new environment, support enterprises in digital upgrades and broadly contribute to China's economic recovery.

For the six months ended 30 June 2020, Tencent group revenue grew 28% to RMB222.9bn. The business continued to benefit from a diversified and resilient business model. Non-IFRS profit attributable to shareholders (Tencent's measure of normalised performance) grew 29% to RMB57.2bn.

Revenues from value-added services rose 31% to RMB127.4bn. This was driven by strong performances from smartphone games and digital content services such as music subscriptions and live broadcasts.

Revenues from fintech and business services rose 26% to RMB56.3bn, fuelled by growth in commercial payments, wealth management and cloud services. Revenues from the online advertising business were up 22% to RMB36.3bn, largely from higher social advertising revenues from Weixin Moments and the Tencent mobile advertising network. The Weixin ecosystem is redefining China's online advertising by enabling advertisers to effectively channel online, social and offline traffic to its own private domains such as Official Accounts and Mini Programs. Weixin properties such as Moments recorded rapid ad impressions growth, while Tencent's mobile advertising network recorded higher costs per thousand, as revenue contribution from video advertisements rose from a single-digit percentage a year ago to over 40% in the second quarter of 2020. Tencent launched a new integrated ad platform, enabling advertisers to place ads more efficiently across all its properties.

Tencent's commercial payment and wealth management businesses continued to grow users and business scale. Offline merchants, especially small and medium enterprises, have increasingly adapted its payment services and business management tools as they seek to digitally upgrade their businesses to access customers and settle transactions via mobile phones. Tencent has recorded growing demand in its cloud services in industries and public services, particularly in the financial services, healthcare, education and municipal sectors.

The regulatory landscape for Tencent internationally and domestically continues to evolve and there are a number of matters that are receiving Tencent management's attention.

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

### Mail.ru

For the six months ended 30 June 2020, Mail.ru's revenue grew 20% to RUB47.7bn. Non-GAAP EBITDA (Mail.ru's measure of normalised performance) grew 4% to RUB13.2bn.

Despite the macroeconomic uncertainty, oil volatility and economic challenges, Mail.ru has benefited from increased time online due to lockdown regulations. Online game revenues grew 30% to RUB17.3bn, while community internet value-added services' revenues grew 13% year on year to RUB9.2bn. Advertising revenues rose 2% year on year to RUB16.5bn.

Mail.ru raised US$600m through a capital increase of US$200m and US$400m in convertible bonds due in 2025. The proceeds will be mainly used to finance organic growth opportunities in existing verticals, strategic M&A opportunities in high-growth verticals, and investments in online-to-offline (eg AliExpress Russia) joint ventures. Prosus participated in the capital raise by investing an additional US$25m. Following this investment, the group holds a 27% effective interest in Mail.ru.

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

## COVID-19

We started the financial year in April 2020 responding to the onset of the Covid-19 pandemic, which has proven to be a global challenge. Despite this impact, Naspers remained resilient and performed well in the first half of the current financial year – accelerating revenue growth, improving profitability and cash flow generation, and growing customer numbers as consumers moved online. Ecommerce revenues grew 37% (52%) year on year. Group trading profit grew 38% (42%).

Like most companies, Naspers faced challenges, particularly in countries where government lockdown regulations were extensive and protracted, reducing economic activity. We quickly implemented our contingency plans and we saw a sharp recovery in all of our businesses as lockdown regulations began easing.

Throughout the crisis, we prioritised the health and wellbeing of our employees, safeguarded jobs as far as possible, and protected and positioned our business for the long term. When necessary, we extended support to our partners to ensure the supply chain remained strong, and donated to government Covid-19 response programmes.

After the easing of lockdowns and curfews in many countries in the second quarter, almost all business activities have resumed year-on-year growth. In addition, Tencent remained resilient throughout the pandemic and is performing well. Unfortunately, a second Covid-19 wave is impacting some markets in which we operate, however, we remain confident that the plans we have put in place and our firm financial position will ensure that we manage the potential impacts going forward. Longer term, we believe we will benefit from the acceleration of the underlying trends to online platforms that propel the growth of the consumer internet market, and we will ensure our businesses are positioned to emerge well from the crisis.

## PROSPECTS

The current operating environment remains uncertain as the pandemic continues and the longer-term economic impact is unclear. However, we remain cautiously optimistic for several reasons.

The fundamentals of all our businesses are strong and each is well positioned to benefit from accelerating secular growth trends in the consumer internet market. Our businesses – particularly Food Delivery, Payments and Fintech, Etail and Edtech – are benefiting from these structural shifts which we believe will have a lasting impact.

Our strong and liquid balance sheet provides the flexibility to realise our ambitions. We have two decades' experience investing in high-growth, complex and volatile internet markets. We are patient long-term investors with an excellent track record of returns. We will continue to deploy capital in our core segments as opportunities arise.

Our focus for the balance of FY21 will remain on driving growth, profitability and cash generation.

We will also improve the competitiveness of our platforms by investing in technology and product, and reinforcing our artificial intelligence capabilities.

Finally, we remain committed to taking the right actions to unlock value for all our shareholders.

On 30 October 2020 the group announced its intention for Prosus to acquire up to US$5bn of Prosus and Naspers shares. This will be implemented by the acquisition of up to US$1.4bn Prosus N ordinary shares and US$3.6bn Naspers N ordinary shares on the market. This marks another step in the group's continuing creation of shareholder value and reflects its focus on reducing the current discount of the share price to Prosus's net asset value (NAV) over time.

## RISKS

Our risk management and compliance processes provide the board with periodic, holistic overviews and understanding of key risks and their management. Businesses are required to apply a methodical approach to governing risks and opportunities so that these are governed as intended and desired outcomes are achieved. The principal risks faced by the group are categorised under financial capital, human capital, manufactured capital, intellectual capital, social and relationship capital, and natural capital. Specific risks and uncertainties are disclosed in the annual report for the financial year ended 31 March 2020 (section on Managing risks and opportunities) which is available on the Naspers website. This report described these risk categories and individual risks (including measures in response to those risks) that could have a material adverse effect on Naspers's financial position and results. In addition, the annual report (section on Responding to Covid-19) sets out our response to the pandemic that affected the group for the latter part of FY20 and has been identified as a new risk going forward. We have identified no new risks in addition to those disclosed in the annual report that have a material impact on the group.

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

## SUSTAINABILITY

We aim to create sustainable value for all our stakeholders by integrating sustainability into our strategy, business plans and day-to-day decisions. We focus on the goals set out in the board-approved sustainability plan and continue to work on key areas: diversity and inclusion; learning and development; attracting and rewarding talent; health, safety and wellbeing; data privacy; and anti-bribery and anti-corruption.

We are committed to minimising our impact on the environment and to addressing critical issues such as climate change. We minimise our impact in many ways across the group, including the use of energy-efficient offices, operations and fleets, and we continually investigate more ways to do so. We are also committed to responsible leadership in deploying technology that addresses big societal needs, improves people's lives and enriches the communities in which we live and work. Naspers has committed R4.6bn to fund South African start-up technology businesses.

## DIRECTORATE

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

From 26 June 2020, Ying Xu was appointed as an independent non-executive director.

From 21 August 2020, Steve Pacak was appointed as an independent non-executive director on the audit committee.

From 28 August 2020, Lynelle Bagwandeen was appointed as company secretary of Naspers Limited.

## Independent auditor's review of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the six months ended 30 September 2020 have been reviewed by PricewaterhouseCoopers Inc., our independent auditors. Their unqualified report is appended to these condensed consolidated interim financial statements.

## Responsibility statement on the condensed consolidated interim financial statements

We have prepared the condensed consolidated interim financial statements of Naspers for the six months ended 30 September 2020. The condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position as at 30 September 2020, and of the result of our consolidated operations for the six months ended 30 September 2020.

## Preparation of the condensed consolidated interim financial statements

The preparation of the condensed consolidated interim financial statements was supervised by the group's financial director, Basil Sgourdos CA(SA). These results were made public on 23 November 2020.

On behalf of the board

**Koos Bekker**
*Chair*

**Bob van Dijk**
*Chief executive*

Cape Town
21 November 2020

# Condensed consolidated income statement

| | Notes | Six months ended 30 September 2020 US$'m | Six months ended 30 September Restated* 2019 US$'m | Year ended 31 March Restated* 2020 US$'m |
|---|---|---|---|---|
| **Revenue from contracts with customers** | 7 | **2 497** | 1 730 | 4 001 |
| Cost of providing services and sale of goods | | **(1 697)** | (1 105) | (2 692) |
| Selling, general and administration expenses | | **(1 036)** | (913) | (1 960) |
| Other (losses)/gains – net | 9 | **(38)** | 6 | (69) |
| **Operating loss** | | **(274)** | (282) | (720) |
| Interest income | 8 | **69** | 137 | 245 |
| Interest expense | 8 | **(110)** | (106) | (229) |
| Other finance income – net | 8 | **2** | 3 | 76 |
| Share of equity-accounted results | | **2 876** | 2 272 | 3 932 |
| Impairment of equity-accounted investments | | **(20)** | (10) | (21) |
| Dilution gains/(losses) on equity-accounted investments | | **82** | (65) | (52) |
| Net gains on acquisitions and disposals | 9 | **214** | 500 | 351 |
| **Profit before taxation** | | **2 839** | 2 449 | 3 582 |
| Taxation(1) | | **125** | (183) | (231) |
| **Profit for the period** | | **2 964** | 2 266 | 3 351 |
| **Attributable to:** | | | | |
| Equity holders of the group(2) | | **2 141** | 2 258 | 3 097 |
| Non-controlling interests | | **823** | 8 | 254 |
| | | **2 964** | 2 266 | 3 351 |
| **Per share information for the period** | | | | |
| Earnings per ordinary share (US cents) | | **500** | 517 | 709 |
| Diluted earnings per ordinary share (US cents) | | **489** | 508 | 690 |
| Headline earnings for the period (US$'m) | 6 | **1 730** | 1 417 | 2 166 |
| Headline earnings per ordinary share (US cents) | | **404** | 324 | 496 |
| Diluted headline earnings per ordinary share (US cents) | | **393** | 317 | 478 |
| Net number of ordinary shares issued ('000) | | | | |
| – weighted average for the period | | **428 170** | 436 977 | 436 756 |
| – diluted weighted average | | **429 187** | 439 102 | 438 481 |

(1) *Refer to note 12 for details on the tax credit.*

(2) *The decrease year on year relates mainly to the significant non-controlling interest created post the listing of the Prosus group on the Euronext Amsterdam stock exchange in September 2019 and the creation of the free float.*

* *Refer to note 2 for details of the group's voluntary change in accounting policy for the subsequent measurement of written put option liabilities during the current period.*

# Condensed consolidated statement of comprehensive income

| | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Profit for the period** | **2 964** | 2 266 | 3 351 |
| **Total other comprehensive income/(loss), net of tax, for the period**[1] | **4 338** | (974) | (1 372) |
| Translation of foreign operations[2] | **1 119** | (1 067) | (1 321) |
| Net fair-value gains/(losses) | **228** | (72) | (292) |
| Cash flow hedges | **(2)** | – | – |
| Share of other comprehensive income and reserves of equity-accounted investments[2] | **2 993** | 165 | 241 |
| **Total comprehensive income for the period** | **7 302** | 1 292 | 1 979 |
| **Attributable to:** | | | |
| Equity holders of the group | **5 357** | 1 269 | 1 973 |
| Non-controlling interests | **1 945** | 23 | 6 |
| | **7 302** | 1 292 | 1 979 |

[1] *These components of other comprehensive income may subsequently be reclassified to profit or loss except for net fair-value gains of US$227.9m (2019: losses of US$72.1m and 31 March 2020: losses of US$291.8m) relating to the group's financial assets at fair value through other comprehensive income and fair-value gains of US$2 848.7m (2019: US$140.3m and 31 March 2020: US$78.7m) from equity-accounted investments' financial assets at fair value through other comprehensive income and direct reserve movements. Refer to note 11.*

[2] *This relates primarily to gains on translation of the group's equity-accounted investment on Tencent as well as increases in share prices of its listed investments.*

# Condensed consolidated statement of financial position

| | Notes | As at 30 September 2020 US$'m | As at 30 September Restated* 2019 US$'m | As at 31 March Restated* 2020 US$'m |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | **34 259** | 25 021 | 26 807 |
| Property, plant and equipment | | **454** | 438 | 457 |
| Goodwill | 10 | **2 189** | 2 206 | 2 237 |
| Other intangible assets | | **828** | 865 | 898 |
| Investments in associates | 11 | **29 644** | 20 437 | 22 235 |
| Investments in joint ventures | | **53** | 87 | 74 |
| Other investments and loans | | **1 058** | 961 | 818 |
| Other receivables | | **6** | 5 | 13 |
| Derivative financial instruments | | **6** | 4 | 55 |
| Deferred taxation | | **21** | 18 | 20 |
| **Current assets** | | **11 401** | 10 176 | 9 512 |
| Inventory | | **312** | 205 | 260 |
| Trade receivables | | **150** | 182 | 139 |
| Other receivables and loans | | **552** | 644 | 542 |
| Derivative financial instruments | | **4** | 4 | – |
| Short-term investments | 16 | **6 378** | 6 510 | 4 060 |
| Cash and cash equivalents | | **3 931** | 2 610 | 4 303 |
| | | **11 327** | 10 155 | 9 304 |
| Assets classified as held for sale | 13 | **74** | 21 | 208 |
| **Total assets** | | **45 660** | 35 197 | 36 319 |
| **Equity and liabilities** | | | | |
| **Capital and reserves attributable to the group's equity holders** | | **26 444** | 21 618 | 21 750 |
| Share capital and premium | | **3 328** | 4 889 | 3 362 |
| Other reserves | | **(5 563)** | (9 660) | (8 846) |
| Retained earnings | | **28 679** | 26 389 | 27 234 |
| Non-controlling interests | | **10 071** | 7 717 | 8 178 |
| **Total equity** | | **36 515** | 29 335 | 29 928 |
| **Non-current liabilities** | | **6 318** | 3 224 | 4 184 |
| Capitalised lease liabilities | | **225** | 198 | 231 |
| Liabilities – interest-bearing | 16 | **5 660** | 2 239 | 3 508 |
| – non-interest-bearing | | **1** | 2 | 20 |
| Other non-current liabilities | | **207** | 569 | 205 |
| Post-employment medical liability | | **19** | 21 | 17 |
| Derivative financial instruments | | **13** | - | 2 |
| Deferred taxation | | **193** | 195 | 201 |
| **Current liabilities** | | **2 827** | 2 638 | 2 207 |
| Current portion of long-term debt | | **89** | 1 068 | 67 |
| Trade payables | | **409** | 279 | 322 |
| Accrued expenses and other current liabilities | | **2 005** | 1 260 | 1 711 |
| Dividend payable | | **208** | 1 | 1 |
| Provisions | | **29** | 8 | 10 |
| Derivative financial instruments | | **54** | 2 | 38 |
| Bank overdrafts | | **4** | 8 | 32 |
| | | **2 798** | 2 626 | 2 181 |
| Liabilities classified as held for sale | 13 | **29** | 12 | 26 |
| **Total equity and liabilities** | | **45 660** | 35 197 | 36 319 |

** Refer to note 2 for details of the group's voluntary change in accounting policy for the subsequent measurement of written put option liabilities during the current period.*

# Condensed consolidated statement of changes in equity

| | Share capital and premium US$'m | Foreign currency translation reserve US$'m |
|---|---|---|
| **Balance at 1 April 2019** | 4 945 | (2 070) |
| Change in accounting policy (refer to note 2) | – | – |
| Restated balance at the beginning of the period | 4 945 | (2 070) |
| Total comprehensive income for the period | – | (1 054) |
| Profit for the period (restated)* | – | – |
| Total other comprehensive loss for the period | – | (1 054) |
| Treasury share movements | (56) | – |
| Share-based compensation movements | – | 13 |
| Share-based compensation expense | – | – |
| Transfers to retained earnings | – | 13 |
| Other share-based compensation movements | – | – |
| Transactions with non-controlling shareholders[1] | – | 10 |
| Direct equity movements | – | – |
| Realisation of reserves as a result of disposals | – | – |
| Other direct equity movements | – | – |
| Remeasurement of written put option liabilities | – | – |
| Dividend in specie | – | – |
| Dividends paid | – | – |
| Other movements[2] | – | – |
| **Balance at 30 September 2019** | 4 889 | (3 101) |
| **Balance at 1 April 2020** | **3 362** | **(2 974)** |
| Change in accounting policy (refer to note 2) | **–** | **–** |
| Restated balance at the beginning of the period | **3 362** | **(2 974)** |
| Total comprehensive income for the period | **–** | **898** |
| Profit for the period | **–** | **–** |
| Total other comprehensive income for the period | **–** | **898** |
| Treasury share movements | **(34)** | **–** |
| Share-based compensation movements | **–** | **–** |
| Share-based compensation expense | **–** | **–** |
| Modification of share-based compensation benefits[3] | **–** | **–** |
| Other share-based compensation movements[4] | **–** | **–** |
| Transactions with non-controlling shareholders[1] | **–** | **–** |
| Direct equity movements | **–** | **–** |
| Direct movements from associates | **–** | **–** |
| Realisation of reserves as a result of disposals | **–** | **–** |
| Other direct equity movements | **–** | **–** |
| Remeasurement of written put option liabilities | **–** | **–** |
| Other movements[2] | **–** | **–** |
| Dividends declared[5] | **–** | **–** |
| **Balance at 30 September 2020** | **3 328** | **(2 076)** |

** Refer to note 2 for details of the group's voluntary change in accounting policy for the subsequent measurement of written put option liabilities during the current period.*

*(1) The group's various disposals and other transactions with non-controlling interest resulted in the recognition of non-controlling interest of US$7.4m (2019: US$7 573.4m). The differences between the fair value of the transaction with non-controlling interest were recognised in existing control business combination reserve.*

*(2) The movement relates mainly to the cancellation of written put option liabilities in the current year of US$33.5m and in the prior year to the transfer of reserves, as a result of various disposals and liquidations, to retained earnings of US$8.6m.*

## Condensed consolidated statement of changes in equity (continued)

| Valuation reserve US$'m | Existing control business combination reserve US$'m | Share-based compensation reserve US$'m | Retained earnings US$'m | Shareholders' funds US$'m | Non-controlling interest US$'m | Total US$'m |
|---|---|---|---|---|---|---|
| 760 | (1 127) | 1 698 | 23 793 | 27 999 | 132 | 28 131 |
| – | (391) | – | 391 | – | – | – |
| 760 | (1 518) | 1 698 | 24 184 | 27 999 | 132 | 28 131 |
| (127) | – | 192 | 2 258 | 1 269 | 23 | 1 292 |
| – | – | – | 2 258 | 2 258 | 8 | 2 266 |
| (127) | – | 192 | – | (989) | 15 | (974) |
| – | – | – | – | (56) | – | (56) |
| – | – | (179) | 186 | 20 | (10) | 10 |
| – | – | 76 | – | 76 | – | 76 |
| – | – | (199) | 186 | – | – | – |
| – | – | (56) | – | (56) | (10) | (66) |
| 36 | (7 433) | 6 | (16) | (7 397) | 7 573 | 176 |
| (11) | (7) | 7 | 11 | – | – | – |
| (11) | – | – | 11 | – | – | – |
| – | (7) | 7 | – | – | – | – |
| – | 8 | – | – | 8 | – | 8 |
| – | – | – | (15) | (15) | – | (15) |
| – | – | – | (204) | (204) | (1) | (205) |
| – | 9 | – | (15) | (6) | | (6) |
| 658 | (8 941) | 1 724 | 26 389 | 21 618 | 7 717 | 29 335 |
| **281** | **(7 691)** | **1 876** | **26 896** | **21 750** | **8 178** | **29 928** |
| **–** | **(338)** | **–** | **338** | **–** | **–** | **–** |
| **281** | **(8 029)** | **1 876** | **27 234** | **21 750** | **8 178** | **29 928** |
| **2 064** | **–** | **254** | **2 141** | **5 357** | **1 945** | **7 302** |
| **–** | **–** | **–** | **2 141** | **2 141** | **823** | **2 964** |
| **2 064** | **–** | **254** | **–** | **3 216** | **1 122** | **4 338** |
| **–** | **–** | **–** | **–** | **(34)** | **–** | **(34)** |
| **–** | **–** | **100** | **(454)** | **(354)** | **–** | **(354)** |
| **–** | **–** | **23** | **–** | **23** | **–** | **23** |
| **–** | **–** | **(86)** | **(282)** | **(368)** | **–** | **(368)** |
| **–** | **–** | **163** | **(172)** | **(9)** | **–** | **(9)** |
| **–** | **(249)** | **(67)** | **37** | **(279)** | **7** | **(272)** |
| **(13)** | **138** | **(4)** | **(121)** | **–** | **–** | **–** |
| **(15)** | **–** | **–** | **15** | **–** | **–** | **–** |
| **2** | **109** | **(4)** | **(107)** | **–** | **–** | **–** |
| **–** | **29** | **–** | **(29)** | **–** | **–** | **–** |
| **–** | **128** | **–** | **–** | **128** | **–** | **128** |
| **–** | **34** | **–** | **(9)** | **25** | **–** | **25** |
| **–** | **–** | **–** | **(149)** | **(149)** | **(59)** | **(208)** |
| **2 332** | **(7 978)** | **2 159** | **28 679** | **26 444** | **10 071** | **36 515** |

[3] *Relates primarily to the changes in settlement and classification of share appreciation right (SAR) schemes during the current period. Refer to note 2.*
[4] *Relates to the transfer of reserves due to the vesting of options and purchase of equity-settled share-based compensation arrangements.*
[5] *The dividend was approved on 21 August 2020 and will be paid on 30 November 2020.*

# Condensed consolidated statement of cash flows

| | Notes | Six months ended 30 September 2020 US$'m | Six months ended 30 September 2019 US$'m | Year ended 31 March 2020 US$'m |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash utilised in operating activities | | **(62)** | (237) | (394) |
| Interest income received | | **91** | 159 | 261 |
| Dividends received from investments and equity-accounted investments | | **459** | 380 | 387 |
| Interest costs paid | | **(120)** | (99) | (235) |
| Taxation paid | | **(39)** | (46) | (215) |
| **Net cash generated from/(utilised in) operating activities** | | **329** | 157 | (196) |
| **Cash flows from investing activities** | | | | |
| Acquisitions and disposals of tangible and intangible assets | | **(30)** | (56) | (109) |
| Acquisitions of subsidiaries, associates and joint ventures | 14 | **(366)** | (300) | (867) |
| Disposals of subsidiaries, businesses, associates and joint ventures | 12 | **193** | 6 | 109 |
| Acquisition of short-term investments[1] | | **(2 547)** | (80) | (3 868) |
| Maturity of short-term investments[1] | | **218** | 824 | 7 022 |
| Cash movement in other investments and loans | | **(14)** | 28 | 29 |
| **Net cash (utilised in)/generated from investing activities** | | **(2 546)** | 422 | 2 316 |
| **Cash flows from financing activities** | | | | |
| Proceeds from sale of subsidiary shares[2] | | **–** | – | 1 568 |
| Payments for the repurchase of shares | | **–** | – | (1 426) |
| Proceeds from long- and short-term loans raised | 16 | **2 192** | 15 | 1 300 |
| Repayments of long- and short-term loans | | **(30)** | (10) | (1 047) |
| Purchase of equity to settle share-based compensation arrangements | | **(87)** | (55) | (195) |
| Additional investment in existing subsidiaries[3] | | **(231)** | (56) | (68) |
| Dividends paid by the holding company and its subsidiaries | | **(1)** | (206) | (211) |
| Repayments of capitalised lease liabilities | | **(27)** | (15) | (34) |
| Additional investment from non-controlling shareholders | | **51** | 104 | 127 |
| Other movements resulting from financing activities | | **(20)** | – | (8) |
| **Net cash generated from/(utilised in) financing activities** | | **1 847** | (223) | 6 |
| **Net movement in cash and cash equivalents** | | **(370)** | 356 | 2 126 |
| Foreign exchange translation adjustments on cash and cash equivalents | | **45** | (25) | (112) |
| Cash and cash equivalents at the beginning of the period | | **4 271** | 2 276 | 2 276 |
| Cash and cash equivalents classified as held for sale | 13 | **(19)** | (5) | (19) |
| **Cash and cash equivalents at the end of the period** | | **3 927** | 2 602 | 4 271 |

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

*(2) Proceeds from sale of subsidiary shares, net of transaction costs.*

*(3) Relates to transactions with non-controlling interests resulting in changes in effective interest of existing subsidiaries.*

# Notes to the condensed consolidated interim financial statements

for the six months ended 30 September 2020

## 1. General information

Naspers Limited (Naspers or the group) is a global consumer internet group and one of the largest technology investors in the world. Through Prosus N.V. (Prosus) the group operates and invests in countries and markets with long-term growth potential, building leading consumer internet companies that empower people and enrich communities. Prosus has its primary listing on Euronext Amsterdam and a secondary listing on the Johannesburg Stock Exchange (JSE). Naspers is the majority shareholder of Prosus.

The group is focused on building meaningful businesses in the online classifieds, payments and fintech, and food-delivery sectors in markets, including India, Russia and Brazil. Through its Ventures team investments in areas, including edtech and health, the group actively seeks new opportunities to partner with exceptional entrepreneurs who are using technology to address big societal needs. Every day, millions of people use the products and services of companies that the group has invested in, acquired or built. In South Africa, Naspers is one of the foremost investors in the technology sector and is committed to building its internet and ecommerce companies in the country. The group operates and partners 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, edtech, health, etail, and social and internet platforms. Naspers has a primary listing on the JSE and a secondary listing on the A2X Exchange in South Africa.

The condensed consolidated interim financial statements for the six months ended 30 September 2020 have been authorised for issue by the board of directors on 21 November 2020.

## 2. Basis of presentation and accounting policies

**Information on the condensed consolidated interim financial statements**

The condensed consolidated interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The accounting policies in these condensed consolidated interim financial statements are consistent with those applied in the previous consolidated annual financial statements for the year ended 31 March 2020, except for the subsequent measurement of written put option liabilities as further described below.

There were no new or amended accounting pronouncements effective from 1 April 2020 that have a significant impact on the group's condensed consolidated interim financial statements.

All amounts disclosed are in millions of US dollars (US$'m) unless otherwise stated.

## 2. Basis of presentation and accounting policies (continued)

**Information on the condensed consolidated interim financial statements** (continued)

Operating segments

The group's operating segments reflect the components of the group that are regularly reviewed by the chief operating decisionmaker (CODM) as defined in note 41 "Segment Information" in the consolidated financial statements as included in the annual financial statements for the year ended 31 March 2020. The group proportionately consolidates its share of the results of its associates and joint ventures in its disclosure of segment results in note 5.

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 or 30 September (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.

Going concern

The condensed consolidated financial statements are prepared on the going-concern basis. Based on forecasts and available cash resources, the group has adequate resources to continue operations as a going concern in the foreseeable future. As at 30 September 2020, the group recorded US$4.65bn in net cash, comprising US$3.93bn of cash and cash equivalents and US$6.38bn in short-term cash investments. The group had US$5.66bn of interest-bearing debt (excluding capitalised lease liabilities) and an undrawn US$2.5bn revolving credit facility.

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 30 September 2020 to negate the potential negative effects that could result from the Covid-19 impact on the group's businesses in the year subsequent to the date of these condensed consolidated interim financial statements.

**Voluntary change in accounting policy for the subsequent measurement of written put option liabilities**

Effective 1 April 2020, the group made a voluntary change to its accounting policy regarding the subsequent measurement of written put option arrangements with non-controlling shareholders. Subsequent changes in the carrying value of put option liabilities previously recognised in the income statement in "Other finance income/(costs) – net" are now being recognised through equity.

The group considers that the change in the accounting policy will provide more relevant information about the effects of underlying transactions with non-controlling shareholders. Written put option arrangements are considered equity transactions because the settlement with non-controlling shareholders does not result in the loss of control over a subsidiary. Furthermore, as part of the business combination accounting, the group simultaneously recognises the non-controlling interest on initial recognition of the written put option liability, because the risks and rewards of ownership are not deemed to have transferred to the group until the written put option liability is settled.

## 2. Basis of presentation and accounting policies (continued)

**Voluntary change in accounting policy for the subsequent measurement of written put option liabilities** (continued)

The group has adopted this change in accounting policy retrospectively, however, the impact is insignificant to the condensed consolidated statement of financial position as all previous remeasurements recognised through the condensed consolidated income statement are already accumulated in equity as at the effective date of the change. The previous remeasurements accumulated in retained earnings have been reclassified to the "existing control business combination reserve". Consequently, comparative figures on the condensed consolidated statement of financial position have been restated for the reclassification between retained earnings and other reserves. The carrying value of the written put option liabilities and the total equity of the group in the comparative periods remain unchanged. The condensed consolidated income statement and finance income/costs note have been restated for the remeasurement of written put option liabilities as these are now recognised directly in equity.

Below is a summary of the impact of the change in accounting policy on the condensed consolidated interim financial statements, including the impact on the group's basic, diluted and headline earnings per share.

**Condensed consolidated income statement**

| | **Six months ended 30 September 2019** | | | **Year ended 31 March 2020** | | |
|---|---|---|---|---|---|---|
| | Previously reported US$'m | Change in accounting policy[1] US$'m | Restated US$'m | Previously reported US$'m | Change in accounting policy[1] US$'m | Restated US$'m |
| **Profit for the period** | 2 274 | (8) | 2 266 | 3 404 | (53) | 3 351 |
| **Attributable to:** | | | | | | |
| Equity holders of the group | 2 266 | (8) | 2 258 | 3 137 | (40) | 3 097 |
| Non-controlling interests | 8 | | 8 | 267 | (13) | 254 |
| | 2 274 | (8) | 2 266 | 3 404 | (53) | 3 351 |
| **Earnings per share (US cents)** | | | | | | |
| Basic | 518 | (1) | 517 | 718 | (9) | 709 |
| Diluted | 509 | (1) | 508 | 699 | (9) | 690 |
| **Headline earnings (US$'m)** | 1 425 | (8) | 1 417 | 2 206 | (40) | 2 166 |
| **Headline earnings per share (US cents)** | | | | | | |
| Basic | 326 | (2) | 324 | 505 | (9) | 496 |
| Diluted | 318 | (1) | 317 | 487 | (9) | 478 |

[1] *Represents the impact of the change in accounting policy for the remeasurement of written put option liabilities with non-controlling shareholders previously recognised in "Other finance income/(costs) – net".*

## 2. Basis of presentation and accounting policies (continued)

**Condensed consolidated statement of changes in equity**

| | Six months ended 30 September 2019 | | | Year ended 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | Previously reported US$'m | Change in accounting policy[1] US$'m | Restated US$'m | Previously reported US$'m | Change in accounting policy[1] US$'m | Restated US$'m |
| Share capital and premium | 4 889 | – | 4 889 | 3 362 | – | 3 362 |
| Other reserves | (9 277) | (383) | (9 660) | (8 508) | (338) | (8 846) |
| Retained earnings | 26 006 | 383 | 26 389 | 26 896 | 338 | 27 234 |
| Non-controlling interests | 7 717 | – | 7 717 | 8 178 | – | 8 178 |
| **Total equity** | 29 335 | – | 29 335 | 29 928 | – | 29 928 |

[1] *Represents the impact of the change in accounting policy for the remeasurement of written put option liabilities with non-controlling shareholders previously accumulated in retained earnings that has been reclassified to "existing control business combination reserve".*

## 3. Significant changes in financial position and performance during the reporting period

**Covid-19 impact on the condensed consolidated interim financial statements**

The global Covid-19 pandemic began to affect the operations of the group towards the end of March 2020. The pandemic has impacted the group's financial position, financial performance and cash flows presented in these condensed consolidated interim financial statements for the six months ended 30 September 2020. The impact of the pandemic on significant accounting matters is discussed below.

Use of significant judgements and estimates

The group has monitored the significant judgements and estimates used to support the reported assets, liabilities, income and expenses for the six months ended 30 September 2020. Areas of judgement and estimates primarily impacted by the pandemic include the fair value of financial instruments, impairment testing and the measurement of written put option liabilities.

Fair value of financial instruments

The fair-value measurement of the group's financial instruments recognised through other comprehensive income took into account the performance of the investments and any recent transactions that occurred during the six-month period. No significant fair-value losses have been recognised for these investments during the period.

Impairment testing

The group assessed whether there was an indication of impairment for the assets recognised on the statement of financial position. Impairment testing was primarily focused on the group's goodwill, carrying value of equity-accounted associates and joint ventures, expected credit losses of related party receivables, trade and other receivables and any inventory writedowns.

## 3. Significant changes in financial position and performance during the reporting period (continued)

**Covid-19 impact on the condensed consolidated interim financial statements** (continued)

Impairment testing (continued)

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. The group's 10-year budgets and forecasts were adjusted for cash flow projections to include the expected impact of the pandemic. These budgets and forecasts were used to identify whether there were any indicators that goodwill allocated to various cash-generating units (CGUs) was impaired. For the six months ended 30 September 2020, the group compared the actual performance of these CGUs during the current period to these updated budgets and forecasts, taking into account current market indicators that could result in the identification of an impairment trigger for goodwill. The group performed in line with budgeted expectations, and in some business segments, tracked ahead of budgets and forecasts – resulting in accelerating revenue growth, improved profitability and cash flow generation. In addition, there was no significant increase in discount rates used to value the group's unlisted investments. Overall, the group recognised goodwill impairment of US$2.2m during this period related to the Media business. Refer to note 10.

Impairment assessments of equity-accounted associates and joint ventures considered the financial performance of the investments during the period and determined whether there were any significant indicators, such as material losses, that would result in an impairment. Impairment losses of US$19.8m were recognised for the group's equity-accounted joint venture and associate, mainly due to the joint venture closing operations in certain regions and the associate's results not being in line with the budgets and forecasts. No other indicators were identified.

Inventories are measured at the lower of cost and net realisable value. In determining the appropriate level of inventory writedowns, changes in the ageing of inventory, and consumer behaviour due to Covid-19 were taken into account. Overall, the inventory writedown during the period did not have a significant impact on the group's financial results.

The group recognises an allowance for expected credit losses for its trade and other receivables. The expected credit loss assessment took into account all reasonable and supportable information about the likelihood that counterparties would breach their agreed payment terms and any deterioration of their credit ratings. Where relevant, additional expected credit losses were accounted for when deemed necessary. Overall, the expected credit loss allowance did not have a material impact on the group's trade and other receivables.

Measurement of written put option liabilities

Written put option liabilities are measured at the present value of the expected redemption amount payable. The settlement amount takes into account the enterprise values of the group's subsidiaries to which the written put option arrangements are entered into. The measurement of the written put option liabilities considers the performance of the group's subsidiaries in comparison to their budgets and forecasts. As the group has, in general, met its budgets and forecasts, the remeasurements of written put option liabilities are predominantly as a result of changes in shareholdings of non-controlling interest and not as a result of a decrease in enterprise values of the group's subsidiaries. The group has voluntarily changed its accounting policy on the subsequent measurement of written put option liabilities.

## 3. Significant changes in financial position and performance during the reporting period (continued)

**Covid-19 impact on the condensed consolidated interim financial statements** (continued)

Risk management

The integrated annual report for the year ended 31 March 2020 described certain risks which could have an adverse effect on the group's financial position and results. Those risks remain valid and should be read in conjunction with these condensed consolidated interim financial statements.

Despite the impact of the Covid-19 pandemic, the group has remained resilient and performed well during the six months ended 30 September 2020. Like most companies, the group faced challenges, particularly in countries where governments took necessary but drastic action by implementing lockdown regulations to limit the spread of the disease. However, the continued migration of consumers to online platforms has had a positive impact on the group and is reflected in the financial position, financial performance and cash flows generated during the six months ended 30 September 2020.

**Changes in the settlement and classification of share appreciation right (SAR)**

On 24 April 2020 the Naspers board approved a prospective change in the settlement mechanism for the group's SAR schemes from equity settled to cash settled. Gains earned by participants upon exercise of their SAR awards are now settled in cash, rather than in Naspers N ordinary shares. All other features of the awards, including strike price, vesting and expiry periods remain unchanged. The fair value of the SAR awards on the effective date of the change was US$322m and is recognised as a share-based payment liability. The share-based payment reserve related to these SAR awards was US$80m. The change in the settlement has been accounted for as a modification, with the difference between the existing share-based payment reserve and the share-based payment liability being recognised through retained earnings in equity. The SAR schemes are accounted for in terms of the group's accounting policy in respect of cash-settled share-based payments.

## 4. Review by the independent auditor

These condensed consolidated interim financial statements have been reviewed by the company's external auditor, PricewaterhouseCoopers Inc., whose unqualified report appears at the end of the condensed consolidated interim financial statements.

## 5. Segmental review

| | Revenue | | | |
|---|---|---|---|---|
| | **Six months ended 30 September** | | | Year ended 31 March |
| | **2020** | 2019 | % | 2020 |
| | **US$'m** | US$'m | change | US$'m |
| *Ecommerce* | **2 854** | 2 089 | 37 | 4 680 |
| – Classifieds | **635** | 596 | 7 | 1 299 |
| – Payments and Fintech | **252** | 199 | 27 | 428 |
| – Food Delivery | **610** | 306 | 99 | 751 |
| – Etail | **1 203** | 695 | 73 | 1 756 |
| – Travel | **–** | 146 | (100) | 146 |
| – Other | **154** | 147 | 5 | 300 |
| *Social and internet platforms* | **10 082** | 8 017 | 26 | 17 189 |
| – Tencent | **9 912** | 7 800 | 27 | 16 779 |
| – Mail.ru | **170** | 217 | (22) | 410 |
| Media | **84** | 139 | (40) | 272 |
| Corporate segment | **–** | (2) | 100 | – |
| Intersegmental | **(1)** | – | – | (5) |
| **Total economic interest** | **13 019** | 10 243 | 27 | 22 136 |
| *Less:* Equity-accounted investments | **(10 522)** | (8 513) | (24) | (18 135) |
| **Total consolidated** | **2 497** | 1 730 | 44 | 4 001 |

## 5. Segmental review (continued)

| | EBITDA[1] | | | |
|---|---|---|---|---|
| | **Six months ended 30 September** | | | Year ended 31 March |
| | **2020 US$'m** | 2019 US$'m | % change | 2020 US$'m |
| *Ecommerce* | **(251)** | (366) | 31 | (816) |
| – Classifieds | **42** | 63 | (33) | 92 |
| – Payments and Fintech | **(34)** | (35) | 3 | (60) |
| – Food Delivery | **(166)** | (273) | 39 | (596) |
| – Etail | **32** | (17) | >100 | (22) |
| – Travel | **–** | (19) | 100 | (19) |
| – Other | **(125)** | (85) | (47) | (211) |
| *Social and internet platforms* | **3 464** | 2 683 | 29 | 5 455 |
| – Tencent | **3 426** | 2 599 | 32 | 5 328 |
| – Mail.ru | **38** | 84 | (55) | 127 |
| Media | **(13)** | 7 | (286) | 15 |
| Corporate segment | **(9)** | (8) | (13) | (16) |
| Intersegmental | **–** | – | – | – |
| **Total economic interest** | **3 191** | 2 316 | 38 | 4 638 |
| *Less:* Equity-accounted investments | **(3 278)** | (2 458) | (33) | (4 987) |
| **Total consolidated** | **(87)** | (142) | 39 | (349) |

[1] *EBITDA is a non-IFRS measure that refers to earnings before interest, taxation, depreciation and amortisation. It is considered a useful measure to analyse profitability by eliminating the effects of financing, tax, capital investment, depreciation and amortisation.*

## 5. Segmental review (continued)

| | Trading (loss)/profit[1] | | | |
|---|---|---|---|---|
| | Six months ended 30 September | | | Year ended 31 March |
| | **2020 US$'m** | 2019 US$'m | % change | 2020 US$'m |
| *Ecommerce* | **(339)** | (433) | 22 | (964) |
| – Classifieds | **15** | 42 | (64) | 44 |
| – Payments and Fintech | **(38)** | (38) | – | (67) |
| – Food Delivery | **(187)** | (283) | 34 | (624) |
| – Etail | **10** | (37) | 127 | (63) |
| – Travel | **–** | (21) | 100 | (22) |
| – Other | **(139)** | (96) | (45) | (232) |
| *Social and internet platforms* | **2 983** | 2 334 | 28 | 4 699 |
| – Tencent | **2 968** | 2 264 | 31 | 4 601 |
| – Mail.ru | **15** | 70 | (79) | 98 |
| Media | **(16)** | 4 | >(100) | 8 |
| Corporate segment | **(9)** | (9) | – | (18) |
| Intersegmental | **–** | – | – | – |
| **Total economic interest** | **2 619** | 1 896 | 38 | 3 725 |
| *Less:* Equity-accounted investments | **(2 772)** | (2 098) | (32) | (4 200) |
| **Total consolidated** | **(153)** | (202) | 24 | (475) |

[1] *Trading (loss)/profit is a non-IFRS measure that refers to EBITDA adjusted for depreciation, amortisation of software and interest on capitalised lease liabilities. It is considered a useful measure to analyse profitability.*

## 5. Segmental review (continued)

**Reconciliation of consolidated EBITDA trading loss to consolidated operating loss**

| | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Consolidated EBITDA** | **(87)** | (142) | (349) |
| Depreciation | **(51)** | (46) | (96) |
| Amortisation of software | **(7)** | (8) | (16) |
| Interest on capitalised lease liabilities | **(8)** | (6) | (14) |
| **Consolidated trading loss** | **(153)** | (202) | (475) |
| Interest on capitalised lease liabilities | **8** | 6 | 14 |
| Amortisation of other intangible assets | **(62)** | (51) | (104) |
| Other (losses)/gains – net | **(38)** | 6 | (69) |
| Retention option expense | **(15)** | (9) | (61) |
| Share-based incentives settled in Naspers Limited shares | **(14)** | (32) | (25) |
| **Consolidated operating loss** | **(274)** | (282) | (720) |

On 24 April 2020 the Naspers Limited board approved a prospective change in the settlement mechanism for the group's SAR schemes from equity settled to cash settled. Gains earned by participants on exercising their SAR awards will now be settled in cash, rather than in Naspers N ordinary shares. As a result of this prospective change, the CODM reviews the SAR share-based incentive schemes on a cash-settled basis. The cash-settled charge is included in the group's trading profit. Refer to note 2 for details.

## 6. Headline earnings

Headline earnings represent net profit for the period attributable to equity holders of the group, excluding certain defined separately identifiable remeasurements relating to, among others, impairments of tangible assets, intangible assets (including goodwill) and equity-accounted investments, gains and losses on acquisitions and disposals of investments as well as assets, dilution gains and losses on equity-accounted investments, remeasurement gains and losses on disposal groups classified as held for sale and remeasurements included in equity-accounted earnings, net of related taxes (both current and deferred) and the related non-controlling interests. These remeasurements are determined in accordance with Circular 1/2019, headline earnings, as issued by the South African Institute of Chartered Accountants, pursuant to the JSE Listings Requirements.

## 6. Headline earnings (continued)

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

**Calculation of headline earnings**

| | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|
| | | Restated* | Restated* |
| | **2020** | 2019 | 2020 |
| | **US$'m** | US$'m | US$'m |
| **Net profit attributable to shareholders** | **2 141** | 2 258 | 3 097 |
| *Adjusted for:* | | | |
| – impairment of property, plant and equipment and other assets | **11** | – | – |
| – impairment of goodwill and other intangible assets | **3** | 2 | 13 |
| – gain recognised on loss of control | **–** | (17) | (17) |
| – gain recognised on loss on of significant influence | **–** | – | (13) |
| – gains recognised on disposals of investments | **(241)** | (570) | (391) |
| – remeasurement of previously held interest | **–** | – | (73) |
| – dilution (gains)/losses on equity-accounted investments | **(82)** | 65 | 52 |
| – remeasurements included in equity-accounted earnings[1] | **(42)** | (418) | (622) |
| – impairment of equity-accounted investments | **20** | 10 | 21 |
| | **1 810** | 1 330 | 2 067 |
| Total tax effects of adjustments | **(175)** | 41 | 11 |
| Total adjustment for non-controlling interest | **95** | 46 | 88 |
| **Headline earnings** | **1 730** | 1 417 | 2 166 |

* *Refer to note 2 for details of the group's voluntary change in accounting policy for the subsequent measurement of written put option liabilities during the current period.*

[1] *Remeasurements included in equity-accounted earnings include US$440.4m (2019: US$521.8m and March 2020: US$841.9m) relating to gains arising on acquisitions and disposals by associates and U$305.0m (2019: US$140.0m and March 2020: US$226.7m) relating to impairment of assets recognised by associates.*

## 7. Revenue from contracts with customers

| | | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|---|
| | **Reportable segment(s) where revenue is included** | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| Online sale of goods revenue | Classifieds and Etail | **1 350** | 704 | 1 868 |
| Classifieds listings revenue | Classifieds | **331** | 391 | 790 |
| Payment transaction commissions and fees | Payments and Fintech | **221** | 174 | 380 |
| Mobile and other content revenue | Other Ecommerce | **79** | 88 | 173 |
| Food Delivery revenue | Food Delivery | **322** | 129 | 310 |
| Advertising revenue | Various | **60** | 102 | 201 |
| Comparison shopping commissions and fees | Other Ecommerce | **–** | 18 | 22 |
| Printing, distribution, circulation, publishing and subscription revenue | Media | **46** | 69 | 137 |
| Other revenue | Various | **88** | 55 | 120 |
| | | **2 497** | 1 730 | 4 001 |

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.

## 8. Finance (costs)/income

| | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|
| | | Restated* | Restated* |
| | **2020** | 2019 | 2020 |
| | **US$'m** | US$'m | US$'m |
| **Interest income** | **69** | 137 | 245 |
| – loans and bank accounts | **52** | 136 | 241 |
| – other[(1)] | **17** | 1 | 4 |
| **Interest expense** | **(110)** | (106) | (229) |
| – loans and overdrafts | **(99)** | (96) | (209) |
| – capitalised lease liabilities | **(8)** | (6) | (14) |
| – other | **(3)** | (4) | (6) |
| **Other finance (costs)/income – net** | **2** | 3 | 76 |
| – net foreign exchange differences and fair-value adjustments on derivatives | **2** | 3 | 76 |

* *Refer to note 2 for details of the group's voluntary change in accounting policy for the subsequent measurement of written put option liabilities during the current period.*
[(1)] *Includes interest received on tax. Refer to note 12.*

## 9. Profit before taxation

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

| | Six months ended 30 September 2020 US$'m | Six months ended 30 September 2019 US$'m | Year ended 31 March 2020 US$'m |
|---|---|---|---|
| **Depreciation of property, plant and equipment** | **51** | 46 | 96 |
| **Amortisation** | **69** | 59 | 122 |
| – other intangible assets | **62** | 51 | 106 |
| – software | **7** | 8 | 16 |
| **Impairment losses on financial assets measured at amortised cost** | **7** | 5 | 17 |
| **Net realisable value adjustments on inventory, net of reversals**[1] | **4** | 2 | 5 |
| **Other (losses)/gains – net** | **(38)** | 6 | (69) |
| – impairment of goodwill and other intangible assets | **(3)** | (2) | (13) |
| – impairment of property, plant and equipment and other assets | **(11)** | – | – |
| – dividends received on investments | **–** | 1 | 6 |
| – fair-value adjustments on financial instruments | **(1)** | – | 4 |
| – gains recognised on loss of significant influence | **–** | 7 | 13 |
| – Covid-19 donation | **(13)** | – | (84) |
| – increase in provisions related to disposals | **(12)** | – | – |
| – other | **2** | – | 5 |
| **Net gains on acquisitions and disposals** | **214** | 500 | 351 |
| – gains on disposal of investments – net | **241** | 570 | 390 |
| – gains recognised on loss of control transactions | **–** | 17 | 17 |
| – transaction-related costs | **(28)** | (69) | (113) |
| – securities tax paid on internal restructuring | **–** | (18) | (18) |
| – remeasurement of previously held interest | **–** | – | 73 |
| – other | **1** | – | 2 |

[1] *Net realisable value writedowns relate primarily to the Etail segment.*

## 10. Goodwill

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

| | **Six months ended 30 September** | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Goodwill** | | | |
| – cost | **2 324** | 2 360 | 2 360 |
| – accumulated impairment | **(87)** | (240) | (240) |
| **Opening balance** | **2 237** | 2 120 | 2 120 |
| – foreign currency translation effects | **25** | 4 | (278) |
| – acquisitions of subsidiaries and businesses | **5** | 84 | 566 |
| – disposals of subsidiaries and businesses | **(76)** | – | (7) |
| – transferred to assets classified as held for sale | **–** | – | (152) |
| – impairment | **(2)** | (2) | (12) |
| **Closing balance** | **2 189** | 2 206 | 2 237 |
| – cost | **2 282** | 2 297 | 2 324 |
| – accumulated impairment | **(93)** | (91) | (87) |

Goodwill is tested for impairment annually on 31 December or more frequently if there is a change in circumstances that indicates that it might be impaired. As at 31 March 2020 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. 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 are the primary solutions for social distancing measures imposed. An impairment loss of US$11.8m was recognised as at 31 March 2020 taking into account the impact of the pandemic on the group and its CGUs which was the group's best estimate amid this current uncertain economic environment. The goodwill impairment related to the group's Classifieds business.

## 10. Goodwill (continued)

For the six months ended 30 September 2020, the group assessed whether there was a change in circumstances that indicates that goodwill might be impaired, taking into consideration the ongoing impact of the pandemic on the underlying businesses during the period. The assessment of impairment indicators for goodwill included the market capitalisation of the group (including its underlying listed investments), actual performance during the period and movements in the discount rates. Estimating the future performance of the group's CGUs is challenging during this pandemic. The group identified impairment indicators in the Media segment and some Ecommerce businesses where they were unable to operate optimally due to the imposed lockdown regulations. The aggregate value of goodwill related to these businesses amounted to US$379.7m. However, the group has seen a sharp recovery in these businesses as the contingency plans produced results once lockdown regulations began easing. For the six months ended 30 September 2020 the group has performed in line with the updated budgets and forecasts and for some businesses, the group has performed better than budget. In addition, there were no significant increases in discount rates used to value the group's unlisted investments. Overall, the group recognised goodwill impairment of US$2.2m during this period related to the Media business as there was no impairment to be recognised for the Ecommerce businesses. The group will continue to monitor the performance of its businesses as circumstances change and/or information becomes available that may indicate that the goodwill may be impaired.

## 11. Investments in associates

The movements in the carrying value of the group's investments in associates for the period are detailed in the table below:

| | **Six months ended 30 September** | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Opening balance** | **22 235** | 19 746 | 19 746 |
| – Associates acquired – gross consideration | **842** | 255 | 437 |
| – Associates disposed of | **(4)** | (441) | (575) |
| – Share of current-year other reserve movements | **2 859** | 169 | 129 |
| – Share of equity-accounted results | **2 880** | 2 287 | 3 953 |
| – Impairment | **(2)** | (10) | (21) |
| – Dividends received | **(458)** | (377) | (377) |
| – Foreign currency translation effects | **1 213** | (1 131) | (999) |
| – Dilution gains/(losses)[1] | **79** | (61) | (58) |
| **Closing balance** | **29 644** | 20 437 | 22 235 |

[1] *The total dilution gains/(losses) presented in the income statement includes the reclassification of a portion of the group's foreign currency translation reserves from other comprehensive income to the income statement following shareholding dilutions.*

## 12. Commitments and contingent liabilities

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

| | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| Commitments | **187** | 176 | 151 |
| – capital expenditure | **32** | 15 | 29 |
| – other service commitments | **144** | 156 | 109 |
| – lease commitments[1] | **11** | 5 | 13 |

[1] *Lease commitments include the group's short-term lease arrangements as well as other contractual lease agreements with commencement dates after 30 September 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.*

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. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to approximately US$32.4m (2019: US$16.4m and 31 March 2020: US$30.3m).

Furthermore, the group had an uncertain tax position of US$177.0m in September 2019 and US$170.8m at 31 March 2020 related to amounts receivable from tax authorities. In the financial year ended 31 March 2019, the group concluded that this uncertain tax position was not probable and reflected the uncertainty in the tax expense recognised during that financial year. In September 2020, the group received this amount and has recognised it in "Taxation" in the condensed consolidated income statement, where it was originally recognised. The receipt of the amount has evidenced that no taxation was payable on the transaction and therefore this cash flow has been classified consistently with the underlying transaction in the condensed consolidated statement of cash flows.

## 13. Assets classified as held for sale

In July 2020 the group contributed the assets and liabilities of the US letgo business in exchange for an equity interest in OfferUp Inc., a US online marketplace. The assets and liabilities of the US letgo business were classified as held for sale as at 31 March 2020. Refer to note 14.

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 19.

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.

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

| | **Six months ended 30 September** | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Assets** | **74** | 21 | 208 |
| Property, plant and equipment | **8** | – | 10 |
| Goodwill and other intangible assets | **7** | 2 | 152 |
| Derivative financial instruments | **1** | – | – |
| Deferred taxation assets | **3** | – | – |
| Trade and other receivables | **36** | 14 | 27 |
| Cash and cash equivalents | **19** | 5 | 19 |
| **Liabilities** | **29** | 12 | 26 |
| Deferred taxation liabilities | **1** | 1 | – |
| Long-term liabilities | **1** | – | 3 |
| Provisions | **1** | – | 1 |
| Trade payables | **13** | – | 4 |
| Accrued expenses and other current liabilities | **13** | 11 | 18 |

## 14. Business combinations, other acquisitions and disposals

The following relates to the group's significant transactions related to business combinations and equity-accounted investments for the six months ended 30 September 2020.

In April 2020, OLX Global B.V. (OLX) contributed its subsidiary, Dubizzle Limited (BVI) (Dubizzle), the leading classifieds platform for users in the UAE, for an interest in 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 total consideration was US$390.5m, including cash of US$75.0m. On disposal of Dubizzle, the group recognised a gain of US$113.5m in "Net gains on acquisitions and disposals" in the income statement, including the recycling of the foreign exchange translation gain reserve. This gain on disposal recognised from the contribution of Dubizzle is to the extent of the external parties' interest in EMPG.

Following the transaction, the group holds a 39% effective and fully diluted interest in EMPG. The group accounts for its interest in EMPG as an investment in an associate.

In July 2020, OLX merged its US letgo business with OfferUp, two of America's most popular apps to buy and sell in the US. OLX contributed its US letgo business. The total consideration was US$360.0m, including cash of US$100.0m. On disposal of the US letgo business, the group recognised a gain of US$114.8m in "Net gains on acquisitions and disposals". This gain on disposal recognised from the contribution of the US letgo business is to the extent of the external parties' interest in OfferUp.

Following the transaction, the group holds a 38% effective (35% fully diluted) interest in OfferUp. The group accounts for its interest in OfferUp as an investment in an associate.

In August 2020 the group made an additional investment amounting to US$52.5m in Remitly Global, Inc. (Remitly), the international remittances company focused on the consumer segment, primarily in the US, the UK and Canada. Following this investment, the group holds a 23% effective (20% fully diluted) interest in Remitly. The group continues to account for its interest in Remitly as an investment in an associate.

In September 2020, Eruditus Learning Solutions Pte Limited (Eruditus), a learning platform that partners with top-tier universities across the US, Europe, LatAm, India and China, announced the successful completion of its Series D funding round totalling US$113.0m (including secondary sales). The group, through Naspers Ventures B.V. (Prosus Ventures) participated in the funding round with a US$59.9m cash contribution. Following the transaction, the group holds a 9% effective (8% fully diluted) interest in Eruditus. The group accounts for its interest in Eruditus as an investment in associate as a result of the group's board representation.

In September 2020 the group made an additional investment amounting to US$25.0m in Mail.ru, a leading Russian social networks and instant messaging service. Following this investment, the group holds a 27% effective interest in Mail.ru. The group continues to account for its interest in Mail.ru as an investment in an associate.

## 15. Non-controlling interest in Prosus N.V.

The Prosus group represents a significant portion of Naspers's net asset value as it comprises the international ecommerce and internet assets, including the investment in Tencent. Accordingly, the 27.34% interest in Prosus represents a significant non-controlling interest of the group. This non-controlling interest will be entitled to its share of future earnings of the Prosus group.

The Prosus group prepares its own condensed consolidated interim financial results, which are reported to its shareholders in accordance with its listing obligations on Euronext Amsterdam. In its results, Prosus discloses various related party balances and transactions with fellow subsidiaries in the Naspers group. More information on Prosus's results is available at https://www.prosus.com.

## 16. Significant financing transactions

The group issued bonds totalling US$2.18bn in August 2020. These bonds consist of 30-year US$1.00bn notes carrying a fixed interest rate of 4.027% per annum due in 2050, eight-year €500m notes carrying a fixed interest rate of 1.593% per annum due in 2028, and 12-year €500m notes carrying a fixed interest rate of 2.031% per annum due in 2032. The purpose of this offering was to raise proceeds for general corporate purposes, including potential future M&A activity, and to further augment the company's liquidity position. The bonds are listed on the Irish Stock Exchange (Euronext Dublin). At 30 September 2020 these funds have been placed into fixed deposits and recognised as short-term investments.

## 17. Financial instruments

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the group's risk management information disclosed in note 42 of the consolidated financial statements for the year ended 31 March 2020. There have been no material changes in the group's credit, liquidity, market risks or key inputs used in measuring fair value since 31 March 2020.

## 17. Financial instruments (continued)

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

| | | Fair-value measurements at 30 September 2020 using: | | |
|---|---|---|---|---|
| | Carrying value US$'m | Quoted prices in active markets for identical assets or liabilities (level 1) US$'m | Significant other observable inputs (level 2) US$'m | Significant unobservable inputs (level 3) US$'m |
| **Assets** | | | | |
| Financial assets at fair value through other comprehensive income | 1 043 | 938 | 2 | 103 |
| Financial assets at fair value through profit or loss | 13 | – | – | 13 |
| Cash and cash equivalents[1] | 843 | – | 843 | – |
| Forward exchange contracts | 4 | – | 4 | – |
| Derivatives embedded in leases | 6 | – | – | 6 |
| **Liabilities** | | | | |
| Forward exchange contracts | 54 | – | 54 | – |
| Earn-out obligations | 22 | – | – | 22 |
| Derivatives embedded in leases | 2 | – | – | 2 |
| Cross-currency interest rate swap | 11 | – | 11 | – |

[1] *Relates to short-term bank deposits which are money market investment held with major banking groups and high-quality institutions that have AAA money market fund credit ratings from internationally recognised rating agencies.*

## 17. Financial instruments (continued)

Fair-value measurements at 31 March 2020 using:

| | | Fair-value measurements at 31 March 2020 using: | | |
|---|---|---|---|---|
| | Carrying value US$'m | Quoted prices in active markets for identical assets or liabilities (level 1) US$'m | Significant other observable inputs (level 2) US$'m | Significant unobservable inputs (level 3) US$'m |
| **Assets** | | | | |
| Financial assets at fair value through other comprehensive income | 804 | 711 | 3 | 90 |
| Financial assets at fair value through profit or loss | 13 | – | – | 13 |
| Cash and cash equivalents[1] | 650 | – | 650 | – |
| Derivatives embedded in leases | 6 | – | – | 6 |
| Cross-currency interest rate swap | 49 | – | 49 | – |
| **Liabilities** | | | | |
| Forward exchange contracts | 38 | – | 38 | – |
| Derivatives embedded in leases | 2 | – | – | 2 |
| Earn-out obligations | 22 | – | – | 22 |
| Interest rate and cross-currency swaps | – | – | – | – |

[1] *Relates to short-term bank deposits which are money market investment held with major banking groups and high-quality institutions that have AAA money market fund credit ratings from internationally recognised rating agencies.*

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

## 17. Financial instruments (continued)

**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.

Cash and cash equivalents – relate to short-term bank deposits which are 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. The fair value of these deposits is determined by the amounts deposited and the gains or losses generated by the funds as detailed in the statements provided by these institutions. The gains/losses are recognised in the income statement.

Level 3 fair-value measurements

Financial assets at fair value – relate predominantly to unlisted equity investments. The fair value of these investments is based on the most recent funding transactions for these investments.

Derivatives embedded in leases – relate to foreign currency forwards embedded in lease contracts. The fair value of the derivatives is based on forward foreign exchange rates that have a maturity similar to the lease contracts and the contractually specified lease payments.

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.

## 17. Financial instruments (continued)

**Valuation techniques and key inputs used to measure significant level 2 and level 3 fair values** (continued)

Level 3 fair-value measurements (continued)

The following table shows a reconciliation of the group's level 3 financial instruments:

| | **30 September 2020** | | | |
|---|---|---|---|---|
| | **Financial assets at FVOCI[1] US$'m** | **Financial assets at FVPL[2] US$'m** | **Earn-out obligations US$'m** | **Derivatives embedded in leases US$'m** |
| **Balance at 1 April 2020** | **90** | **13** | **(22)** | **4** |
| Additions | **3** | **–** | **–** | **–** |
| Total gains recognised in other comprehensive income | **9** | **–** | **–** | **–** |
| Foreign currency translation effects | **1** | **–** | **–** | **–** |
| Total | **103** | **13** | **(22)** | **4** |

| | 31 March 2020 | | | |
|---|---|---|---|---|
| | Financial assets at FVOCI[1] US$'m | Financial assets at FVPL[2] US$'m | Earn-out obligations US$'m | Derivatives embedded in leases US$'m |
| **Balance at 1 April 2019** | 46 | – | (7) | 1 |
| Additions | 79 | 13 | (20) | 3 |
| Total losses recognised in other comprehensive income | (14) | – | – | – |
| Settlements/Disposals | (21) | – | 5 | – |
| Total | 90 | 13 | (22) | 4 |

[1] *Financial assets at fair value through other comprehensive income.*

[2] *Financial assets at fair value through profit or loss.*

The carrying value of financial instruments is a reasonable approximation of their fair values, except for the publicly traded bonds detailed below:

| | **30 September 2020** | | 31 March 2020 | |
|---|---|---|---|---|
| | **Carrying value US$'m** | **Fair value US$'m** | Carrying value US$'m | Fair value US$'m |
| **Financial liabilities** | | | | |
| Publicly traded bonds | **5 629** | **6 066** | 3 450 | 3 183 |

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. The fair values of the publicly traded bonds are level 2 financial instruments. The publicly traded bonds are listed on Euronext Dublin.

## 18. Related party transactions and balances

The group entered into various related party transactions in the ordinary course of business with a number of related parties, including associates and joint ventures. Transactions that are eliminated on consolidation, as well as gains or losses eliminated through the application of the equity method, are not included.

| | **Six months ended 30 September 2020 US$'m** | Year ended 31 March 2020 US$'m |
|---|---|---|
| **Sale of goods and services to related parties[(1)]** | | |
| MakeMyTrip Limited[(2)] | **–** | 5 |
| Emerging Markets Property Group | **9** | – |
| Various other related parties | **1** | 1 |
| | **10** | 6 |

*[(1)] The group receives revenue from a number of its related parties in connection with service agreements. The nature of these related party relationships is that of associates and joint ventures.*

*[(2)] Revenue earned from MakeMyTrip Limited relates to payment services provided by PayU when MakeMyTrip was an associate of the group.*

The balances of advances, deposits, receivables and payables between the group and related parties are as follows:

| | **Six months ended 30 September 2020 US$'m** | Year ended 31 March 2020 US$'m |
|---|---|---|
| **Receivables[(1)]** | | |
| Tencent Technology (Shenzhen) Co Limited | **93** | 90 |
| Honor Technology, Inc. | **8** | 8 |
| Zoop Tecnologia e Meios de Pagamento Limitada (Zoop) | **10** | 6 |
| Various other related parties | **–** | 3 |
| **Total related party receivables** | **111** | 107 |
| *Less:* Non-current portion of related party receivables | **(8)** | (8) |
| **Current portion of related party receivables** | **103** | 99 |

*[(1)] The group provides services and loan funding to a number of its related parties. The nature of these related party relationships is that of equity-accounted investments.*

Purchases of goods and services from related parties amounted to US$1.0m (March 2020: US$nil), amounts payable to related parties amounted to US$5.8m (March 2020: US$2.8m). These amounts are not considered significant and relate to various related parties, most of which are equity-accounted investments of the group.

## 19. Events after the reporting period

In March 2020, MIH Movile Holding B.V. (Movile) signed an agreement to sell its subsidiary Wavy to Stockholm-based customer engagement platform, Sinch AB, in exchange for cash of approximately US$68m (approximately BRL355m) and the issue of 1 534 582 new shares in Sinch AB (which represents at the reporting date a 2.49% equity investment). The group expects to account for its interest in Sinch AB as an investment at fair value through other comprehensive income. The transaction is subject to regulatory approval.

In March 2020, Silver Brazil JVCo B.V. (OLX Brazil), the group's joint venture with Adevinta ASA (Adevinta), entered into an agreement to acquire 100% of the shares of Grupo ZAP, a leading online classifieds marketplace in Brazil, for a total cash amount of approximately BRL2.9bn (US$520m, based on an exchange rate of US$1.0 to BRL5.6). The investment will be financed in equal shares by OLX Brazil's shareholders, Adevinta and the group. On 1 October 2020, OLX Brazil received final clearance from the Brazilian antitrust authority to consummate the acquisition without restrictions or conditions. The transaction closed on 30 October 2020.

In October 2020, MIH Ventures B.V. (MIH Ventures), agreed to subscribe for US$100m of newly issued common shares of Churchill Capital Corp II (Churchill), a special-purpose acquisition company listed on the New York Stock Exchange. In connection to this transaction, Churchill granted MIH Ventures a 30-day option (the MIH option) to subscribe for up to an additional US$400m of newly issued common shares. At the same time, Churchill entered into agreements to acquire: (i) Software Luxembourg Holding S.A. (Skillsoft) in a transaction valued at approximately US$1.3bn (the Skillsoft Merger); and (ii) Albert DE Holdings Inc. for a consideration valued at approximately US$233m.

In November the group announced that it exercised the MIH option to invest an additional US$400m in Churchill's planned acquisition of Skillsoft. This gives MIH Ventures newly issued common shares, representing up to 35% of the issued and outstanding Churchill common shares after giving effect to the Skillsoft acquisition on a fully diluted and as-converted basis. MIH Ventures also entered into a strategic support agreement to provide certain business development and investor relations support services to Churchill. The group expects to account for its interest in Skillsoft as an investment in an associate. The obligation of MIH Ventures to complete its subscription for shares of Churchill is conditioned on receipt of certain regulatory approvals and the completion of the Skillsoft merger by Churchill.

On 30 October 2020 the group announced its intention for Prosus to acquire up to US$5bn of Prosus and Naspers shares. This will be implemented by the acquisition of up to US$1.4bn Prosus N ordinary shares and US$3.6bn Naspers N ordinary shares on the market. The Prosus N ordinary shares bought back will be cancelled. The group expects to account for the Naspers N ordinary shares held by Prosus as treasury shares.

# Independent auditor's review report on the condensed consolidated interim financial statements

## To the Shareholders of Naspers Limited

We have reviewed the condensed consolidated interim financial statements of Naspers Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 September 2020 and the related condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes 1 to 19.

## Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Naspers Limited for the six months ended 30 September 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

**PricewaterhouseCoopers Inc.**
Director: Vicki Myburgh
Registered Auditor
Johannesburg
21 November 2020

## A. Non-IFRS financial measures and alternative performance measures

### A.1 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 and unrealised currency translation differences, as these items obscure the group's underlying operating performance; (iv) once-off gains and losses (including acquisition-related costs) resulting from acquisitions and disposals of businesses, as these items relate to changes in the composition of the group and are not reflective of its underlying operating performance; (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 combined businesses controlled by the group as well as the group's share of earnings of associates and joint ventures, to the extent that the information is available.

Impact of the voluntary change in accounting policy for the subsequent measurement of written put option liabilities

Effective 1 April 2020 the group made a voluntary change to its accounting policy regarding the subsequent measurement of written put option arrangements with non-controlling shareholders. Subsequent changes in the carrying value of written put option liabilities previously recognised in the income statement in "Other finance income/(costs) – net" are now recognised through equity. Remeasurements of written put option liabilities previously recognised in the income statement were adjusted from headline earnings to derive core headline earnings. Consequently, the change in accounting policy has no impact on core headline earnings.

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.1 Core headline earnings (continued)

**Reconciliation of core headline earnings**

| | Six months ended 30 September | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Headline earnings (refer to note 6)** | **1 730** | 1 417 | 2 166 |
| *Adjusted for:* | | | |
| – equity-settled share-based payment expenses | **257** | 275 | 494 |
| – reversal of deferred tax assets | **–** | 138 | – |
| – tax paid on cancellation of shares | **–** | – | 140 |
| – amortisation of other intangible assets | **142** | 173 | 316 |
| – fair-value adjustments and currency translation differences | **(622)** | (440) | (620) |
| – retention option expense | **13** | 8 | 42 |
| – transaction-related costs | **20** | 85 | 118 |
| – Covid-19 donations | **9** | – | 167 |
| – Other[1] | **7** | – | – |
| **Core headline earnings** | **1 556** | 1 656 | 2 823 |
| **Per share information for the period** | | | |
| Core headline earnings per ordinary share (US cents) | **363** | 379 | 646 |
| Diluted core headline earnings per ordinary share (US cents)[2] | **353** | 371 | 628 |
| Net number of ordinary shares issued ('000) | | | |
| – weighted average for the period | **428 170** | 436 977 | 436 756 |
| – diluted weighted average | **429 187** | 439 102 | 438 481 |

[1] *Other adjustments relate mainly to the increase in provisions related to disposals.*

[2] *The diluted core headline earnings per share include a decrease of US$43.5m (2019: US$26.2m and 31 March 2020: US$71.0m) relating to the future dilutive impact of potential ordinary shares issued by equity-accounted investees.*

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.1 Core headline earnings (continued)

**Equity-accounted results**

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

| | **Six months ended 30 September** | | Year ended 31 March |
|---|---|---|---|
| | **2020 US$'m** | 2019 US$'m | 2020 US$'m |
| **Share of equity-accounted results** | **2 876** | 2 272 | 3 932 |
| – gains on acquisitions and disposals | **(440)** | (522) | (842) |
| – impairment of investments | **305** | 140 | 227 |
| **Contribution to headline earnings** | **2 741** | 1 890 | 3 317 |
| – amortisation of other intangible assets | **155** | 141 | 301 |
| – equity-settled share-based payment expenses | **340** | 241 | 556 |
| – fair-value adjustments and currency translation differences | **(852)** | (425) | (554) |
| – Covid-19 donations | **–** | – | 114 |
| **Contribution to core headline earnings** | **2 384** | 1 847 | 3 734 |
| Tencent | **2 617** | 1 988 | 4 174 |
| Mail.ru | **(8)** | 60 | 70 |
| MakeMyTrip | **–** | (13) | (13) |
| Delivery Hero | **(111)** | (35) | (167) |
| Other | **(114)** | (153) | (330) |

The group applies an appropriate lag period of not more than three months in reporting the results of equity-accounted investments.

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.2 Growth in local currency, excluding acquisitions and disposals

The group applies certain adjustments to segmental revenue and trading profit reported in the condensed consolidated interim financial statements to present the growth in such metrics in local currency, 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:

| | Six months ended 30 September | |
|---|---|---|
| **Currency (1FC = US$)** | **2020** | 2019 |
| South African rand | **0.0576** | 0.0685 |
| Euro | **1.1441** | 1.1119 |
| Chinese yuan renminbi | **0.1433** | 0.1439 |
| Brazilian real | **0.1839** | 0.2520 |
| Indian rupee | **0.0134** | 0.0143 |
| Polish zloty | **0.2563** | 0.2580 |
| Russian rouble | **0.0136** | 0.0154 |
| United Kingdom pound | **1.2775** | 1.2487 |
| Turkish lira | **0.1405** | 0.1731 |
| Hungarian forint | **0.0032** | 0.0034 |

- 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.

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.2 Growth in local currency, excluding acquisitions and disposals (continued)

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

**Six months ended 30 September 2020**

| Transaction | Basis of accounting | Reportable segment | Acquisition/ Disposal |
|---|---|---|---|
| Dilution of the group's interest in Tencent | Associate | Social and internet platforms | Disposal |
| Dilution of the group's interest in Mail.ru | Associate | Social and internet platforms | Disposal |
| Disposal of the group's interest in Dubizzle | Subsidiary | Ecommerce | Disposal |
| Acquisition of the group's interest in EMPG | Associate | Ecommerce | Acquisition |
| Disposal of the group's interest in letgo | Subsidiary | Ecommerce | Disposal |
| Acquisition of the group's interest in OfferUp | Associate | Ecommerce | Acquisition |
| Increase in the group's interest in Swiggy | Associate | Ecommerce | Acquisition |
| Dilution of the group's interest in Delivery Hero | Associate | Ecommerce | Disposal |
| Acquisition of the group's interest in DotPe | Associate | Ecommerce | Acquisition |
| Acquisition of the group's interest in FinWizard | Associate | Ecommerce | Acquisition |
| Dilution of the group's interest in Remitly | Associate | Ecommerce | Disposal |
| Acquisition of the group's interest in Shipper | Associate | Ecommerce | Acquisition |
| Dilution of the group's interest in SimilarWeb | Associate | Ecommerce | Acquisition |
| Increase of the group's interest in BYJU'S | Associate | Ecommerce | Acquisition |
| Increase of the group's interest in Codecademy | Associate | Ecommerce | Acquisition |
| Increase of the group's interest in Zoop | Associate | Ecommerce | Acquisition |
| Acquisition of the group's interest in Icon Books | Subsidiary | Media | Acquisition |
| Acquisition of the group's interest in Swipe Interact | Subsidiary | Media | Acquisition |

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.2 Growth in local currency, excluding acquisitions and disposals (continued)

**Year ended 31 March 2020**

| Transaction | Basis of accounting | Reportable segment | Acquisition/ Disposal |
|---|---|---|---|
| Disposal of the group's interest in MakeMyTrip | Associate | Ecommerce | Disposal |
| Acquisition of the group's interest in MaxPoster | 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 Wibmo | Subsidiary | Ecommerce | Acquisition |
| Disposal of the group's interest in Kreditech | Associate | 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 ElasticRun | 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 Honor | Associate | Ecommerce | Acquisition |
| Acquisition of the group's interest in Brainly | Associate | Ecommerce | Acquisition |
| Disposal of the group's interest in Apontador | Subsidiary | Ecommerce | Disposal |
| Disposal of the group's interest in TruckPad | Associate | Ecommerce | Disposal |
| Disposal of the group's interest in BuscaPé | Subsidiary | Ecommerce | Disposal |
| Disposal of the group's interest in LBS | Subsidiary | Ecommerce | Disposal |

The net adjustment made for all acquisitions and disposals on continuing operations that took place during the period ended 30 September 2020 amounted to a negative adjustment of US$47m on revenue and a negative adjustment of US$53m on trading profit. These adjustments include a change in estimate related to Mail.ru's deferred revenue in the prior year.

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.2 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:

| | Six months ended 30 September | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
| | A | B | C | D | E | F[2] | G[3] | H[4] |
| | IFRS[1] US$'m | Group composition disposal adjustment US$'m | Group composition acquisition adjustment US$'m | Foreign currency adjustment US$'m | Local currency growth US$'m | IFRS[1] US$'m | Local currency growth % change | IFRS % change |
| **Revenue** | | | | | | | | |
| *Ecommerce* | 2 089 | (229) | 262 | (238) | 970 | 2 854 | **52** | **37** |
| - Classifieds | 596 | (38) | 140 | (43) | (20) | 635 | **(4)** | **7** |
| - Payments and Fintech | 199 | (8) | 24 | (18) | 55 | 252 | **29** | **27** |
| - Food Delivery | 306 | (7) | 2 | (112) | 421 | 610 | **>100** | **99** |
| - Etail | 695 | (6) | 81 | (39) | 472 | 1 203 | **69** | **73** |
| - Travel | 146 | (146) | - | - | - | - | **-** | **(100)** |
| - Other | 147 | (24) | 15 | (26) | 42 | 154 | **34** | **5** |
| *Social and internet platforms* | 8 017 | (82) | - | (55) | 2 202 | 10 082 | **28** | **26** |
| - Tencent | 7 800 | (25) | - | (33) | 2 170 | 9 912 | **28** | **27** |
| - Mail.ru | 217 | (57) | - | (22) | 32 | 170 | **20** | **(22)** |
| Media | 139 | - | 2 | (15) | (42) | 84 | **(30)** | **(40)** |
| Intersegmental | - | - | - | (1) | - | (1) | **-** | **-** |
| Corporate segment | (2) | - | - | 2 | - | - | **-** | **100** |
| **Group economic interest** | 10 243 | (311) | 264 | (307) | 3 130 | 13 019 | **32** | **27** |

[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.*

## A. Non-IFRS financial measures and alternative performance measures (continued)

### A.2 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:

| | Six months ended 30 September | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
| | A | B | C | D | E | F[(2)] | G[(3)] | H[(4)] |
| | IFRS[(1)] US$'m | Group composition disposal adjustment US$'m | Group composition acquisition adjustment US$'m | Foreign currency adjustment US$'m | Local currency growth US$'m | IFRS[(1)] US$'m | Local currency growth % change | IFRS % change |
| **Trading profit** | | | | | | | | |
| *Ecommerce* | (433) | 46 | (35) | (3) | 86 | (339) | 22 | 22 |
| - Classifieds | 42 | 16 | (21) | (12) | (10) | 15 | (17) | (64) |
| - Payments and Fintech | (38) | 3 | (2) | (1) | - | (38) | - | - |
| - Food Delivery | (283) | 3 | (1) | 3 | 91 | (187) | 33 | 34 |
| - Etail | (37) | 3 | (1) | 3 | 42 | 10 | >100 | >100 |
| - Travel | (21) | 21 | - | - | - | - | - | 100 |
| - Other | (96) | - | (10) | 4 | (37) | (139) | (39) | (45) |
| *Social and internet platforms* | 2 334 | (63) | - | (18) | 730 | 2 983 | 32 | 28 |
| - Tencent | 2 264 | (7) | - | (16) | 727 | 2 968 | 32 | 31 |
| - Mail.ru | 70 | (56) | - | (2) | 3 | 15 | 21 | (79) |
| Media | 4 | - | - | 4 | (24) | (16) | >(100) | >(100) |
| Corporate segment | (9) | - | (1) | 4 | (3) | (9) | (33) | - |
| **Group economic interest** | 1 896 | (17) | (36) | (13) | 789 | 2 619 | 42 | 38 |

[(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.*

# Administration and corporate information

## Naspers Limited

Incorporated in the Republic of South Africa
(Registration number: 1925/001431/06)
(Naspers)
JSE share code: NPN ISIN: ZAE000015889
LSE share code: NPSN ISIN: US6315121003

## Directors

J P Bekker (chair), B van Dijk (chief executive), E M Choi, H J du Toit, C L Enenstein, D G Eriksson, M Girotra, R C C Jafta, F L N Letele, D Meyer, R Oliveira de Lima, S J Z Pacak, V Sgourdos, M R Sorour, J D T Stofberg, B J van der Ross, Y Xu

## Company secretary

L Bagwandeen

## Registered office

40 Heerengracht
Cape Town 8001
PO Box 2271
Cape Town 8000
South Africa

## JSE transfer secretaries

Link Market Services South Africa Proprietary Limited
13th Floor
Rennie House
19 Ameshoff Street
Braamfontein 2001
PO Box 10462
Johannesburg 2000
South Africa

## JSE sponsor

Investec Bank Limited
(Registration number: 1969/004763/06)
PO Box 785700
Sandton 2146
South Africa
Tel: +27 (0)11 286 7326 9183
Fax: +27 (0)11 286 9986

## ADR programme

Bank of New York Mellon maintains a Global BuyDIRECT$^{SM}$ plan for Naspers Limited

For additional information, please 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:
Bank of New York Mellon
Shareholder Relations Department –
Global BuyDIRECT$^{SM}$
Church Street Station
PO Box 11258
New York
NY 10286-1258 USA

## Auditor

PricewaterhouseCoopers Inc.

## Attorneys

Werksmans Inc.
PO Box 1474
Cape Town 8000
South Africa

Webber Wentzel (in alliance with Linklaters)
PO Box 61771
Marshalltown
Johannesburg 2107
South Africa

## Investor relations

Eoin Ryan
InvestorRelations@naspers.com
Tel: +1 347-210-4305

## Important information

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.

NASPERS

www.naspers.com

NASPERS
+27 (0)21 406 2121

Street address
40 Heerengracht
Cape Town
8001
South Africa