Delivery Hero

# Annual report 2016

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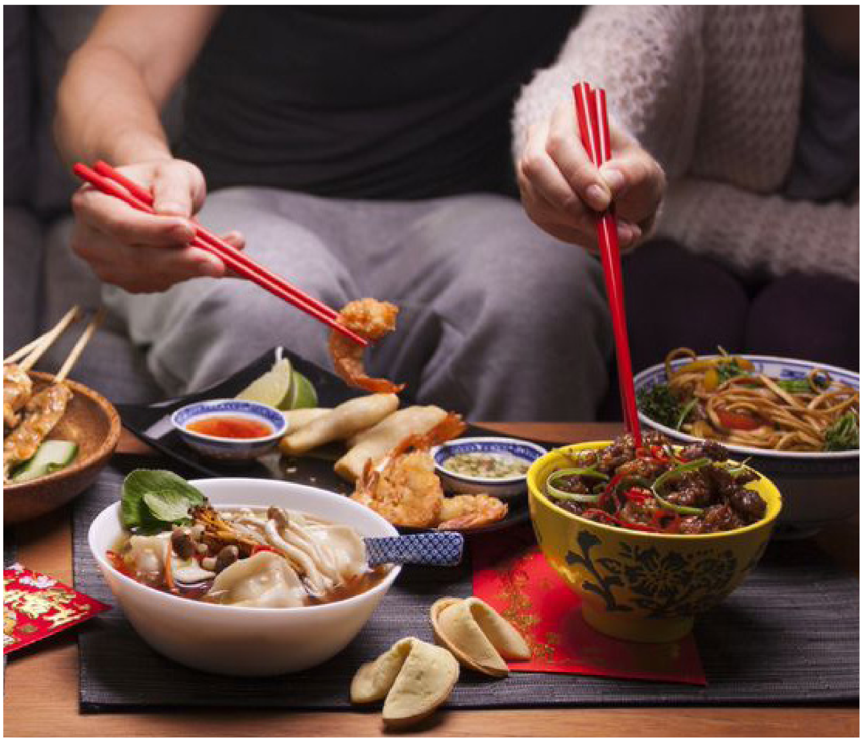
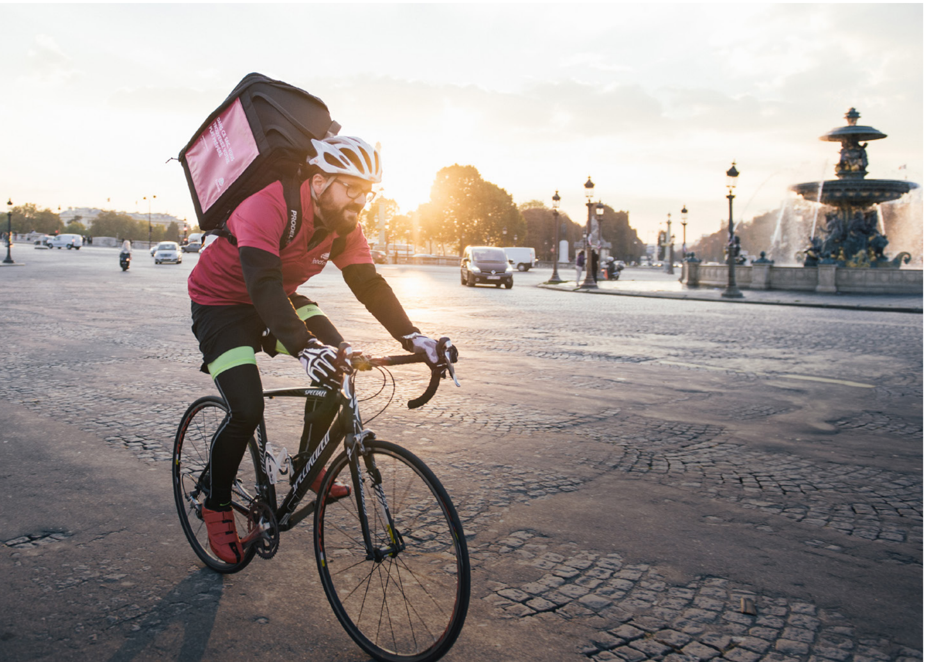
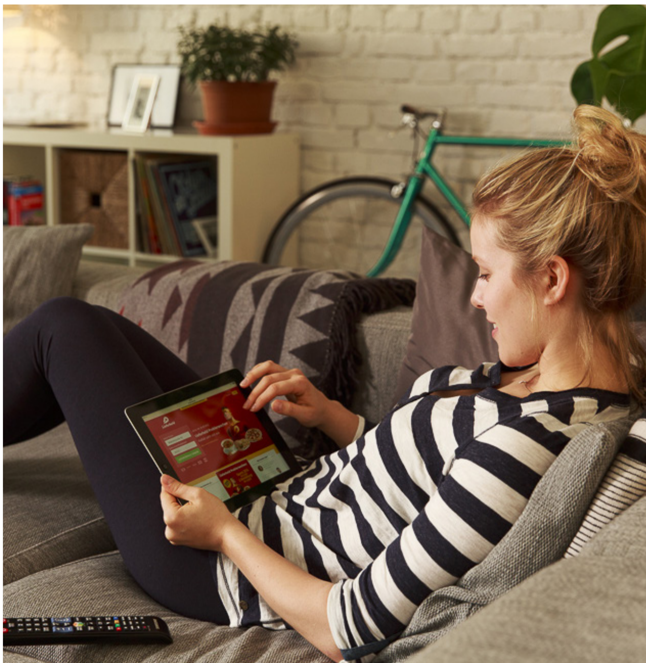
Delivery Hero

# 01.

# Combined Management Report





# A. Group Profile

## 01 BUSINESS MODEL

The Delivery Hero Group (also referred to as Delivery Hero, Group or Company) provides online food ordering services in over 40 countries on six continents. With its services in the online food ordering and online food delivery sectors, it operates in various countries of Europe, Latin and South America, Asia, Africa, North America and Australia.

Over the last few years, Delivery Hero has expanded strongly on the basis of external company acquisitions. Thus in the 2015 financial year, the Group acquired the Yemeksepeti Group in Turkey. As a result, Delivery Hero is now represented in the largest food delivery market in MENA. With its acquisition of the Foodpanda Group in December 2016, Delivery Hero expanded its presence on a global basis. In the process, the portfolio was expanded with 8 Eastern European countries, the geographic footprint considerably extended in various young Asian markets, and also widened in Saudi Arabia, the United Arab Emirates and Egypt.

The Delivery Hero internet platforms are aligned to the local requirements of their customers who choose from a wide range of delivery services in their region and can look at and order from their menus. Orders can be made by app or via the website and subsequently paid either in cash or on non-cash basis. As an option, Delivery Hero offers the catering businesses a delivery and point of sale system in order to immediately view and accept orders made on the platform. In addition, Delivery Hero offers products and services for catering businesses, such as food packaging, as well as advertising and printing services. In addition to the Online Food Ordering sector, with some of its platforms such as foodora, Foodpanda and additional brands, the Group also offers delivery of the food to customers. The driver fleet is coordinated using proprietary dispatch software.

Delivery Hero generates a large portion of its revenue on the basis of orders made. These commissions are based on a contractually specified percentage of the order value. The percentage varies depending on country, type of restaurant and the services provided, as for example the use of a point of sale system, last mile delivery and marketing support. The point of sale system allows catering businesses to immediately view and accept orders made on the platform.

In addition to commissions, Delivery Hero generates additional revenue, e.g. with premium placements. Premium placement means that for a fee restaurants are ranked first among all the listed suppliers in their relevant delivery area. Additional revenue is also generated by advertising campaigns. Delivery Hero also generates revenue on the basis of delivery fees by oncharging transaction fees, such as credit card fees or fees from online payment systems when a charge is levied in certain markets. A small share of total commissions relates to standing charges received.

The parent company Delivery Hero GmbH (also referred to as DH) was founded with its headquarters in Berlin in 2011 and has since expanded its presence worldwide on local markets with various brands. After various acquisitions between 2014 and 2016, as of the reporting date the global scope of consolidation of the Delivery Hero Group was made up of a total of 136 companies (previous year: 106 companies). For further details, refer to Chapter 2.c) of the Report on the Business Situation. Delivery Hero exercises either direct or indirect control over all subsidiaries.

The Delivery Hero Group is managed by Delivery Hero GmbH (previously: Delivery Hero Holding GmbH) which is headquartered in Berlin, Germany. Alongside the management of the Group, Delivery Hero GmbH assumes a range of IT, marketing and other services, in particular commercial and technical consultancy services. In addition, as Group holding Delivery Hero GmbH assumes functions such as Group controlling and accounting, public relations, investor relations, risk management and human resources management.

The management of the Delivery Hero Group uses data of the regional companies in order to develop global corporate strategy, plan and optimize global marketing, coordinate the network of local brands as well as to identify and implement best practices. Delivery Hero supports the local companies in implementing new processes and products on the respective markets. To a large extent, the subsidiaries are managed by the founders and thus have a comprehensive insight into and knowledge about their markets and their cultures. The subsidiaries implement the global strategy on a local basis and have the primary responsibility for the performance of their own brands. The companies within the Delivery Hero Group use innovative and scalable technologies to create a highly transparent order and delivery process for restaurants, customers and drivers.

With financing rounds, Delivery Hero GmbH procures the capital to finance the equity and debt needed to finance the expansion of the operating business. This financing is made either directly in the operating companies or indirectly via an interim holding. Delivery Hero GmbH is headed by a Managing Director with direct reports from further persons as executives for the areas of Strategy, Finance, Marketing, Operations and Information Technology. Furthermore, the management is monitored by an Advisory Board.

The reporting of the business situation of the Delivery Hero Group corresponds in principle to that of the reporting for Delivery Hero GmbH. Additional information on the single-entity financial statements is provided in Chapter E “Supplementary Business Situation Reporting on the Single-Entity Financial Statements of Delivery Hero GmbH”.

## 02 SEGMENTS

The business of Delivery Hero is segmented in four geographical regions. The service range and the individual internet order platforms are aligned to local market circumstances and the competitive situation.

The Group distinguishes between four geographically structured segments

+ Europe
+ MENA (Middle East and North Africa)
+ Asia and
+ Americas

The MENA segment includes Turkey, the Asia segment includes Australia, while Canada is part of the Americas segment.

Delivery Hero is represented with various local brands in over 40 countries. As a result of the Foodpanda acquisition in 2016, 20 geographical markets in Europe, MENA and Asian were added.

## Europe

The Germany, the Group is represented with the brands pizza.de, Lieferheld and foodora. The brands have different target groups. While pizza.de focuses on price-sensitive customer groups such as students, Lieferheld concentrates on customers such as families or young professionals who appreciate a wide range with different options, while foodora operates in the premium segment.

In addition to Germany, the Group is represented in Norway, Sweden, Finland, France, the Netherlands, Austria, the Czech Republic, Italy and Greece and on a local basis with various brands such as OnlinePizza, Pizza Online, mjam, DameJidlo, foodarena and foodora. In addition to Germany, Foodora operates in a large number of large European cities, particularly in Austria, Finland, France, Italy, the Netherlands, Norway and Sweden.

At the beginning of April 2017, Delivery Hero announced a regional partnership with AmRest Holding SE, the largest publicly traded restaurant operator in Central Europe. The partnership gives Delivery Hero the exclusive opportunity to integrate a large number of AmRest's most popular restaurants and brands throughout Poland into its own food delivery platform. As part of the agreement, AmRest will also place its brands onto the Delivery Hero platforms DameJidlo.cz in the Czech Republic and NetPincér.hu in Hungary. As part of the partnership, Delivery Hero is reducing its stake in its restaurant partner Polska Sp. Z o.o. to 49% (stake as of December 31, 2016: 89.71%).

As a result of its acquisition of the Foodpanda Group in December 2016, Delivery Hero extended its portfolio in eight Eastern European countries. Foodpanda is represented in the markets of Bosnia and Herzegovina, Croatia, Bulgaria, Georgia, Hungary, Montenegro, Romania and Serbia with the brands foodpanda, NetPincér, Donesi and Pauza.

## MENA

Operating activities in the MENA segment (including the business of the Foodpanda Group) make a significant contribution to the number of orders and the gross merchandise volume (GMV) of the Group. In the MENA segment, Delivery Hero is represented in the markets of Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, Turkey and Egypt with brands such as Yemeksepeti, Talabat, Foodonclick, Hungerstation, Hellofood and Otlob.

In Turkey, the largest food delivery market in the MENA segment, the Group is represented with the Yemeksepeti brand. Yemeksepeti was founded in 2001 and has been part of the Delivery Hero Group since 2015. Yemeksepeti is the market leader in the Online Food Takeaway segment in Turkey, currently listing more than 10,000 restaurants in Turkey on its platform.

In addition to Turkey, with the Talabat brand the Group is represented in Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. In addition, as a result of the Foodpanda acquisition, the Otlob brand, which was started in 1999, belongs to the Delivery Hero Group. Otlob is the market leader in Egypt and one of the oldest e-commerce platforms in the Near East. Foodpanda also operates with the brands foodpanda and 24h in the United Arab Emirates and is the market leader in Saudi Arabia with Hellofood and Hungerstation.

## Asia

The Group has a significant presence in South Korea. In South Korea the Group operates the Yogiyo and Baedaltong brands. While Yogiyo is a classical website for online food ordering, Baedaltong operates in the click-to-call business. This is designed like an industry directory for restaurants. Via a button on the website, it connects customers directly with the restaurant. In the reporting year, business in Australia has been brought together under the foodora brand.

The acquisition of Foodpanda significantly expands the geographical footprint of the Delivery Hero Group in Asia, allowing access to the growth potential of various young markets such as Bangladesh, Brunei, Hong Kong, India, Malaysia, Pakistan, the Philippines, Singapore, Taiwan and Thailand.

## Americas

In the Americas segment over 10 geographical markets are part of the Delivery Hero portfolio, including Canada, where the Group is represented with the foodora brand. In Latin America, Delivery Hero operates primarily the brands PedidosYa and Clickdelivery, which have been part of the Group since 2014. PedidosYa was founded in 2008 and connects customers and restaurants in Argentina, Brazil, Chile, Panama, Paraguay and Uruguay. Clickdelivery operates in Columbia, Ecuador and Peru. Overall, the Latin American countries have considerable growth potential, something which also includes the online food market.

## 03 MANAGEMENT SYSTEM

Revenue and adjusted EBITDA are the key financial indicators for corporate management. In addition to the key financial indicators, non-financial indicators are also used to manage the company. These are described in more detail in Chapter B.02.e) “Financial and Non-Financial Performance Indicators”.

## 04 RESEARCH AND DEVELOPMENT

Most of the employees in IT work not only in ensuring smooth operations, but also in further developing the order platforms deployed within the Delivery Hero Group on the respective sales markets. These platforms are the key resource for generating revenue across the Delivery Hero Group. High priority is also given to the protection of personal data, security of data and ensuring the protection and scalability of the technology and IT infrastructure. Delivery Hero also cooperates with external partners here.

In the area of Research and Development, Delivery Hero attaches particular importance in providing the user a comfortable, reliable and secure order platform. Also to be covered is the transformation to the increased use of mobile applications. In addition, the development process aims to further push standardization across business operations combined with the automation of business processes. Furthermore, Delivery Hero intends to advance the innovation process in order to market services via additional sales channels, such as smart TVs.

Due to it being difficult to demarcate activities such as maintenance, securing operational availability, ongoing and new development as well as the continuous improvement of the systems, it is not possible to make a quantitative separation of the individual areas. The key structures and the contents of the research and development work in the Delivery Hero Group have not changed in comparison to the previous year.

Total expenses across the Group for the IT department were KEUR 31,337 (previous year: KEUR 19,788). This corresponds to 10.6% of revenue in 2016. Due to the organization of product, development, maintenance and design work within the IT department, a precise allocation of employee figures is currently not possible. It is thus not possible to break down the total expenditure by research and development activities. Development costs are not capitalized. Due to limited human resources capacity and the large number of new developments, third parties are also mandated in respect to development services.

# B. Report on the Business Situation

## 01 GENERAL BUSINESS AND INDUSTRY ENVIRONMENT

For the past reporting year, the International Monetary Fund forecast 3.1% growth for the global economy, slightly below the expectations for the previous year (3.2%)[01]. The generally difficult year for the global economy was marked by a higher level of political uncertainty, stagnating global trade combined with restrained investment expenditure, thus posting a weaker development than had been anticipated.[02]

**Development of gross domestic product by region in %**

| Region[3] | 2016 | 2015 |
|---|---|---|
| Worldwide | 3.1 | 3.2 |
| Eurozone | 1.7 | 2.0 |
| MENA | 3.2 | 2.1 |
| Turkey | 2.7 | 4.0 |
| Asia | 6.5 | 6.6 |
| Latin America | -1.3 | -0.3 |

With expected growth of 1.7% in 2016, the Eurozone also generated lower growth than the 2.0% achieved in the previous year[04]. This was due to the fact that momentum slowed in respect to domestic consumption and exports[05]. In the emerging and developing countries, unchanged growth of 4.1% was forecast.[06]

For 2016, there was moderate growth for the most important markets in Europe in which Delivery Hero operated. In Germany, year-on-year price-adjusted gross domestic product growth was 1.8%. Finland at 1.6% and the United Kingdom with 1.8% achieved similar growth rates. Only Sweden at 3.1% is growing considerably more strongly than the Eurozone countries.[07]

*01 International Monetary Fund*
*02 World Bank*
*03 Internationaler Währungsfonds; Asien insgesamt und Lateinamerika insgesamt: Institut für Weltwirtschaft an der Universität*
*04 International Monetary Fund*
*05 World Bank*
*06 International Monetary Fund*
*07 Kiel Institute for the World Economy*

In Asia and Australia growth in comparison to the previous year remained essentially unchanged. Thus gross domestic product growth was 6.8% in the Philippines, 3.2% in Thailand, 4.3% in Malaysia, 2.7% in South Korea and 2.3% in Australia.[08]

In the Latin American markets, there was a mixed picture for economic development in 2016. While countries such as Peru and Columbia increased strongly at 3.9% and 2.0% respectively, internal political difficulties took a considerable toll in Brazil where gross domestic product declined by 3.6%.[08] In Argentina gross domestic product also moved downwards (by 2.3%).[09] Growth in countries of the Gulf Cooperation Council (GCC), which largely corresponds to the markets in which Delivery Hero operates, was 1.7%, much lower than the figure of the previous year (3.4%), while the MENA region posted growth of 3.2% (previous year: 2.1%).[10] After the strong trend in 2015, growth in Turkey slowed. The country achieved a growth rate of 2.7% (previous year: 4.0%)[11].

In the European markets particularly relevant for the Delivery Hero Group, price-adjusted private consumer spending developed in line with economic growth. For example, in Germany it rose by 2.0% compared to the previous year.[12] In the Eurozone, consumer spending of private households rose even more strongly, by 2.6% in comparison to the previous year.[13]

In each individual market, there are frequently strong competitors. Key competitors in Europe are the Takeaway Group, Netherlands, with its brand Lieferando.de in Germany, JUST EAT in Great Britain, Belgium, Italy, the Netherlands, Norway or Switzerland and the British Deliveroo Group in European countries such as the Netherlands, France, Germany, Spain and Italy. Deliveroo also operates in Asia in Hong Kong and Singapore, as well as in MENA in the United Arab Emirates. Via its subsidiary UberEATS, the US group Uber also entered the market in various large European and Asian cities.

In MENA, in May 2016 the Carriage platform was launched on the market. It is operated by the Kuwait-based Carriage Logistics General Trading Company. A key competitor of Carriage is Talabat. Other important competitors in MENA are Deliveroo and Zomato in the United Arab Emirates. The largest competitors in Asia include Baedal Minjeok in South Korea.

On a global basis, the market for online food orders is intensely competitive. The key target group is households with medium and high incomes. In addition, restaurant chains are increasingly offering online order services for their products. However, in many countries Delivery Hero has been able to establish a dominant position, which it further expanded in this financial year. From the Group's perspective, there are three important global trends which impact and accelerate the growth and size of the online food delivery markets. These are the increasing number of people who order prepared food instead of cooking themselves, the sustained trend of having products delivered "on-demand" to the home or the workplace and a general behavioral change away from offline processes to online among consumers. These three trends influence both the size and the growth of the online food delivery market on a sustained basis.

*08 Kiel Institute for the World Economy*
*09 Kiel Institute for the World Economy*
*10 International Monetary Fund*
*11 International Monetary Fund*
*12 Federal Statistical Office*
*13 European Central Bank*

# 02 BUSINESS PERFORMANCE

## a) Revenue

In 2016, Delivery Hero continued its strong growth in its core business. Revenue (without discontinued operations) at KEUR 297,026[14] (previous year: KEUR 166,157) was 79% up on the previous year. Contributory factors included the 2015 acquisitions of the Yemek and Talabat Groups (which were included on a full-year basis in the consolidated financial statements for the first time) and growth at foodora. Thus the 60% revenue upturn forecast (after adjustment for currency effects) was exceeded.

The organic growth was driven primarily by new users and the resulting rise in the number of orders.

## b) Financing Measures

Key financing measures in the 2016 financial year were taking up loans. Thus at the beginning of the financial year, the Group was provided a long-term loan of EUR 120 million. As a result, the Group was able to pay back a loan which had a higher interest rate. Furthermore, Delivery Hero was provided with further loans to finance growth by a partner. These are also long term.

14 *Unless otherwise stated, all figures have been rounded to the nearest EUR thousand (KEUR). For computational reasons, there may be rounding differences to the exact mathematical values in tables and references.*

## c) Acquisitions

In December 2016, Delivery Hero made a full acquisition in Emerging Markets Online Food Delivery Holding S.á.r.l. (also referred to as EMO Food Group or Foodpanda Group) headquartered in Luxembourg and subsidiaries in the context of a non-cash capital increase.

The EMO Food Group acquisition results in material changes to the Group's financial performance and financial position. As part of the transaction, cash and cash equivalents of EUR 132.4 million were acquired. The acquisition of the Foodpanda companies considerably increased user figures as well as the number of restaurants connected across the Group as of the reporting date. As a result of the intangible assets acquired, Group non-current assets surged. In the acquisition the focus was the global strategic positioning. As a result of the acquisition of the Foodpanda Group, companies in an additional 20 countries extend the geographical portfolio at Delivery Hero.

## d) Discontinued Operations

In December 2016, Delivery Hero announced the planned transaction with JUST EAT plc on the disposal of the hungryhouse Group and made a contractual agreement on the matter. As a result, the hungryhouse Group is reported separately under discontinued operations in the consolidated financial statements. The sale of the hungryhouse Group is subject to the necessary anti-trust approval by the United Kingdom's Competition and Markets Authority (CMA). Delivery Hero anticipates that approval will be granted during the course of the 2017 financial year.

According to the agreement concluded, the sale price comprises a fixed purchase price component of GBP 200 million payable in cash and a contingent purchase price component of between GBP -30 million up to GBP +40 million payable in cash. The payment of the contingent purchase price component depends on the financial performance of the hungryhouse Group in the period between the conclusion of the purchase agreement and the closing of the transaction.

## e) Financial and Non-Financial Performance Indicators

Revenue is an important financial indicator for Delivery Hero. This reflects the possibility for service sales on the markets and makes it possible to determine the Group's competitive position. Another key financial performance indicator used for management purposes is adjusted EBITDA at the level of the subsidiaries and at Group level. For the definition of adjusted EBITDA, please refer to the comments below and the explanations in Section C.01.b).

For the 2016 financial year, the financial performance indicators (revenue and adjusted EBITDA) were as follows:

| Revenue in KEUR | 2016 | 2015 |
|---|---|---|
| Europe | 140,596 | 91,719 |
| MENA | 75,539 | 30,492 |
| Asia | 49,303 | 32,068 |
| Americas | 24,828 | 11,427 |
| **Revenue of reporting segments** | **290,266** | **165,706** |
| Consolidation measures | 0 | -46 |
| Reconciliation effects | 6,760 | 497 |
| **Group revenue** | **297,026** | **166,157** |

| Adjusted EBITDA in KEUR | 2016 | 2015 |
|---|---|---|
| Europe | -47,543 | -25,662 |
| MENA | 21,186 | -504 |
| Asia | -25,106 | -53,226 |
| Americas | -19,739 | -29,408 |
| **Adjusted EBITDA of the operating segments** | **-71,202** | **-108,799** |
| Consolidation measures | -616 | -2,028 |
| Management adjustments | -11,211 | -9,622 |
| Expenses for share-based payment | -15,759 | -31,490 |
| Other reconciliation effects | -8,126 | -3,187 |
| Depreciation | -52,935 | -43,684 |
| Interest and finance income/costs | -42,458 | -47,836 |
| **Earnings before income taxes from continuing operations** | **-202,307** | **-246,646** |

Management adjustments relate to costs for services in connection with corporate transactions and financing rounds of KEUR 6,268 (previous year: KEUR 7,388), costs for the achievement of capital market viability of KEUR 2,398 (previous year: KEUR 613), costs for reorganization measures of KEUR 1,765 (previous year: KEUR 1,047) and costs for the implementation of information technologies of KEUR 780 (previous year: KEUR 574).

Other reconciliation items include non-operating income and expenses. In 2016, material items in this position included losses from the disposal of subsidiaries of KEUR 1,511 (previous year: KEUR 223), impairment losses on receivables and other assets of KEUR 2,946 (previous year: KEUR 2,523) and expenses for non-income taxes of KEUR 2,591 (previous year: KEUR 578). This was countered by non-operating income in 2015.

For more detailed information on the reconciliation of segment revenue to Group revenue and the reconciliation of adjusted EBITDA of the reporting segments to earnings before income taxes from continuing operations, refer to the presentation in the notes to the financial statements.

In the non-financial area, the number of orders in the financial year and the gross merchandise volume (GMV) are the most important performance indicators.

+ Number of orders: This performance indicator records the number of orders made by end customers in the time period described.

+ GMV: This performance indicator shows the value of goods (including sales tax) provided to the restaurants and is used as the basis for commissions.

Non-financial performance indicators developed as follows in the reporting year:

| **Non-financial performance indicators** | **2016** | **2015** | **Change** |
|---|---|---|---|
| **No. of orders in thousand** | | | |
| Europe | 51,647 | 38,961 | 12,686 |
| MENA | 69,988 | 31,692 | 38,296 |
| Asia | 29,549 | 22,809 | 6,740 |
| Americas | 19,563 | 9,877 | 9,686 |
| **Total** | **170,747** | **103,339** | **67,408** |

| | | | |
|---|---|---|---|
| GMV in KEUR | | | |
| Europe | 850,728 | 663,395 | 187,333 |
| MENA | 784,031 | 334,141 | 449,890 |
| Asia | 457,309 | 308,801 | 148,508 |
| Americas | 231,761 | 124,067 | 107,694 |
| **Total** | **2,323,829** | **1,430,404** | **893,425** |

In the 2016 financial year, the number of orders increased year on year by 65.2%, or almost 68 million orders. Thus the forecast which indicated a growth upturn exceeding 30%, was easily surpassed, due largely to acquisitions.

## f) Business Development

Higher revenue is due primarily to the strong rise in the number of orders, both from new and from existing customers. Intensified marketing and sales activities also made a positive contribution to this trend. Alongside classical advertising, such as television spots and online advertising, marketing cooperations were entered into so as to position the respective brands on the local markets in a way to garner publicity. In addition, continuous improvements in products and processes resulted in a better customer experience. This resulted in stable, even increased repeat buying rates, making a material contribution to the growth of the Delivery Hero Group.

In the reporting year, it was particularly the Delivery and Sales segments at Delivery Hero which were reinforced. In the wake of the rapid growth at the operating country companies, the IT department was again strengthened to create structures for further growth from operating business. Furthermore, in the country companies, processes were analyzed with the objective of finding optimization potential. In the Customer Services area, ongoing investments in excellent customer support were made globally. In addition, as a result of an improved exchange between the Group holding and the respective country companies, synergies were discovered and leveraged. This will impact positively on the future customer experience.

Against the background of the strong organic revenue growth in 2016, it is the management's opinion that business developed favorably. The management feels that the positive operating trend reinforces its view that the services of the Delivery Hero Group represent an attractive product on a global basis for which there remains high demand potential.

## 03 EMPLOYEES

The average number of employees increased from 2,843 in 2015 to 6,848 in 2016.

By individual functional area, the situation is as follows:

| Functional area | 2016 | 2015 | Change |
|---|---|---|---|
| Delivery | 3,698 | 432 | 756 % |
| Marketing & Sales | 1,875 | 1,573 | 19 % |
| IT | 449 | 401 | 12 % |
| Management | 73 | 59 | 24 % |
| General administration | 753 | 378 | 99 % |
| **Total** | **6,848** | **2,843** | **141 %** |

This increase which occurred primarily in the Delivery, Sales and General Administration segments was a result of the company acquisitions that were reported on a full-year basis for the first time in the reporting year and the expansion of the Delivery business under the foodora brand in the reporting year. In addition, operating activities were expanded across the Group, something that was continued in 2016. As of December 31, 2016, the Group employed 9,209 staff (previous year: 5,170).

# 04 BUSINESS SITUATION

## a) Earnings Situation

The earnings situation of the Group from continued operations is shown below in the condensed statement of comprehensive income:

| **Continuing operations in KEUR** | **2016** | **2015** | **Change** |
|---|---|---|---|
| Revenue | 297,026 | 166,157 | 79 % |
| Cost of sales | -84,301 | -29,327 | 187 % |
| **Gross earnings** | **212,725** | **136,830** | **55 %** |
| Selling expenses | -253,912 | -220,312 | 15 % |
| General administrative expenses | -100,898 | -107,895 | -6 % |
| Other operating income | 2,156 | 1,198 | 80 % |
| Other operating expenses | -19,920 | -8,630 | 131 % |
| Interest and finance income / costs | -42,458 | -47,836 | -11% |
| **Earnings before taxes (EBT)** | **-202,307** | **-246,646** | **-18 %** |
| ***EBT margin in %*** | ***-68.1 %*** | ***-148.4 %*** | ***-54 %*** |

In the financial year, revenue of the Delivery Hero Group increased by KEUR 130,869. Growth was driven primarily by organic growth. The reason for this revenue upturn is the significantly increasing number of food orders via the online platforms. The number of orders rose from 103.3 million in 2015 to 170.7 million in the reporting year. Key revenue positions were commissions (KEUR 217,265), premium placements (KEUR 29,893) and delivery fees (KEUR 15,934). An analysis of revenue from a geographical perspective shows that a large portion of revenue was generated in Germany (KEUR 72,667), followed by Korea (KEUR 40,830) and Turkey (KEUR 39,757).

An assessment at segment level shows higher revenue of KEUR 48,877 in Europe, of KEUR 45,047 in MENA, of KEUR 17,235 in Asia and of KEUR 13,401 in the Americas. The key revenue drivers are the regions Europe at KEUR 140,508 and MENA at KEUR 75,539.

Cost of sales rose by KEUR 54,974, more quickly than revenue. The trend resulted chiefly from the rise in delivery costs due to expanding the delivery business by KEUR 40,729. This was due to the strong growth of the foodora Group which was consolidated for a full-year basis for the first time in 2016.

Of the increase in selling expenses, KEUR 22,050 relates to marketing expenses and KEUR 11,549 to IT expenses. The strongest impact on selling expenses were costs for TV and radio advertising with a share of KEUR 108,255 (previous year: KEUR 119,241) and expenses in relation to acquiring restaurants of KEUR 56,186 (previous year: KEUR 34,281). The IT expenses of KEUR 22,364 (previous year: KEUR 16,753) relate primarily to staff costs generated in connection with the further development of order platforms.

Administrative expenses of KEUR 100,898 were largely in line with the previous year (KEUR 107,895). The decline in expenses relating to share-based payment offset the increase in other personnel expenses, in rent and leasing expenses and in expenses for other taxes.

While other operating income was at the level of the previous year, other operating expenses increased from KEUR 8,630 in the previous year to KEUR 19,920 in the reporting year. The increase in other operating expenses resulted mainly from the write-down on the goodwill of Delivery Hero Germany GmbH.

Depreciation and amortization relate primarily to depreciation on intangible assets such as brands and customer relationships, acquired in the context of company acquisitions over the last few financial years as well as depreciation on property, plant and equipment. The increase in depreciation and amortization results mainly from the full-year recording of depreciation and amortization of intangible assets acquired during the previous year.

For the impact of exchange rates, please refer to Chapter I.02.e) of the notes to the financial statements.

The negative adjusted EBITDA of the reporting segments improved against the previous year by 34.6% to KEUR -71,202 (previous year: KEUR -108,799). As a result of the ongoing growth strategy, particularly in the area of the foodora Group, in the reporting period negative adjusted EBITDA of the Europe segment increased by 85.3% to KEUR -47,543 (previous year: KEUR -25,662), while adjusted EBITDA in the MENA segment MENA improved by KEUR 21,690 to KEUR 21,186 (previous year: KEUR -504). The positive development in the MENA segment was the result primarily of the platform business of the Yemeksepeti and Talabat brands. In the Asia and Americas segments, negative adjusted EBITDA improved by 47.9% and 41.6% respectively to KEUR -27,952 (previous year: KEUR -53,692) and KEUR -16,893 (previous year: KEUR -28,942). For further information on adjusted EBITDA, please refer to Chapter B.02.e).

## b) Financial Position

The financial position of the Group is shown on the basis of the following condensed statement of cash flows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Cash and cash equivalents at the beginning of the financial year | 160,150 | 32,829 |
| Cash flow from operating activities | -95,986 | -146,866 |
| Cash flow from investing activities | 111,846 | -257,465 |
| Cash flow from financing activities | 58,411 | 533,306 |
| Effect of exchange rate movements on cash and cash equivalents | -3,567 | -1,654 |
| Net change in cash and cash equivalents | 74,270 | 128,976 |
| **Cash and cash equivalents at the end of the financial year** | **230,853** | **160,151** |

The negative cash flow from operating activities results primarily in cash flow from operating business as a result of the high marketing investments and higher current assets due to the Group’s strong growth.

Cash flow from investing activities in 2016 mainly comprises the acquisitions presented in Section D.2 of the notes to the consolidated financial statements and investments in intangible assets (such as software licenses) and property, plant and equipment. Due to the business model, investment activity in property, plant and equipment across the Group is relatively low, as capital is invested primarily in intangible assets. Investments in the context of company acquisitions relate primarily to the cash and cash equivalents acquired (KEUR 132,444) where the non-cash components offset the consideration made.

In 2016, cash flow from financing activities reflects primarily payments from borrowings taken up. These measures contributed to securing the financing of operating activities in the Delivery Hero Group.

The capital structure of the Group is made up of equity amounting to KEUR 892,208 (previous year: KEUR 765,492), as well as non-current and current liabilities of KEUR 502,690 (previous year: KEUR 443,239) and KEUR 237,252 (previous year: KEUR 180,714). Of the trade payables and other liabilities KEUR 127,792 (previous year: KEUR 111,180) relate to current liabilities and KEUR 264,958 (previous year: KEUR 295,574) to non-current liabilities. To the end of the financial year, there were non-current liabilities to banks of KEUR 116,403 (previous year: KEUR 0), which were taken up to repay a loan which had a higher interest rate. The loan has a variable interest rate and has been extended in euro. For further information on the capital structure, please refer to the comments on the financial performance in Chapter B.04.c.).

In 2016, the solvency of the parent company and the subsidiary was ensured at all times, particularly as a result of payments by the partners in the context of loans extended and by taking up a bank loan.

In 2018, loan liabilities to various lenders totaling KEUR 272,975 are due for payment.

Part of the loan repayment is to come from the purchase price payment for the planned disposal of the investment in the hungryhouse Group. This sale is conditional on the approval of the United Kingdom's Competition and Markets Authority (CMA).

If the anti-trust authorities do not grant their approval, the management is of the opinion that the partners or further potential investors or other providers of capital will provide the liquid assets required for continuing the parent company, the subsidiaries and thus the Group, especially for the repayment of loans and thus is accounting on a going concern basis.

The continuation of the operating activities of the Group and the parent company and subsidiaries on a going concern basis thus depends on implementing further measures to secure capital and equity by the partners, potential investors or other providers of capital. Furthermore, the recoverability of the reported goodwill depends on the occurrence of the underlying assumptions made in respect to revenue and EBITDA growth.

As of the reporting date, the cash and cash equivalents reported are not subject to any material restrictions on disposal. Due to local currency controls in Argentina, transferring capital to other countries may be restricted.

As of December 31, 2016, there are unutilized credit facilities provided by third parties of KEUR 25,000 (previous year: 0).

## c) Financial Performance

Financial performance is shown on the basis of a condensed statement of financial position:

| Changes in KEUR | Dec. 31, 2016 | Share | Dec. 31, 2015 | Share | Change |
|---|---|---|---|---|---|
| Non-current assets | 1,334,941 | 82 % | 1,196,075 | 86 % | 138,866 |
| Current assets | 297,209 | 18 % | 193,370 | 14 % | 103,839 |
| **Total assets** | **1,632,150** | **100 %** | **1,389,445** | **100 %** | **242,705** |

| Liabilities and equity in KEUR | Dec. 31, 2016 | Share | Dec. 31, 2015 | Share | Change |
|---|---|---|---|---|---|
| Equity | 892,208 | 55 % | 765,492 | 55 % | 126,715 |
| Non-current liabilities | 502,690 | 31 % | 443,239 | 32 % | 59,451 |
| Current liabilities | 237,252 | 15 % | 180,714 | 13 % | 56,538 |
| **Total liabilities and equity** | **1,632,150** | **100 %** | **1,389,445** | **100 %** | **242,705** |

Group gross assets increased by 17%, largely due to acquisitions. Financing for the additional assets was provided largely by equity contributed in the wake of the transfer of the Foodpanda Group.

The chief element of gross assets remains non-current assets, which in turn are largely intangible assets. As of the reporting date, the key intangible assets related to goodwill at KEUR 702,214 (previous year: KEUR 519,558) to brands at KEUR 437,001 (previous year: KEUR 489,845) and to customer and supplier relationships at KEUR 148,047 (previous year: KEUR 146,140). In 2016, investments in property, plant and equipment amounted to KEUR 9,297 (previous year: KEUR 5,024).

In 2016, the considerable increase in current assets of KEUR 138,866 was driven largely by an expansion of operating activities and the resulting rise of current accounts receivable and the inflow of cash and cash equivalents in the wake of the Foodpanda Group acquisition. The increase in cash and cash equivalents by KEUR 70,703 resulted in current assets moving higher.

The equity and liabilities side now is made up of equity and primarily of non-current loans. Current liabilities make up only 15% (previous year: 13%) of the consolidated balance sheet total. Primarily as a result of the non-cash capital increase as part of the acquisition of the Foodpanda Group, equity increased 2016 by KEUR 378,658. The negative consolidated comprehensive income of KEUR -256,519 (previous year: KEUR -287,168), partially offset this increase. In the reporting year, the equity ratio remained stable at 55%. As of the reporting date, KEUR 9,607 of the equity relates to non-controlling interests.

As of the reporting date, non-current liabilities relate primarily to deferred tax liabilities KEUR 108,061 (previous year: KEUR 138,671), which can be largely allocated to the intangible assets acquired in the course of company acquisitions and loans of KEUR 347,162 (previous year: KEUR 266,556), provided in the course of company acquisitions and to finance general business operations. At the beginning of the reporting year, the Delivery Hero Group was provided long-term financing of KEUR 120,000 by a banking consortium which was used to repay existing loans on which higher interest was paid.

The increase in current liabilities is due primarily to the higher level of operating activities.

## d) Overall Assessment

In summary, the management assesses the financial position, financial performance and earnings situation as positive and in view of the considerable expansion in the reporting year in line with expectations. As a result of the acquisition made in the reporting year, the DH Group considerably improved its financial performance. In addition, on April 1, the Company announced a regional partnership with AmRest Holding SE, the largest publicly traded restaurant operator in Central Europe. This cooperation will allow Delivery Hero to integrate the most popular restaurants and brands of AmRest in Poland and the brands in the Czech Republic and Hungary into its own food delivery platforms.

Due to expanding business and fierce competition in many markets, the Group is still generating losses. However, due to the growth strategy this is as indicated in the budget planning. As of the reporting date, the Group had considerable equity and its equity ratio was stable, almost unchanged to the previous year.

Revenue increased in the reporting year by 79%, driven primarily by the high number of orders. As a result, despite negative currency effects, the increase was well over the anticipated 60% (after adjustment for currency effects). This also includes the non-organic revenue growth from the company acquisitions made in 2015.

The Delivery Hero Group also achieved its objective of further improving EBITDA. However, at KEUR -106,914, it was outside the forecast corridor in the reporting year

# C. Outlook, Opportunities and Risks

## 01 OUTLOOK

### a) Future General Business and Industry Situation

For the global economy an increase of gross domestic product of 3.5% is anticipated for 2017 (after 2.9% in 2016).[15] Despite new political uncertainties, a moderate risk in global GDP is expected. In the advanced economies, the economy is gaining momentum. Overall, the expansion contribution of emerging countries is rising, even though structural problems remain. Important risks for the global economy remain an economic slump in the Chinese economy and the massive monetary expansion policies of various central banks.[16]

For Germany, the German Institute for Economic Research has increased its forecast for 2017 to 1.4%, basing this on the ongoing upturn in employment. On the other hand, higher inflation impacts private consumption negatively.

For the European Union, moderate expansion of 1.9% is forecast for 2017. After the decision to exit the EU, the economy in the United Kingdom has not slowed as had been expected. In the other countries of the EU, a strong economic development overall is anticipated.[17]

In the South-East Asian emerging countries, expansion is stable overall. For this reason, a strong growth level of 6.2% is expected, as was the case in the previous year. After two years of recession, the economy in Latin America is recovering only slowly. For 2017, growth of 0.7% is forecast. Within this group, growth of 2.5%, 2.2% and 3.8% is expected for Argentina, Columbia and Peru respectively, while in Brazil gross domestic product is slated to contract by 0.7%.[18]

For the countries of the Gulf Cooperation Council (GCC), growth of 2.3% is anticipated for 2017, while for MENA growth of 3.2% is being forecast.[19] For Turkey in 2017, the anticipation remains of moderate growth amounting to 2.9%.[20]

Over the course of the next few years, it is anticipated that the global market for food delivery services will continue to achieve average annual growth of 3.6%.[21] The key drivers of this trend are increasing urbanization, a further increase in the number of households with medium income levels and rising consumer spending. What is more, the ongoing increase of internet penetration is a factor driving further growth for the market of online delivery service relevant for Delivery Hero. Currently the global market for food delivery services breaks down across the regions of Asia and the Middle East at approximately 37%, Europe at roughly 32%, North America at 23% and Latin America with some 7%, but with expected market growth of 4.2% has the highest growth rates.[22] A sub-area of the market for food delivery services is the market for internet food delivery services.

15 *Kiel Institute for the World Economy*
16 *Kiel Institute for the World Economy*
17 *Kiel Institute for the World Economy*
18 *Kiel Institute for the World Economy*
19 *International Monetary Fund*
20 *International Monetary Fund*
21 *McKinsey & Company*
22 *McKinsey & Company*

Here orders are made online using specially established order platforms. For this comparably young market segment, the Group expects higher growth rates than for the classical delivery market of telephone orders.

## b) Future Development of the Group

For the 2017 financial year, the management of the Delivery Hero Group anticipates that both the number of orders and the number of connected restaurants will increase further. In 2017, these increases will be underpinned by ongoing promotion with concentrated marketing measures, targeting not only continuous use of the order platform by existing customers but also generating new customers. Thus the objective for 2017 is to increase the number of orders by more than 30% in comparison to the previous year. The number of restaurants connected on the platforms (restaurants online) is set to be increased slightly in 2017, thus supporting the number of orders and thus revenue growth.

In the wake of these measures, for the 2017 financial year the management anticipates a considerable revenue upturn (adjusted for reporting the hungryhouse Group as discontinued operations). Alongside organic growth within the Group, this increase should also be fueled by the acquisition of the Foodpanda Group which took place at the end of 2016.

For the 2017 financial year, the management anticipates that a considerable decline of the negative adjusted EBITDA will be achieved. Adjusted EBITDA the earnings from continuing operations before income taxes, finance income/costs, depreciation and amortization and non-operating earnings effects. Non-operating earnings effects comprise particularly (i) expenses for share-based payment, (ii) expenses for services in connection with corporate transactions and financing rounds, reorganization measures, the implementation of information technology and the achievement of capital market viability and (iii) other non-operating expenses and income, especially the net result from the disposal of fixed assets, the net result from the sale and discontinuation of subsidiaries, impairment on other receivables and non-income taxes. As the corresponding adjustment effects are not subject to planning, the (non-adjusted) EBITDA and thus profits (determined in line with the Accounting Guidelines of the company) cannot be calculated. In addition, the anticipated adjusted EBITDA is to be adjusted for the effects of the discontinued operations of the hungryhouse Group.

To the end of the 2016 financial year, the scope of consolidation changed considerably in comparison to the previous year as a result of the acquisition of the Foodpanda Group and will also change in 2017 on the basis of the planned disposal of the hungryhouse Group which is currently subject to the decision from the CMA. At this moment in time, it cannot be assessed how the integration of the Foodpanda Group will impact the earnings trend in the Group. Over the next few years, the companies of the Foodpanda Group will make a material contribution to revenue across the Delivery Hero Group. Due to ongoing investments on the part of the subsidiaries, a negative contribution to the Group’s earnings position is expected for the next financial year. Both the acquisition of the Foodpanda Group and the planned disposal of the hungryhouse Group can impact adjusted EBITDA - in a positive and a negative fashion.

Due to the comparatively short company history of the Group and the fact that Delivery Hero is operating in a relatively new market, any forecast on the earnings trend is subject to considerable uncertainty. Adjusted EBITDA is dependent not only on factors that can be impacted by Delivery Hero, but also by those over which it has no influence. For example, if the Group were forced to defend its position against new competitors in specific markets or to react to revenue downturns, then measures which may not have been scheduled previously may have to be implemented (e.g. increasing marketing expenditure) which can result in a negative development of adjusted EBITDA which deviates considerably from the previous estimate.

### c) Overall Assessment from the Management

Overall, the development of business for the 2016 financial year and the general situation are regarded as positive. The Delivery Hero Group achieved its growth targets and considerably strengthened its capital basis, meaning that the Group is also in a position to finance future growth.

The assumptions on the economic development of the market and the industry are based on assessments which the management of the Delivery Hero Group considers realistic in line with currently available information. However, these estimates are subject to uncertainly and bring with them the unavoidable risk that the forecasts do not occur, either in terms of direction or in relation to extent. The forecast for the forecast period is based on the composition of the Group at the time the financial statements were prepared.

The activities of Delivery Hero are subject to various risks which are described in the Risk Report. As far as possible, measures are taken to provide protection against current and potential risks. In the medium term, it is expected that the market position of Delivery Hero will be further strengthened.

## 02 RISK REPORT

The Risk Report deals with the business risks which the Delivery Hero Group considered itself exposed to in the 2016 financial year and at the reporting date and covers a period of at least one year.

The risks in the following report are shown in the order of their impact on the Group (gross impact).

Despite its strong growth, the Delivery Hero Group still depends on external funding. For this reason, turbulence on financial markets could impact negatively on the financial possibilities of Delivery Hero GmbH in respect to its operating activities. Open questions on the economic and institutional stabilization of the Eurozone, the expansive monetary policy of large central banks worldwide and the unresolved debt problems in numerous industrial and developing countries result in considerable risks. What is more, business operations in Argentina represent a not inconsiderable risk in respect to potential hyperinflation. However, the management assesses the risks to the business of the company from the current political situation in Turkey as low.

In 2016, Delivery Hero GmbH secured funding in the context of capital increases, thus making it possible to finance the operating activities of the operating subsidiaries in 2016. In addition, a long-term financing agreement was concluded with an international banking consortium making it possible to repay higher interest liabilities. Furthermore, there are unutilized credit facilities at the level of Delivery Hero GmbH.

The continuation of the parent company, the subsidiaries and the Group on a going concern basis depends on implementing further measures to secure capital and equity by the partners of the parent company, potential investors or other providers of capital. For more information on this, refer to the comments in Chapter B.04.b).

To generate revenue, Delivery Hero is strongly dependent on the functionality, security and stability of various websites, in particular, online order platforms. Downtimes and disruptions, e.g. caused by hacker attacks would result directly in lost sales, and in the medium term damage the reputation of the company. Risks are posed here particularly from the numerous platforms developed with a high level of technology. Even small changes to their sensitive systems could impact considerably in terms of higher error rates or even result in downtime. To avoid damage, best practice processes are increasingly being used. What is more, internal controls and employee IT expertise are being extended. Before publication, proprietary software is examined in the context of a quality assurance process. Methods used to provide defense against external attacks include the use of external service providers, redundant systems and regular stress tests. Within an incident management process, a systematic search is made for the causes of malfunctions and measures are worked on to ensure they are permanently rectified.

The Delivery Hero Group operates on a global basis and is subject to respective national legislation and regulations. Changes to the existing legal situation could impact the operating activities of the relevant country companies. In addition, there are also tax risks which could impact the financial situation of the companies. For the tax risks for which liabilities must be reported as of the reporting date, provisions were established, taking into account the assessment of the respective probability of occurrence. The actual utilization of these provisions depends on whether, and to what extent, the risks materialize.

There are risks for the Delivery Hero Group resulting from expected legal disputes from the Group's operating activities. For the legal disputes pending as of the reporting date, provisions were established, taking into account the assessment of the respective probability of occurrence. The actual utilization of these provisions depends on whether, and to what extent, the risks materialize. The level of provisions for legal disputes is of subordinate importance.

For individual receivables there is a default risk, for example, if a customer fully or partially defaults. This default risk is minimized by controlling the level of receivables before Sales accepts a new order and by offsetting the cash accepted on behalf of the customer. In addition, the Group is endeavoring to increase the share of online payments, further reducing the default risk. This measure is used to limit the level of onerous contracts and to reduce them further if possible. The management considers the result of a default on receivables as low and wants to advance the level of professionalism in the dunning system.

For the Group, risks also result from fraud with various payment options. In the context of fraud management, order activities are monitored in order to identify and prevent cases of fraud. In addition, at the operating units increased efforts are being made to outsource the fraud risk. For the above reasons, the management of the Delivery Hero Group assesses the risks from fraud as low.

The industry environment continues to be marked by a high level of competition, also due to low barriers to market entry. In addition, restaurant chains such as Domino's Pizza are increasingly offering online order services for their products. The Delivery Hero Group tries to offer its end customers across the globe the best buying experience with the highest level of convenience and the greatest choice, thus differentiating itself from the competition. Consequently, the management anticipates that the Group can assert its position successfully on the market, despite the strong competition. As the Delivery Hero Group was one of the first movers in many markets, the risk of predatory competition is assessed as relatively low.

The Group assesses the risk from integrating purchased companies into the Group as relatively low, as the operating activities remain largely unchanged in these companies and only administrative functions are centralized.

For the Delivery Hero Group, there are risks not only from external development but also from internal processes. Weakened consumer spending from private households could negatively impact Group revenue. However, in view of the modestly positive forecasts for the global economy in 2017, the management assesses the danger of a downturn in consumer spending as low.

In summary, the Delivery Hero Group exhibits an elevated risk which is normal for start-ups. The break-even at Group level has not been reached. As a result, the Group is dependent on external financing. Even though there has been strong revenue growth, there is still considerable growth potential. The management thus assumes that until the break-even is reached, it will be possible to access external financing.

## 03 OPPORTUNITY REPORT

The Opportunity Report deals with the business opportunities which can result for the Delivery Hero Group during the course of the year following the reporting date.

The opportunities in the following report are shown in the order of their impact on the Group.

In the gastronomy sector, alongside take-away the home delivery market is regarded as the trend with above-average growth rates. This relates not only to developed markets such as Germany, but also to emerging countries in Latin America, Asia-Pacific and the Near East. On the basis of the rigorous alignment of the business model to customer requirements within a growth market, the Delivery Hero Group continues to enjoy the upside of increasing revenue levels. With targeted marketing campaigns, sponsoring and discounts, the companies want to further increase awareness levels on a global basis. These marketing activities combined with the best buying experience target the acquisition of new customers and achieving loyalty to Delivery Hero with existing customers.

In the industry, the trailblazing trend relates to the delivery of high quality and fresh meals, especially in the developed markets. The investment in foodora last year resulted not only in the acquisition of expertise, but also in obtaining a global brand in this area. The management is convinced that attractive growth rates can be achieved in this area, also on a long-term basis and is thus pushing its activities in this future-oriented market.

The acquisition of the Foodpanda Group in December 2016 will make a major contribution to revenue across the Delivery Hero Group, especially in the geographical markets in Europe, Asia and MENA. With the new companies, the presence of Delivery Hero in Eastern Europe has been expanded. The acquisition has also extended the geographical footprint of the Group in the developing markets of Asia. In MENA too a positive trend is anticipated, especially as a result of acquiring the market leader in Egypt, Otlob, which is the brand under which Foodpanda operates there.

Additional synergies can be realized on the basis of the joint use of the online platform by many companies of the Delivery Hero Group. An order platform is to be developed and maintained successively on a centralized basis, and then filled with local content by the individual companies. By sharing expenses from development and maintenance of the platform across the participating individual companies of the Delivery Hero Group, expenditure at the country companies is reduced, resulting in a considerable competitive edge against market participants without a similar platform system.

Synergies can also be obtained from the joint use of marketing measures and the global exchange of ideas, as long as no impediments result from cultural differences in individual regions.

Delivery Hero can also leverage potential from internal exchange between the Group among the country companies. On the basis of this exchange of ideas, Delivery Hero can identify global trends in the sector early and react quickly. The acquisitions in recent years not only extend the opportunities for exchange within the Group, but also generate new impulses for innovations and new products.

Further optimization of liquidity and cash flows of the parties involved in the order process on the basis of integrating digital payment systems offer considerable additional strategic potential. On the other hand, this currently is also mitigated by considerable administrative work and regulatory requirements.

The Delivery Hero Group is also reacting to increasing use of mobile devices. Intensive further development on the Delivery Hero apps is being undertaken for various mobile operating systems. The Group is noting a steadily increasing number of orders from mobile devices.

The target group of Delivery Hero is young and has a strong affinity to the internet. It often uses social networks to exchange information. Increasingly, Delivery Hero is integrating such social networks. In some countries, in the order process a login is possible via social networks favored by the target group, with the aim of simplifying the order process. At the same time, this further increases awareness for Delivery Hero.

In summary, the Delivery Hero Group can participate in global trends, such as increased networking, the use of apps on smart phones and a change in eating habits. On the basis of professional structures in IT and Back Office, growth of global business activities is supported in a targeted fashion.

# D. Use of Financial Instruments

## 01 RISK MANAGEMENT

The Delivery Hero Group considers itself exposed to default risks, liquidity risks and market risks, especially interest rate and foreign exchange risks, through the use of financial instruments. Delivery Hero actively monitors these risks and manages them using an effective risk management system. The risk management function is exercised in the Governance, Risk & Compliance (GRC) department.

## 02 LIQUIDITY RISK

Owing to its strong external growth, the Delivery Hero Group has to rely on external financing to ensure sufficient liquidity, as was the case in the previous year. A lack of external financing could threaten the Group's ability to continue as a going concern. Through proper budget planning, the Delivery Hero Group's liquidity management ensures that sufficient funds are available. Furthermore, a constantly secured and adequate amount of cash and cash equivalents ensures that operations can be financed. Unused credit lines are also available.

## 03 MARKET RISK

The Delivery Hero Group generates a significant portion of its revenue in foreign currencies through its international subsidiaries. As in the previous year, the Delivery Hero Group generally tries to generate income and incur expenses in the same functional currency in order to reduce foreign exchange risk. The following table shows the effects on the Group result that would result if the presented foreign currencies had appreciated or depreciated by 10% as of the reporting date.

| Changes in KEUR | Dec. 31, 2016 +10 % | Dec. 31, 2016 -10 % | 31.12.2015 +10 % | 31.12.2015 -10 % |
|---|---|---|---|---|
| EUR-USD | -12,950 | 14,245 | -11,403 | 12,543 |
| EUR-KRW | 6,376 | -7,014 | 5,546 | -6,100 |
| EUR-GBP | 1,535 | -1,688 | 2,215 | -2,436 |
| UYU-USD | -1,425 | 1,568 | -548 | 498 |
| EUR-PLN | 1,153 | -1,269 | 926 | -1,018 |

A Uruguayan subsidiary of the DH Group has liabilities in USD, resulting in a foreign exchange rate risk between the UYU and USD, which would affect the net income (loss) for the period.

In addition, the Delivery Hero Group considers itself exposed to foreign exchange risk through its investment in international subsidiaries when translating net assets.

Some of the loans drawn by the Group have floating interest rates on the basis of reference interest rates. Changes in market interest rates may increase the interest payable in the future, which would negatively affect the Company's earnings situation. A 1% higher (lower) market interest rate in the reporting year would have led to an effect on profit or loss of KEUR 808 (KEUR 0). For the forecast period, the company assesses the risk of interest rate increases as low. However, interest rate increases are anticipated in the medium term. In the context of its risk management, the DH Group is observing market trends. If necessary, it will limit this interest change risk with relevant derivative finance instruments. In the 2016 and 2015 reporting years, no agreements on such finance instruments were concluded.

The credit and default risk covers the risk that business partners, chiefly restaurants, do not meet their contractual obligations and that this can result in a loss for the Delivery Hero Group. Such risks mainly involve current trade receivables. The Delivery Hero Group does not regard itself as being exposed to a major default risk from any single individual customer. The concentration of the creditworthiness risk is limited due to the broad and heterogeneous customer base. The Delivery Hero Group monitors the default risk and manages it actively by making any necessary credit checks and by optimizing the payment process. The default risk is further reduced by an effective dunning system. The maximum default risk corresponds to the carrying amount of the financial assets.

# E. Supplementary Business Situation Reporting on the Single-Entity Financial Statements of Delivery Hero GmbH

The management report and the Group management report of Delivery Hero GmbH were combined. The annual financial statements of Delivery Hero GmbH have been prepared in line with the regulations of the German Commercial Code. The following comments are based on the annual financial statements of Delivery Hero GmbH.

Delivery Hero GmbH is the parent company of the Delivery Hero Group. As a result of the subsidiaries it holds, the business development of Delivery Hero GmbH is subject to the same opportunities and risks as the Delivery Hero Group. The expectations relating to the development of Delivery Hero GmbH are largely in line with the Group expectations described in the Outlook. In this connection, please refer to the Outlook, Opportunities and Risks section relating to the Delivery Hero Group.

## 01 BUSINESS MODEL

Delivery Hero GmbH (also DH) is the parent company of the Delivery Hero Group (also Delivery Hero or Group). The companies of the Group provide online food ordering services in over 40 countries on five continents. They cover various countries in Europe, Latin and South America, but also Asia, North America and Australia.

The Delivery Hero internet platforms are aligned on a local basis to the requirements of its customers who choose from a wide range of delivery services in their region and can look at their menus. The order can be made by app or via the website and subsequently paid either in cash or on non-cash basis. Delivery Hero generates a large portion of its revenue on the basis of orders made. As an option, Delivery Hero offers the catering businesses a delivery and point of sale system in order to immediately view and accept orders made on the platform. In addition, Delivery Hero offers products and services for catering businesses, such as food packaging as well as advertising and printing services. In addition to the Online Food Ordering sector, with some of its platforms such as foodora or Foodpanda, the Group also offers food delivery to the customer. The drivers are coordinated using special dispatch software.

The parent company Delivery Hero GmbH (also referred to as DH) was founded with its headquarters in Berlin in 2011 and has since expanded its presence worldwide on local markets with various brands. After extensive acquisitions made in 2015 and 2016, as of the reporting date the global scope of consolidation of the Delivery Hero Group was made up of 136 companies (previous year: 106 companies). For further details, refer to Chapter 2.c) of the Report on the Business Situation. Delivery Hero exercises either direct or indirect control over all subsidiaries.

The Delivery Hero Group is managed by Delivery Hero GmbH which is headquartered in Berlin, Germany. Alongside the management of the Group, Delivery Hero GmbH assumes a range of IT, marketing and other services, in particular commercial and technical consultancy services. It its function as Group holding, Delivery Hero GmbH assumes functions such as Group controlling and accounting, press relations, investor relations, risk management and human resources management. With financing rounds, Delivery Hero GmbH procures the capital to finance the equity and debt needed to finance the expansion of the operating business. This financing is made either directly in the operating companies or indirectly via an interim holding. The company is headed by a Managing Director with direct reports from further persons as executives for the areas of Strategy, Finance, Marketing, Operations and Information Technology. The management is monitored by an Advisory Board.

## 02 BUSINESS SITUATION

### a) Earnings Situation

The earnings situation of Delivery Hero GmbH is shown below in the condensed statement of comprehensive income:

| KEUR | 2016 | 2015 | Change |
|---|---|---|---|
| Revenue | 27,311 | 28,140 | -3 % |
| Other operating income | 118,741 | 3,899 | >100 % |
| Material expenses | -1,011 | -120 | >100 % |
| Personnel expenses | -26,723 | -39,337 | -32 % |
| Other operating expenses | -41,168 | -43,234 | -5 % |
| Depreciation | -85,043 | -27,938 | >100 % |
| Net interest income | -7,870 | -4,189 | 88 % |
| Income from investments | 3,346 | 0 | >100 % |
| Other non-operating expenses | 0 | -4 | >100 % |
| **EBT** | **-12,417** | **-82,783** | **-85 %** |
| Taxes | -4,581 | -250 | >100 % |
| **Net loss for the year** | **-16,998** | **-83,033** | **-80 %** |

In the financial year, Delivery Hero revenue declined slightly, by KEUR 829. This marginal decline is due primarily to lower levels of oncharging and Group allocations to the subsidiaries. As a result of oncharging and Group allocations to the subsidiaries, revenue is the most important financial indicator for managing Delivery Hero GmbH.

In comparison to the previous year, staff costs declined by KEUR 12,614, driven largely by considerably lower allocations to provisions in connection with share-based incentive programs of KEUR 6,103 (previous year: KEUR 21,430). These incentive programs have the aim of staff participation in the development of the company. This effect from the allocations to provisions for share-based payments is offset by a slight increase in the number of employees and the resulting higher staff costs (KEUR 6,511).

Key items in other operating costs are expenses for currency translation and for consultancy services as a result of the increasing complexity and the concomitant requirement for expertise from external consultants and for optimizing the Group structure, as well as integrating the acquired companies. The key element in other operating income is the realization of hidden reserves to a Group company amounting to KEUR 106,583 from the non-cash contribution of the investment in Online Pizza Norden AB.

Higher depreciation and amortization in 2016 is due primarily to write-downs of financial assets amounting to KEUR 79,665, relating primarily to the impairment taken on the investment in Delivery Hero Germany GmbH, in RGP Local Commons I GmbH & Co KG, in RGP Local Holding I GmbH, in Ceraon B.V., 9Cookies GmbH and in Takeeateasy.be SA.

In the reporting period, the negative result for the year improved by 80% to KEUR 16,998, due primarily to higher other operating income, and personnel expenses being down by 32%.

## b) Financial Position

The financial position of the company is shown on the basis of the following condensed statement of cash flows (indirect method):

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Cash and cash equivalents at the beginning of the financial year | 70,355 | 3,912 |
| Cash flow from operating activities | -32,974 | -54,679 |
| Cash flow from investing activities | -101,433 | -416,643 |
| Cash flow from financing activities | 64,826 | 537,764 |
| Net change in cash and cash equivalents | -69,581 | 66,442 |
| Cash and cash equivalents at the end of the financial year | 774 | 70,355 |

The negative cash flow from operating activities results primarily from the negative result of the year and higher current assets, which cannot be allocated to financing or investing activities.

Cash flow from investing activities consists primarily of acquisitions of shareholdings and loans to companies in the Delivery Hero Group. Due to the business model, the investment activity of the company in property, plant and equipment is relatively low.

Cash flow from financing activities reflects increased borrowing impacting cash, in particular as a result of taking up a loan from an affiliated company. This contributed to securing operating activities at Delivery Hero GmbH. For further information on the financing measures, please refer to Section 2. Business Performance.

In 2016, the solvency of the parent company and the subsidiary was secured at all times, particularly as a result of payments by the partners in the context of loans extended and by taking up a bank loan.

In 2018, loan liabilities to various lenders totaling KEUR 272,975 are due for payment.

Part of the loan repayment is to come from the purchase price payment for the planned disposal of the investment in the hungryhouse Group. This sale is conditional on the approval of the United Kingdom's Competition and Markets Authority (CMA).

If the anti-trust authorities do not grant their approval, the management is of the opinion that the partners or further potential investors or other providers of capital will provide the liquid assets required for continuing the parent company, the subsidiaries and thus the Group, especially for the repayment of loans and thus is accounting on a going concern basis.

The continuation of the operating activities of the Group and the parent company and subsidiaries on a going concern basis thus depends on implementing further measures to secure capital and equity by the partners, potential investors or other providers of capital. Furthermore, the recoverability of the reported goodwill depends on the occurrence of the underlying assumptions made in respect to revenue and EBITDA growth.

As of the reporting date, the cash and cash equivalents reported are not subject to any material restrictions on disposal. Due to local currency controls in Argentina, transferring capital to other countries may be restricted.

As of December 31, 2016, there are unutilized credit facilities provided by third parties of KEUR 25,000 (previous year: KEUR 0).

## c) Financial Performance

Financial performance is shown on the basis of a condensed statement of financial position:

| | Dec. 31, 2016 | | Dec. 31, 2015 | | Change |
|---|---|---|---|---|---|
| **Assets** | **KEUR** | **Share** | **KEUR** | **Share** | |
| Non-current assets | 1,853,162 | 97% | 1,315,165 | 92% | 41% |
| Current assets | 63,719 | 3% | 120,290 | 8% | -47% |
| Prepaid expenses | 2,843 | 0% | 1,647 | 0% | 73% |
| **Total assets** | **1,919,724** | **–** | **1,437,102** | **–** | **34%** |
| **Equity and liabilities** | | | | | |
| Equity | 1,073,141 | 56% | 1,070,869 | 75% | 0% |
| Special account contributions paid | 364,289 | 19% | 0 | 0% | – |
| Provisions | 58,420 | 3% | 39,983 | 3% | 46 % |
| Liabilities | 421,089 | 22% | 326,250 | 23% | 29 % |
| Deferred income | 102 | 0% | 0 | 0% | – |
| Deferred tax liabilities | 2,683 | 0% | 0 | 0% | – |
| **Total liabilities and equity** | **1,919,724** | **–** | **1,437,102** | **–** | **34%** |

The assets of Delivery Hero GmbH increased by a significant 34%, largely due to acquisitions. Financing for the additional assets was provided largely by partner allocations and to a lesser extent from loans extended on a long-term basis.

As in the previous year, assets are largely non-current assets, which in turn are predominantly interests in affiliated companies.

The change of current assets in 2016 was the result chiefly of negative cash flow and the resulting decline in cash and cash equivalents.

The equity and liabilities side is made up of equity and special accounts as well as a considerably lower share of liabilities. Equity as of December 31, 2016 increased year on year as a result of equity contributions from partners totaling KEUR 19,270. This increase is offset by the net loss of the current year of KEUR -16,998. In addition, a partner made a non-cash contribution of KEUR 364,289. This was reported in 2016 for entry into the Commercial Register. However, the entry took place only in January 2017. For this reason, the amount was deducted from equity as a special account. There are liabilities which are due in a period between one and five years of KEUR 334,088 (previous year: KEUR 319,606).

The 46% year-on-year increase in provisions resulted primarily from long-term staff incentive programs. It was especially the expansion of the staff programs in the wake of the acquisitions of Delivery Hero GmbH which resulted in a considerable rise of provisions for employee claims from these programs.

Liabilities were 29% up in comparison to the previous year, due large to new loans being taken up.

## d) Overall Assessment

In summary, the management assesses the financial position, financial performance and cash flows as positive and in view of the considerable expansion in the reporting year in line with expectations. Even though the company is still generating significant losses, these are in line with what had been envisaged, in view of the corporate acquisitions and the resulting, partly far-reaching, expansion of business. As of the reporting date, a considerable level of equity capital was available.

The revenue upturn forecast in the previous year was not achieved in the financial year. For 2016, negative EBITDA was expected, but one that was better than 2015 (previous year: KEUR -50,652). In 2016, this forecast was exceeded considerably, with a figure of KEUR 77,150. Furthermore, no material earnings contributions to the investment on result were expected. This forecast was confirmed in 2016.

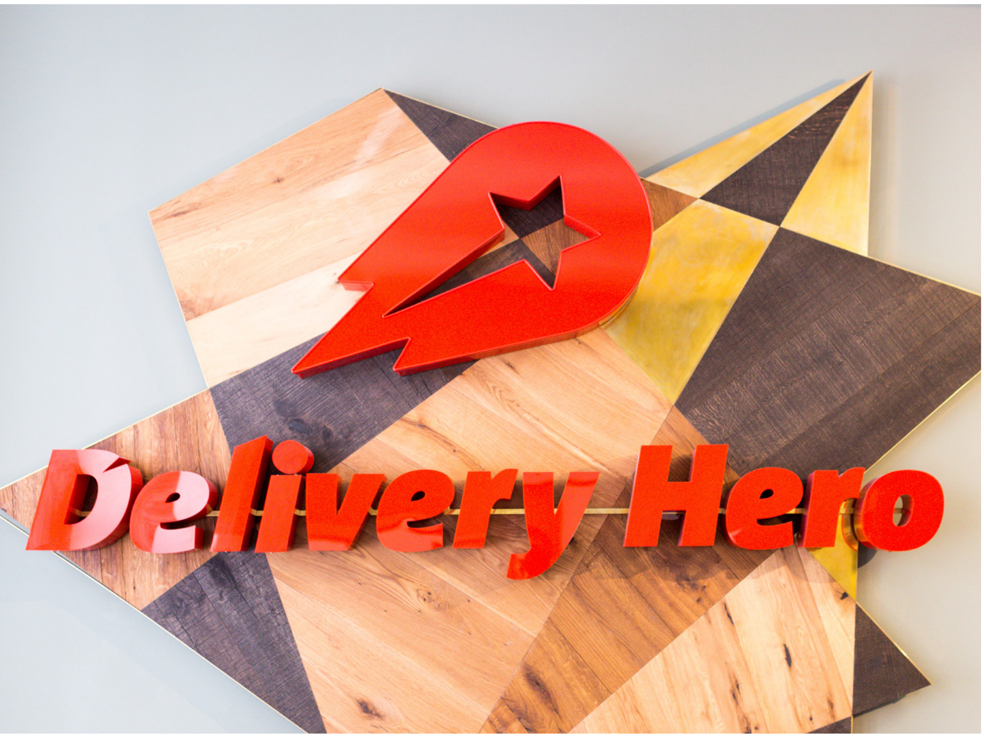
Berlin, April 24, 2017

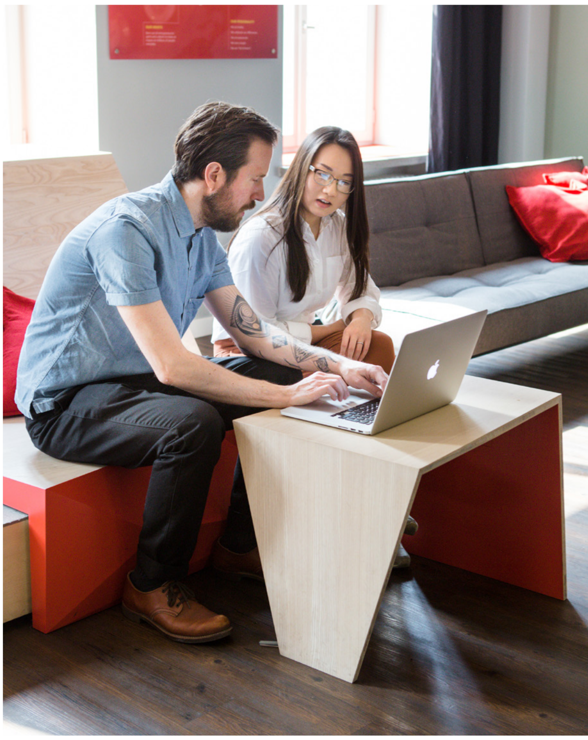
Niklas Östberg
Managing Director

Delivery Hero

02.

# Consolidated financial statements



# A. Consolidated statement of financial position

| Assets | Note | Dec. 31, 2016 KEUR | Dec. 31, 2015 KEUR |
|---|---|---|---|
| **A. Non-current assets** | | | |
| I. Intangible assets | F.01. | 1,304,993 | 1,161,690 |
| II. Property, plant and equipment | F.02. | 15,520 | 7,686 |
| III. Other financial assets | F.03. | 6,709 | 4,688 |
| IV. Trade and other receivables | F.04. | 4 | 3 |
| V. Other assets | F.05. | 57 | 38 |
| V. Deferred tax assets | F.07. | 4,372 | 9,483 |
| VI. Investments accounted for using the equity method | D.03. | 3,286 | 12,487 |
| | | **1,334,941** | **1,196,075** |
| **B. Current assets** | | | |
| I. Inventories | F.08. | 593 | 657 |
| II. Trade and other receivables | F.04. | 53,346 | 22,687 |
| III. Other assets | F.05. | 11,251 | 8,996 |
| IV. Income tax receivables | F.06. | 640 | 880 |
| V. Cash and cash equivalents | F.09. | 230,853 | 160,150 |
| | | | |
| Assets included in a disposal group classified as held for sale | D.03. | 525 | 0 |
| | | **297,209** | **193,370** |
| **Total assets** | | **1,632,150** | **1,389,445** |

*Adjusted

| **Equity and liabilities** | **Note** | **Dec. 31, 2016 KEUR** | **Dec. 31, 2015 KEUR** |
|---|---|---|---|
| **A. Equity** | | | |
| I. Subscribed capital | – | 464 | 394 |
| II. Capital reserves | – | 1,582,837 | 1,204,179 |
| III. Retained earnings and other reserves | – | -681,480 | -432,607 |
| IV. Treasury shares | – | -5 | -5 |
| Equity attributable to shareholders of the parent | – | 901,815 | 771,961 |
| V. Non-controlling interests | – | -9,607 | -6,469 |
| | F.10. | **892,208** | **765,492** |
| **B. Non-current liabilities** | | | |
| I. Liabilities to banks | F.11. | 116,403 | 0 |
| II. Pension provisions | F.12. | 1,191 | 782 |
| III. Other provisions | F.13. | 11,831 | 8,203 |
| IV. Trade and other payables | F.14. | 264,958 | 295,574 |
| V. Other liabilities | F.15. | 247 | 9 |
| VI. Deferred tax liabilities | F.07. | 108,061 | 138,671 |
| | | **502,690** | **443,239** |
| **C. Current liabilities** | | | |
| I. Other provisions | F.13. | 68,412 | 52,719 |
| II. Trade and other payables | F.14. | 127,792 | 111,180 |
| III. Other liabilities | F.15. | 34,255 | 15,381 |
| IV. Income tax liabilities | F.16. | 6,710 | 1,434 |
| | | | |
| Liabilities included in a disposal group classified as held for sale | D.03. | 83 | 0 |
| | | **237,252** | **180,714** |
| **Total equity and liabilities** | | **1,632,150** | **1,389,445** |

*See notes (Section A.02)

# B. Consolidated statement of profit or loss and other comprehensive income

*Adjusted

| Continuing operations | Note | 2016 KEUR | 2015 KEUR |
|---|---|---|---|
| 1. Revenue | G.01. | 297,026 | 166,157 |
| 2. Cost of sales | G.02. | -84,301 | -29,327 |
| **Gross profit** | | **212,725** | **136,830** |
| 3. Marketing expenses | G.03. | -222,575 | -200,525 |
| 4. IT expenses | G.04. | -31,337 | -19,788 |
| 5. General administrative expenses | G.05. | -100,898 | -107,895 |
| 6. Other operating income | G.06. | 2,156 | 1,198 |
| 7. Other operating expenses | G.07. | -19,920 | -8,630 |
| **Operating result** | | **-159,849** | **-198,810** |
| 8. Net interest income | G.08. | -33,118 | -29,968 |
| 9. Other finance income / costs | G.09. | -9,340 | -17,869 |
| **Earnings before income taxes** | | **-202,307** | **-246,646** |
| 10. Income taxes | G.10. | 10,992 | 2,153 |
| **Consolidated net profit or loss for the period from continuing operations** | | **-191.315** | **-244.493** |
| Consolidated net profit or loss for the period from discontinued operations | – | -3.617 | -8.451 |
| **Consolidated loss** | | **-194.932** | **-252.944** |
| **Other comprehensive income (net)** | | | |
| *Items not reclassified to consolidated profit or loss:* | | | |
| 11. Remeasurement of net liability (asset) arising on defined benefit pension plans | F.10. | 74 | -234 |
| *Items reclassified to consolidated profit or loss in the future:* | | | |
| 12. Effect of movements in exchang rates | F.10. | -61,662 | -33,989 |
| **Total other comprehensive income** | | **-61,588** | **-34,223** |

| **Continuing operations** | **Note** | **2016**<br>**KEUR** | **2015**<br>**KEUR** |
|---|---|---|---|
| **Consolidated comprehensive income for the period** | | **-256,519** | **-287,169** |
| *Net profit or loss (consolidated loss) for the period attributable to:* | | | |
| Shareholders of the parent | – | -187,446 | -244,622 |
| Non-controlling interests | – | -7,486 | -8,323 |
| *Consolidated comprehensive income attributable to:* | | | |
| Shareholders of the parent | – | -248,873 | -278,834 |
| Non-controlling interests | – | -7,646 | -8,334 |

# C. Consolidated statement of changes in equity

## 01.01.2016 - 31.12.2016

| KEUR | Attributable to the owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings and other reserves | | | | | | |
| | Subscribed capital | Capital reserves | Retained earnings and other reserves | Currency translation reserve | Revaluation reserve for pension commit-ments | Treasury shares | Total | Non-con-trolling interests | Equity |
| Note | F. 10. a) and b) | F. 10. c) | F. 10. d) | F. 10. d) | F. 10. d) | F. 10. e) | | F. 10. f) | |
| **Balance as of Jan. 1, 2016** | **394** | **1,204,179** | **-400,147** | **-32,214** | **-247** | **-5** | **771,961** | **-6,469** | **765,492** |
| Net income for the year | – | – | -187,446 | – | – | – | **-187,446** | -7,486 | **-194,932** |
| Other comprehen-sive income | – | – | – | -61,489 | 62 | – | **-61,427** | -160 | **-61,588** |
| **Total comprehen-sive income** | **–** | **–** | **-187,446** | **-61,489** | **62** | **–** | **-248,873** | **-7,646** | **-256,519** |
| **Transactions with owners – payments received and change in non-controlling interests** | | | | | | | | | |
| Capital increases | 69 | 383,491 | – | – | – | – | **383,560** | – | **383,560** |
| Share-based payment (IFRS 2 program) | – | 936 | – | – | – | – | **936** | – | **936** |
| Acquisition of non-controlling inte-rests without change of control | – | -1,497 | – | – | – | – | **-1,497** | -106 | **-1,603** |
| Acquisition of a sub-sidiary with non-cont-rolling interests | – | – | – | – | – | – | **–** | 4.164 | **4,164** |
| Other transactions with non-controlling interests without chan-ge of control | – | -6,469 | – | – | – | – | **-6,469** | 3.022 | **-3,448** |
| Disposal of non-controlling interests without change of control | – | 2,198 | – | – | – | – | **2,198** | -2.572 | **-374** |
| Other changes in the consolidated group | – | 7 | – | – | – | – | **7** | – | **7** |
| Other changes | – | -7 | – | – | – | – | **-7** | – | **-7** |
| **Transactions with owners** | **69** | **378,658** | **–** | **–** | **–** | **–** | **378,727** | **4,507** | **383,235** |
| **Balance as of Dec. 31, 2016** | **464** | **1,582,837** | **-587,593** | **-93,703** | **-185** | **-5** | **901,815** | **-9,607** | **892,208** |

## 01.01.2015 - 31.12.2015

| KEUR | Subscribed capital | Capital reserves | Retained earnings and other reserves | Currency translation reserve | Revaluation reserve for pension commit-ments | Treasury shares | Total | Non-con-trolling interests | Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Attributable to the owners of the parent | | | | | | | | |
| | | Retained earnings and other reserves | | | | | | | |
| Note | F. 10. a) and b) | F. 10. c) | F. 10. d) | F. 10. d) | F. 10. d) | F. 10. e) | | F. 10. f) | |
| **Balance as of Jan. 1, 2015** | **255** | **422.890** | **-155.525** | **1.802** | **-50** | **-6** | **269.366** | **-524** | **268.842** |
| Net income for the year | – | – | -244,622 | – | – | – | **-244,622** | -8,323 | **-252,945** |
| Other comprehensive income | – | – | – | -34,016 | -197 | – | **-34,213** | -11 | **-34,224** |
| **Total comprehensive income** | **–** | **–** | **-244,622** | **-34,016** | **-197** | **–** | **-278,835** | **-8,334** | **-287,169** |
| **Transactions with owners - payments received and change in non-controlling interests** | | | | | | | | | |
| Capital increases | 139 | 779,667 | – | – | – | – | **779,806** | 2,261 | **782,066** |
| Loan equity component | – | 3,426 | – | – | – | – | **3,426** | – | **3,426** |
| Share-based payment (IFRS 2 program) | – | 4,435 | – | – | – | – | **4,435** | – | **4,435** |
| Acquisition of non-cont-rolling interests without change of control | – | -4,036 | – | – | – | – | **-4,036** | 434 | **-3,602** |
| Acquisition of a subsidi-ary with non-controlling interests | – | -454 | – | – | – | – | **-454** | -202 | **-656** |
| Other transactions with non-controlling interests without change of control | – | -2,121 | – | – | – | – | **-2,121** | -140 | **-2,261** |
| Other changes in the consolidated group | – | -49 | – | – | – | – | **-49** | 36 | **-13** |
| Other changes | – | 421 | – | – | – | – | **421** | – | **421** |
| **Transactions with owners** | **139** | **781,289** | **–** | **–** | **–** | **–** | **781,428** | **2,389** | **783,817** |
| **Balance as of Dec. 31, 2015** | **394** | **1,204,179** | **-400,147** | **-32,214** | **-247** | **-5** | **771,961** | **-6,469** | **765,492** |

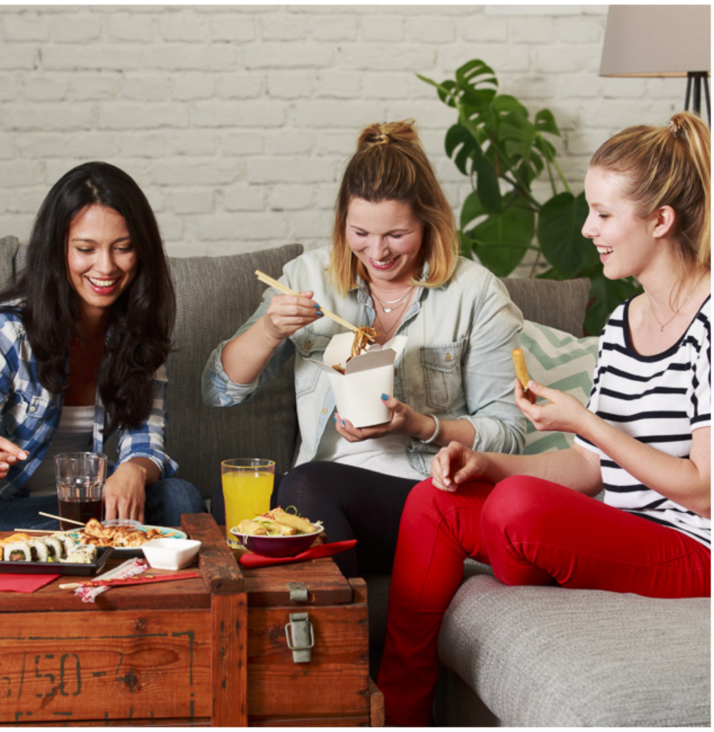
# D. Consolidated statement of cash flows

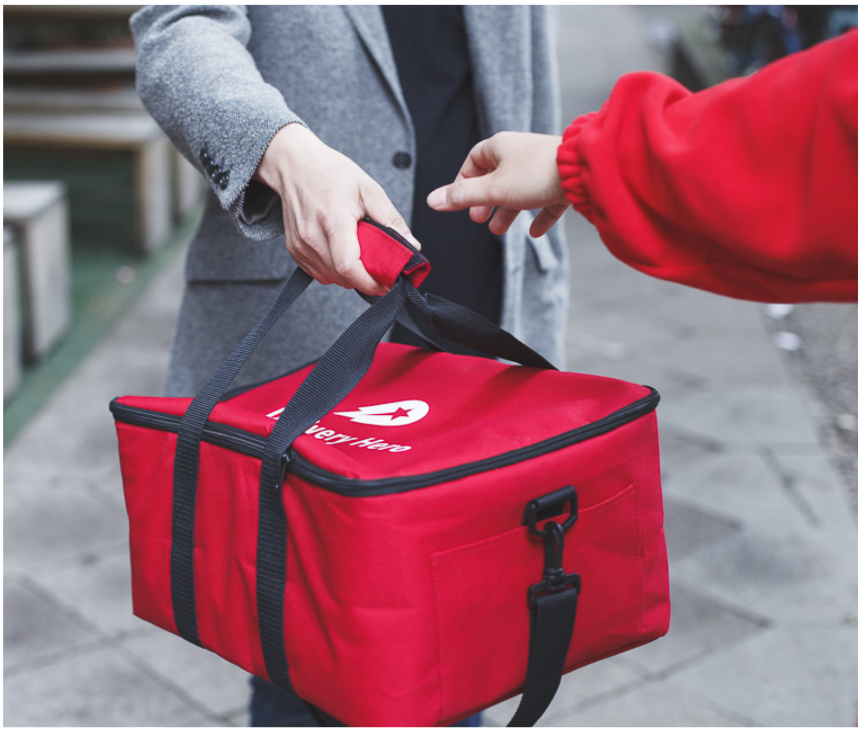
| | Notes | Dec. 31, 2016 KEUR | Dec. 31, 2015 KEUR |
|---|---|---|---|
| **1. Cash flow from operating activities** | | | |
| Profit or loss for the period | – | -194,932 | -252,945 |
| Elimination of taxes on income | – | -10,819 | 3,459 |
| Income taxes paid (-) | – | -5,734 | -5,832 |
| Depreciation of property, plant and equipment and amortization of intangible assets (+) | F.01./F.02. | 53,330 | 44,279 |
| Write-downs of financial assets (+) | – | 7,106 | 5,524 |
| Increase (+)/decrease (-) in provisions | F.13. | -3,186 | -11,096 |
| Non-cash expenses from share-based payment | F.13. | 15,759 | 31,490 |
| Other non-cash expenses and income | – | -14,693 | -4,700 |
| Gain (-)/loss (+) on the disposal of fixed assets | G.06./G.07. | 535 | 156 |
| Gain (-)/loss (+) on deconsolidation | D.03. c) | 1,219 | 123 |
| Increase (-)/decrease (+) in inventories, trade receivables and other assets | – | -15,784 | -16,974 |
| Increase (-)/decrease (+) in trade payables and other liabilities | – | 33,224 | 30,845 |
| Interest income (-) and expenses (+) | G.08./G.09. | 37,988 | 28,806 |
| **Cash flow from operating activities** | | **-95,986** | **-146,866** |

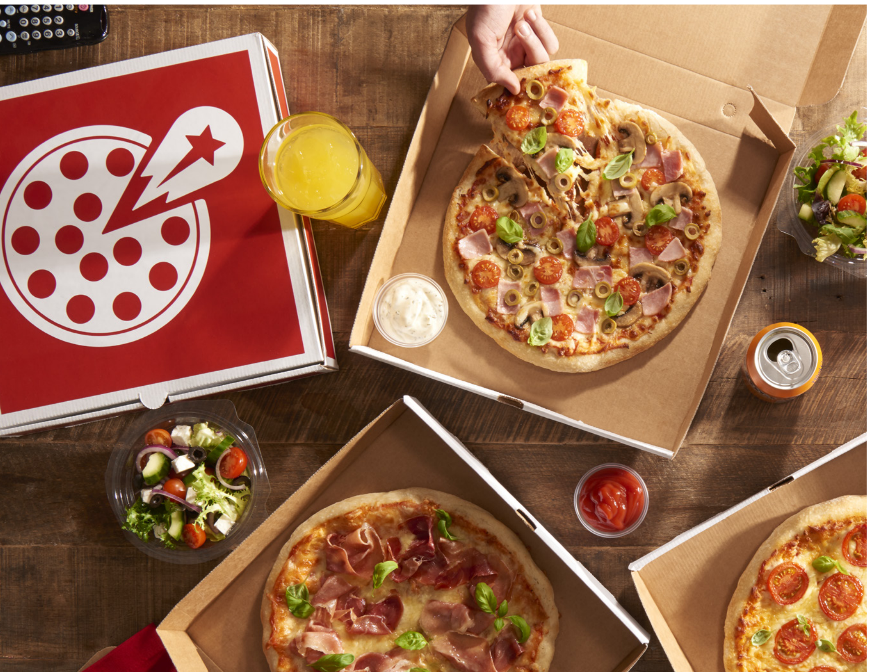
| | Notes | Dec. 31, 2016 KEUR | Dec. 31, 2015 KEUR |
|---|---|---|---|
| **2. Cash flow from investing activities** | | | |
| Inflows (+) from the disposal of property, plant and equipment | – | 459 | 92 |
| Outflows (-) for investments in property, plant and equipment | F.02. | -9,297 | -5,024 |
| Inflows (+) from the disposal of intangible assets | – | 673 | 373 |
| Outflows (-) for investments in intangible assets | F.01. | -9,249 | -3,931 |
| Outflows (-) for investments in financial assets | F.03./04. | -3,019 | -9,572 |
| Outflows (-)/inflows (+) for loans to third parties | F.04. | 651 | -1,348 |
| Net outflows (-)/net inflows (+) for the acquisition of shares in consolidated companies | D.01 | 130,835 | -239,276 |
| Interest received (+) | – | 793 | 1,221 |
| **Cash flow from investing activities** | | **111,846** | **-257,465** |
| **3. Cash flow from financing activities** | | | |
| Inflows (+) from equity contributions | F.11. | 392 | 458,347 |
| Inflows (+) from the issue of loans and raising of (financial) credit | F.15 | 179,723 | 97,354 |
| Outflows (+) from the redemption of loans and (financial) credit | F.15 | -112,564 | -21,778 |
| Interest paid (-) | – | -9,140 | -618 |
| **Cash flow from financing activities** | | **58,411** | **533,306** |
| **4. Cash and cash equivalents at the end of the period** | | | |
| Net change in cash and cash equivalents (subtotals 1-3) | – | 74,270 | 128,975 |
| Effect of exchange rate movements on cash and cash equivalents | – | -3,567 | -1,654 |
| Cash and cash equivalents at beginning of period | F.10. | 160,150 | 32,829 |
| **Cash and cash equivalents at the end of the period** | | **230,853** | **160,150** |

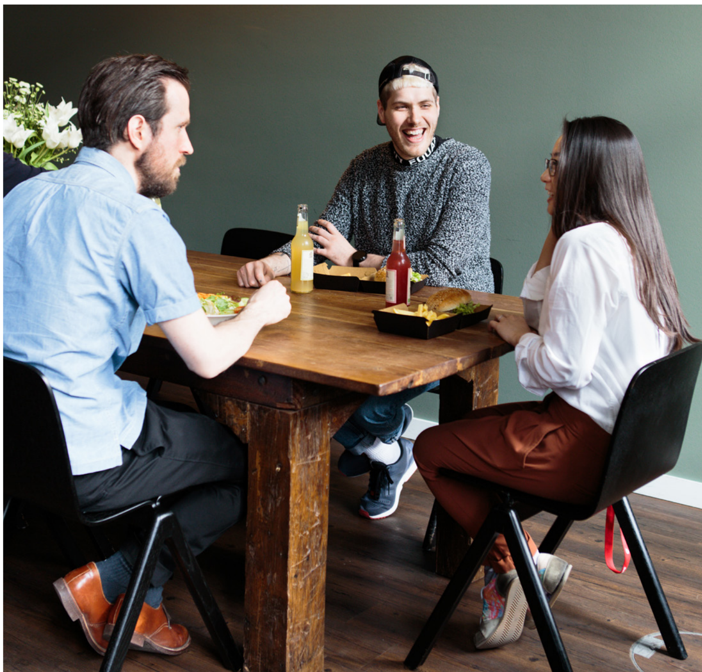
03.

# Notes to the Consolidated Financial Statements









# A. General disclosures concerning the consolidated financial statements

## 01 GROUP PROFILE

The Delivery Hero Group (also referred to as: DH, Delivery Hero, Group or Company) provides online food ordering services in over 40 countries on six continents. It operates in various countries of Europe, Latin and South America, Asia, Africa, North America and Australia with its services in the online food ordering and online food delivery sector.

The Company has its registered office at Oranienburger Strasse 70, 10117 Berlin, and is entered in the Commercial Register of the Berlin Charlottenburg District Court under HRB 135090. The Company is a limited liability company in accordance with German law.

The management prepared the consolidated financial statements by April 24, 2017, and submitted them directly to the shareholders for approval.

## 02 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

The consolidated financial statements of the DH Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and issued by the International Accounting Standards Board (IASB), as adopted by the European Union. Preparation of the consolidated financial statements occurred under application of the provisions of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards in conjunction with Section 315a (3) of the German Commercial Code [HGB] taking into consideration the supplementary provisions of German commercial law.

The consolidated statement of comprehensive income has been prepared in accordance with the cost-of-sales method. There is a distinction between current and non-current assets and liabilities in the presentation of the consolidated statement of financial positions. Assets or liabilities falling due within one year are classified as current. Individual items in the statement of comprehensive income and the statement of financial position are summarized to improve the clarity of the presentation. These items are explained in the notes to the consolidated financial statements.

The structure of the statement of comprehensive income was adjusted in this financial year, ensuring an improved presentation of the actual financial position, profit situation and financial performance and alignment with common practice. The following significant changes in recognition were made:

+ The items “finance income” and “finance costs” were eliminated. “Net interest income” is recognized as a new item.
+ Gains and losses from the effect of movements in exchange rates were reclassified from “other operating income” and “other operating expenses” to “other finance income/costs.”
+ Expenses from trade receivables and impairment losses on uncollectible receivables are now recognized under “other operating expenses.” They were previously shown under “cost of sales.”
+ Delivery costs were reclassified from “marketing expenses” to “cost of sales.”
+ Impairment on other receivables from third parties and goodwill impairment were both reclassified from “general administrative expenses” to “other operating expenses.”
+ Loss from impairment on brands and impairment on other intangible assets are recognized under “general administrative expenses.” They were previously shown under “marketing expenses.”

The consolidated net profit or loss is unaffected by the adjustment. The change of the disclosure has been retrospective. In the consolidated financial statements 2016, therefore, adjustments are made to the comparative figures of fiscal year 2015 and are indicated with the footnotes "Adjusted".

The following profit and loss account for the period from 1 January to 31 December 2015 shows the continuing and discontinued operations (including the hungryhouse group). The profit and loss account for the period from 1 January to 31 December 2016 shows the continuing operations.

## Statement of profit or loss for the period 01. January to 31. December 2015

| Continuing operations | 2015 prior to reclassification | Reclassification amount IAS 8 | 2015 after reclassification |
|---|---|---|---|
| 1. Revenue | 199,507 | 0 | 199,507 |
| 2. Cost of sales | -29,585 | -2,792 | -32,377 |
| **Gross profit** | **169,922** | **-2,792** | **167,130** |
| 3. Marketing expenses | -208,317 | -25,704 | -234,021 |
| 4. IT expenses | -22,437 | 560 | -21,877 |
| 5. General administrative expenses | -149,628 | 39,251 | -110,377 |
| 6. Other operating income | 10,202 | -8,961 | 1,241 |
| 7. Other operating expenses | -17,597 | 8,056 | -9,541 |
| **Operating result** | **-217,855** | **10,409** | **-207,446** |
| 8. Net interest income | -28,779 | -1,189 | -29,968 |
| 9. Other finance income/costs | -8,126 | -9,219 | -17,345 |
| 10. Income taxes | 1,815 | 0 | 1,815 |
| **Consolidated net profit or loss for the period from continuing operations** | **-252,945** | **0** | **-252,945** |

The financial income (KEUR 26,725) and the financial expenses (KEUR -55,504) were combined to the Net interest result amounting to KEUR -28,779.

## Statement of profit or loss for the period 01. January to 31. December 2016

| Continuing operations | 2016 prior to reclassification | Reclassification amount IAS 8 | 2016 after reclassification |
|---|---|---|---|
| 1. Revenue | 297,026 | 0 | 297,026 |
| 2. Cost of sales | -66,665 | -17,636 | -84,301 |
| **Gross profit** | **230,361** | **-17,636** | **212,725** |
| 3. Marketing expenses | -205,118 | -17,457 | -222,575 |
| 4. IT expenses | -33,110 | 1,773 | -31,337 |
| 5. General administrative expenses | -150,823 | 49,925 | -100,898 |
| 6. Other operating income | 33,428 | -31,272 | 2,156 |
| 7. Other operating expenses | -26,822 | 6,902 | -19,920 |
| **Operating result** | **-152,084** | **-7,765** | **-159,849** |
| 8. Net interest income | -37,988 | 4,870 | -33,118 |
| 9. Other finance income/costs | -12,235 | 2,895 | -9,340 |
| 10. Income taxes | 10,992 | 0 | 10,992 |
| **Consolidated net profit or loss for the period from continuing operations** | **-191,315** | **0** | **-191,315** |

The consolidated financial statements are presented in euros. Unless otherwise stated, all figures have been rounded to the nearest EUR thousand (KEUR). For computational reasons, there may be rounding differences to the exact mathematical values in tables and references.

The consolidated financial statements are prepared on the basis of the going concern principle, which assumes that the Group is able to meet the obligatory terms of redemption of loan liabilities, as specified in notes E.14 and E.11 (refer also to Section I.02.d)). The DH Group generated a consolidated loss from continuing and discontinued operations of KEUR -194.932 in the 2016 financial year (2015: KEUR -252.944). Due to increasing debt and equity, the previous loss before interest and taxes is offset again in the 2016 financial year. As of the reporting date, capital resources were raised to a considerable extent from third parties (refer also to Section H). As a consequence, management realistically expects that the Group will have adequate resources to continue business activities for the foreseeable period. Assets and liabilities are therefore principally measured at amortized cost. Exceptions are financial assets and liabilities that are carried at the fair value applicable on the reporting date. These are listed in Sections B.09.a) and B.09.b).

In 2018, loan commitments against various lenders amounting to KEUR 272,975 are due for repayment. The repayment of the loans is to be made, inter alia, from the purchase price payment for the planned sale of the hungryhouse Group. This sale is subject to the suspensive approval of the United Kingdom‘s Competition and Markets Authority (“CMA”).

In the event that the CMA does not approve, the management assumes that the shareholders or other potential investors or other capital providers are providing the funds necessary for going concern of the parent company, subsidiaries and thus of the group, in particular for the repayment of the loans, and is therefore recognized on a going-concern basis.

The continuation of DH group business activities, as well as the continued existence of the parent company and the subsidiary companies, therefore depends on the implementation of further capital and liquidity measures by the shareholders or by other potential investors or other capital providers.

The consolidated financial statements and group management report are published in the German Federal Gazette [Bundesanzeiger].

The preparation of consolidated financial statements in accordance with IFRSs requires management estimates and measurements. Areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note B.15.

# B. Accounting policies

The DH financial statements and those of subsidiaries in and outside of Germany are prepared according to uniform accounting policies. In the process, the principles are consistently applied for all presented periods and reporting dates in the consolidated financial statements.

## 01 METHODS OF CONSOLIDATION

### a) Subsidiaries

DH and all subsidiaries over which DH has the possibility of direct or indirect control are fully consolidated in the consolidated financial statements of the DH Group. First-time consolidation occurs at the date of obtaining of control. DH controls an investee when it is exposed to variable returns from its involvement and has the ability to affect those returns through its power of control. If DH loses control, the relevant participating undertaking is deconsolidated.

Acquirees are recognized by applying the acquisition method. In applying the acquisition method, the cost of the acquired shares is allocated pro-rata on fair value of the acquired assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. A positive difference arising from allocation is capitalized as derived goodwill. Negative differences that result from capital consolidation at the date of acquisition are immediately recognized in profit or loss.

Non-controlling interests constitute the share of profit or loss and net assets that is not attributed to the parent's shareholders and are recognized separately. They are measured at the acquisition date using the proportionate share of the acquiree's net identifiable assets. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Concerning written put options agreed in the course of acquisitions regarding remaining non-controlling interests, the Company makes uses of the following option: Written put options are recognized according to the anticipated acquisition method. Thus, non-controlling interests are no longer recognized for these.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and all related non-controlling interests and other equity components. Any gain or loss is recognized in profit or loss. Any retained interest in the former subsidiary is recognized at fair value on the date when control was lost.

Expenses and income, as well as receivables and payables between consolidated entities, are eliminated along with intragroup profits/losses arising from intragroup transactions.

In the case of four (previous year: 0) subsidiaries, inclusion in the consolidated financial statements is waived due to the subordinate importance and materiality as well as the negative cost-benefit ratio.

## b) Associates and joint arrangements

Associates are companies over which DH has a significant influence; this usually assumes a holding of between 20% and 50% of voting rights. Joint ventures are joint arrangements for which DH jointly shares rights to the net assets of the arrangement with other companies. As of the reporting date, two associates were included in the consolidated financial statements (December 31, 2015: two). As in the prior years, in DH’s view there were no joint arrangements.

The list of shareholdings in Section I.09 contains a detailed overview of all DH subsidiaries and associates.

## 02 CURRENCY TRANSLATION

Currencies are translated in accordance with the concept of the functional currency. The functional currency for all subsidiaries included in the consolidated financial statements of DH is the respective local currency. The consolidated financial statements are prepared in euros (reporting currency).

Transactions not conducted in the functional currency of a company included in the consolidation group (foreign currency transactions) are translated into the functional currency of the respective entity at the rate on the transaction date. Exchange gains and losses arising from the settlement of such transactions and from the measurement of monetary assets and liabilities are recognized through profit or loss in the statement of comprehensive income at the closing rate in the financial statements.

For the purposes of inclusion in the consolidated financial statements of DH, subsidiaries that do not have the euro as functional currency translate their separate financial statements, prepared in local currency, into the euro reporting currency as follows:

+ Assets and liabilities are translated at the closing rate, income and expenses are translated at the average rate.

+ Equity subject to obligatory first-time consolidation in the course of acquiring international subsidiaries is translated at the respective reporting date with the historical rate at the date of acquisition. Differences arising from currency translation are shown separately in equity.

+ As long as the subsidiary is included in the group of consolidated entities, translation differences are recognised in group equity. If subsidiaries leave the group of consolidated entities, the corresponding translation differences are reclassified from equity to profit or loss.

+ Goodwill and restatements of the fair value of assets and liabilities due to acquisitions of international subsidiaries are treated as assets and liabilities of international subsidiaries and translated with the rate as of the reporting date.

+ There are no subsidiaries registered in hyperinflation countries pursuant to IAS 29.

+ Currency translation differences arising from the translation of shares in one international subsidiary as well as from loans, which are a part of the net investment in this international subsidiary, are recognized in equity. If an international subsidiary leaves the group of consolidated entities, the currency translation differences are derecognized through profit or loss.

The following exchange rates (rounded) were used for currency translation:

| EUR 1 equals: | Exchange rate as of Dec. 31, 2016 | Exchange rate as of Dec. 31, 2016 | Average rate 2016 | Average rate 2015 |
|---|---|---|---|---|
| Egyptian pound (EGP)* | 19.0628 | – | – | – |
| Argentine peso (ARS) | 16.8057 | 14.4718 | 16.3277 | 10.1954 |
| Australian dollar (AUD) | 1.4596 | 1.5074 | 1.4893 | 1.4775 |
| Bahraini dinar (BHD) | 0.3981 | 0.4140 | 0.4173 | 0.4184 |
| Bangladeshi taka (BDT)* | 83.4456 | – | – | – |
| Brazilian real (BRL) | 3.4305 | 4.3141 | 3.8637 | 3.5663 |
| British pound (GBP) | 0.8562 | 0.7342 | 0.8190 | 0.7288 |
| Bosnian marka (BAM)* | 1.9555 | – | – | – |
| Bulgarian lev (BGN)* | 1.9558 | – | – | – |
| Chilean peso (CLP) | 704.1228 | 772.0675 | 748.5998 | 720.1234 |
| Chinese yuan (CNY) | 7.3202 | 7.0880 | 7.3509 | 6.9716 |
| Georgian lari (GEL)* | 2.7845 | – | – | – |
| Hong Kong dollar (HKD)* | 8.1751 | – | – | – |
| Indian rupee (INR)* | 71.5935 | – | – | – |
| Jordanian dinar (JOD) | 0.7492 | 0.7761 | 0.7848 | 0.7726 |
| Canadian dollar (CAD) | 1.4188 | 1.5184 | 1.4663 | 1.4587 |
| Kazakhstani tenge (KZT)* | 352.2440 | – | – | – |
| Qatari riyal (QAR) | 3.8452 | 3.9968 | 4.0305 | 3.9667 |
| Colombian peso (COP) | 3,170.0000 | 3,465.6700 | 3,378.8939 | 2,973.1567 |
| Croatian kuna (HRK)* | 7.5597 | – | – | – |
| Kuwaiti dinar (KWD) | 0.3227 | 0.3330 | 0.3345 | 0.3340 |

V

| EUR 1 equals: | Exchange rate as of Dec. 31, 2016 | Exchange rate as of Dec. 31, 2016 | Average rate 2016 | Average rate 2015 |
|---|---|---|---|---|
| Malaysian ringgit (MYR)* | 4.7287 | – | – | – |
| Norwegian krone (NOK) | 9.0863 | 9.5147 | 9.2949 | 9.3284 |
| Pakistani rupee (PKR)* | 110.1800 | – | – | – |
| Paraguayan guaraní (PYG) | 6,089.7000 | 6,399.5085 | 6,283.7971 | 6,215.6456 |
| Peruvian nuevo sol (PEN) | 3.5465 | 3.5638 | 3.7343 | 3.5012 |
| Philippine peso (PHP)* | 52.2680 | – | – | – |
| Omani rial (OMR) | 0.4068 | 0.4232 | 0.4261 | 0.4273 |
| Polish zloty (PLN) | 4.4103 | 4.2412 | 4.3641 | 4.1872 |
| Romanian leu (RON)* | 4.5390 | – | – | – |
| Saudi riyal (SAR) | 3.9603 | 4.1195 | 4.1512 | 4.1647 |
| Swedish krona (SEK) | 9.5525 | 9.1912 | 9.4679 | 9.3503 |
| Swiss franc (CHF) | 1.0739 | 1.0806 | 1.0901 | 1.0640 |
| Serbian dinar (RSD)* | 123.4570 | – | – | – |
| Singapore dollar (SGD)* | 1.5234 | – | – | – |
| South Korean won (KRW) | 1,269.3600 | 1,282.7300 | 1,284.8726 | 1,253.6629 |
| Thai baht (THB)* | 37.7260 | – | – | – |
| Taiwan dollar (TWD)* | 33.9742 | – | – | – |
| Czech koruna (CZK) | 27.0210 | 27.0300 | 27.0348 | 27.3601 |
| Turkish lira (TRY) | 3.7072 | 3.1990 | 3.3426 | 3.0086 |
| UAE dirham (AED) | 3.8780 | 4.0323 | 4.0652 | 4.0756 |
| Hungarian forint (HUF)* | 309.8300 | – | – | – |
| Uruguayan peso (UYU) | 30.7230 | 32.5733 | 33.3617 | 29.4035 |
| US dollar (USD) | 1.0541 | 1.0947 | 1.1069 | 1.1105 |

**This currency was used for the first time for the translation of the statement of financial position as of December 31, 2016, due to the acquisition of Foodpanda.*

## 03 RECOGNITION OF INCOME AND EXPENSES

Expenses and income are not offset unless IFRS accounting requirements permit this or require offsetting.

### a) Revenue

The DH Group generates revenue from commission and fees for linking to the Delivery Hero online platform, for the provision of order confirmation terminals at contractual partners, for eye-catching presentation on the DH order platform (premium placement) and for the use of credit cards.

Commission is collected from restaurants for order forwarding via the Delivery Hero online platform. In generating commission income, the DH Group acts as an agent as the DH Group is solely an intermediary between the main supplier and the end customer. The corresponding revenue is recognized as soon as the customer's online order is completed. Commissions are recognized at fair value less discounts, value added tax and other price discounts.

Furthermore, DH provides contractual partners with order confirmation terminals to confirm order acceptance directly to the customer via the Delivery Hero online platform. The DH Group provides terminals on a leasing or purchase basis. If a terminal is sold, revenue is recognized as soon as the risks and rewards arising from the goods are transferred to customers, namely upon delivery. Leases of terminals to contractual partners are classified as operating leases. Associated incoming payments are recognized on a straight-line basis according to the lease term.

Connection fees are realized directly after contact to the Delivery Hero online platform. Fees are payable in all cases.

Fees for the use of credit cards are realized as soon as the customer order is fully processed and no further performance obligations are to be fulfilled on the part of the DH Group.

Revenue from premium placement is recognized over the period in which this service is rendered by the DH Group.

Service fees are collected from restaurants for the distribution of orders. In generating delivery income, the DH Group acts as an agent as the DH Group solely assumes delivery to the end customer. The corresponding revenue is recognized as soon as delivery is made to the customer. Delivery fees are recognized at fair value less discounts, value added tax and other price discounts.

In the case of the foodora group, orders are delivered for restaurants without their own delivery service. The DH Group carries out the delivery with its own personnel, for which it collects a delivery fee on top of the commission. The DH Group acts as principal here. The delivery fees are recognized at fair value less discounts, value added tax and other price discounts.

## b) Customer loyalty program

Some DH Group companies have set up customer loyalty programs; customers can use these to collect points (award credits) through placing orders, entitling them to discounted ordering in future.

Award credits are recognized as separately identifiable components of sales transactions. The fair value of the consideration received in the course of the original sale is allocated to award credits and other components of the transaction. The relative fair value method is used to determine values.

The award-credit portion of the consideration is recognized as revenue when the credit is redeemed and the group company has fulfilled its obligation to surrender the credit (refer also to Section F.15). The amount of revenue is determined by the number of surrendered award credits in relation to the total number of expected credits to be redeemed. Award credits expire 12 months after the day of the original transaction.

## c) Interest and similar income

Interest income is recognized as income when it is probable that economic benefits will flow to the Company and the extent of the income can be reliably determined.

## d) Expenses

Expenses are presented in the statement of comprehensive income as soon as the underlying service has been rendered.

## 04 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises incidental purchase costs less price reductions.

Depreciation occurs on a straight-line basis over the time period of the expected useful life of the asset.

In the reporting year, depreciation was based on the following useful lives:

| Useful life in years | 2016 | 2015 |
|---|---|---|
| Operating and office equipment | 2-25 | 2-25 |
| Leasehold improvements | 8-20 | 8-20 |

In addition, processes were introduced that take account of the requirements of IAS 36 in respect of impairment of assets. If there is an objective indication that non-current assets carried at amortized cost are impaired, the recoverable amount is determined. If the carrying amount exceeds the recoverable amount for the individual asset value, additional impairment losses are recognized directly in the statement of comprehensive income. If the requirements for impairment in following years are no longer in place, prior corrections are reversed.

Repair and maintenance expenses are expensed at the time of their occurrence. Material innovations and improvements are capitalized.rt.

## 05 INTANGIBLE ASSETS AND GOODWILL

Intangible assets acquired for consideration are carried at amortized cost. They are amortized on a straight-line basis over their individual useful lives. Internally generated intangible assets are measured at cost and amortized over their estimated useful lives. Development expenditure is capitalized if development costs can be reliably measured, the product or process is technically and commercially feasible, future benefit is probable and the Group intends and has sufficient resources to be able to complete development and use or sell the asset. The capitalization of development expenditure also requires the clear separability of research and development costs. It is capitalized if the requirements for the clear separability of research and development costs are met. Other development expenditure is recognized in the consolidated statement of comprehensive income as soon as it is incurred. Capitalized development expenditure is measured at cost less accumulated depreciation and amortization and accumulated impairment losses. Research costs are recognized in profit or loss in the period in which they are incurred.

The expected useful life of the brand is forecast in accordance with verifiable history and observable user behavior. The underlying useful life of customer and supplier relationships is determined individually corres-ponding to historical migration rates of restaurants within a year.

A review of intangible assets pursuant to IAS 36 is made to check for necessary impairment losses in the DH Group when indications for trigger events are present.

In this case, the recoverable amount is determined for the asset concerned and cash generating unit (CGU - for definition see below), respectively. The recoverable amount is the larger amount of the fair value less costs of disposal and value in use.

In the reporting year, depreciation was based on the following useful lives:

| Useful life in years | 2016 | 2015 |
|---|---|---|
| Software | 2-3 | 2-3 |
| Trademarks | 5-25 | 5-25 |
| Customer and supplier relationships | 3-10 | 3-10 |

Goodwill principally results from the acquisition of subsidiaries and corresponds to the sum of the transferred consideration, the amount of all non-controlling interests in the acquiree and the fair value of the previously held equity interests in the acquiree less the fair value of acquired net assets. If the fair value of the acquired net assets exceeds the sum of the transferred consideration, the amount of all non-controlling interests in the acquiree and the fair value of the previously held equity interests, the difference is directly recognized in the consolidated statement of financial position.

The goodwill is subjected to an annually impairment test in accordance with IAS 36 as well as in the case of indications of impairment. For the purposes of impairment testing, goodwill is allocated to a cash-generating unit (CGU).

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the recoverable amount cannot be determined for an individual asset, the lowest aggregation of assets that generates largely independent cash inflows is identified.

Impairment is recognized if the carrying amount of the individual CGU allocated to the goodwill exceeds the recoverable amount. This recoverable amount corresponds to the larger amount of fair value less costs of disposal and value in use.

Fair value is the amount that independent market participant would pay under usual market conditions at the valuation date for the sale of the asset or CGU.

The fair value less costs of disposal of the CGU was calculated by applying the discounted cash flow method, as follows. Basis for determining the expected future cash flow is a detailed planning period of three years for the CGUs. Owing to the character of the CGUs it is expected that subsequently to the detailed planning period the condition of the business not yet being in steady state. Therefore, for the valuation model subsequently, a modeling of the expected future cash flows (before interest and taxes) of the CGU in the steady state is made under consideration of CGU-specific revenue and result growth and a perpetuity was calculated on this basis.

If an impairment requirement is determined, the goodwill is impaired. An impairment loss is then distributed on a pro rata basis to the remaining non-current assets. If a higher recoverable amount of the asset or the CGU is generated at a later date in accordance with the impairment loss in previous years, the impairment loss is reversed up to a maximum of the amortized cost. Reversals of impairments on goodwill are not taken as they are not permitted under IAS 36.

## 06 LEASES

### a) Accounting as lessee

The DH Group has entered into lease arrangements that do not meet the criteria for finance leases and are consequently classified as operating leases. Lease payments are recognized as expenses on a straight-line basis over the lease term.

### b) Accounting as lessor

Some companies in the DH Group act as lessors of order confirmation terminals, which restaurants put into place to directly confirm order acceptance to the customer via the Delivery Hero online platform. As significant risks and rewards of ownership are retained by DH, these agreements are classified as operating leases pursuant to IAS 17.

Accordingly, DH depreciates terminals on a straight-line basis over the expected useful life and recognizes lease payments in a similar way over the term of the lease agreement.

## 07 INVENTORIES

Inventories are carried at cost, which is determined on the basis of direct production costs and production-related overheads. Inventories are carried at the lower of cost and net realizable value as of each reporting date.

Cost includes all costs of purchase, production and other costs that are incurred in bringing the inventories to their present location and condition. The first-in, first-out method (FIFO) is used to measure cost. Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

## 08 INCOME TAXES

Taxes on income for the period are the sum of current and deferred income taxes. These are recognized in the consolidated statement of comprehensive income unless they relate to items recognized directly in equity or other comprehensive income. In this case, income tax is also recognized directly in equity or other comprehensive income.

### a) Current income taxes

The current income tax expense is calculated by applying the tax regulations enacted on the reporting date in countries in which the DH Group operates and taxable income is generated. In assessing income tax demands and liabilities, estimates must be partially made. A deviating tax assessment by the respective tax authorities cannot be excluded. The associated uncertainty is taken into account by only stating uncertain tax demands and liabilities if the probability of occurrence from the perspective of DH is greater than 50%. The expected tax payment is taken as a base as best estimate for the recognition of uncertain tax items.

### b) Deferred income taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Furthermore, deferred tax assets are recognized for tax loss carryforwards.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for temporary differences and tax loss carryforwards to the extent to which it is probable that sufficient future taxable income will be available against which deductible temporary differences and/or loss carryforwards can be utilized.

Deferred taxes are measured in accordance with IAS 12. They are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The change in deferred taxes is recognized in the consolidated statement of comprehensive income provided it relates to items in the consolidated statement of comprehensive income that were recognized in the statement of comprehensive income. If the items in the statement of financial position directly relate to equity or other comprehensive income, the corresponding deferred taxes are also recognized in these items.

Deferred tax assets and liabilities arising through temporary differences related to investments in subsidiaries, associates or joint arrangements are taken into account unless the date for reversal of temporary differences can be determined at group level and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and concern the same taxable entity. In addition, deferred taxes are set off if the maturities of the statement of financial position items for which the deferred taxes were recognized match.

## 09 FINANCIAL INSTRUMENTS

### a) Financial assets

In accordance with IAS 39, financial assets are broken down into the following categories:

I Assets measured at fair value through profit or losse

II Loans and receivables

III Financial assets held for sale

Classification is made at first-time recognition.

*I*

Financial assets at fair value through profit or loss are financial assets held for trading. This classification is made if the asset was acquired with the intention to sell in the short term. These assets are shown as current if their realization is expected within 12 months. All other assets are shown as non-current.

Derivative financial instruments are measured upon initial recognition and subsequently at fair value. Financial derivatives held for trading purposes are recognized as current assets.

*II*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are included in current assets as long as their maturities do not extend beyond twelve months after the reporting date. Otherwise they are classified as non-current assets.

Loans and receivables are stated at the date of first-time recognition at fair value plus transaction costs. They are subsequently measured at amortized cost and using the effective interest method.

Using empirical values and individual risk assessments, possible default risks are recognized using appropriate impairment taking into consideration net cash flows. In doing so, a distinction is made between specific valuation allowances and general valuation allowances. Objective indications of the materialization of an impairment loss could be the following: indications of financial difficulties at a customer or group of customers, default or delay in paying interest or principal, a heightened probability of insolvency or observable data that point to a quantifiable contraction in estimated future cash flows from a group of financial assets. In the case of general valuation allowances, the Group uses historical information on the timing of payments and the extent of losses occurring, adjusted by the Management Board judging whether the current general business environment and credit conditions are such that the actual losses are probably higher or lower than the losses that would have been expected based on historical trends.

If, in a subsequent period, the amount of the impairment falls and this fall results from circumstances occurring after the first-time recognition of the impairment, the reversal of the impairment loss is recognized through profit or loss.

Impairment losses are indirectly recognized through an allowance account. In the event of there being no realistic prospect of the receivable being collected, the carrying amount of the receivable is derecognized from the allowance account.

Cash and cash equivalents comprise all cash-related assets that have a remaining term of less than three months at the date of acquisition or investment. This includes mainly cash at banks and cash on hand. Cash and cash equivalents are measured at nominal value.

III

Financial assets held for sale are assets that are destined for sale but are not held for trading purposes. They are measured at fair value if this can be reliably determined. If this is not possible, these assets are measured at cost less impairment losses.

Regular way purchases and sales of financial assets are recognized at the price on the trade date.

## b) Financial liabilities

In accordance with IAS 39, financial liabilities are broken down into the following categories:

I At amortized cost

II Measured at fair value through profit or loss.

I

Financial liabilities are stated at fair value taking into account transaction costs as well as premiums and discounts at initial recognition. The fair value at the date of the financial liability being incurred corresponds to the present value of future payment obligations based on a market interest rate with a matching term and risk.

Subsequent measurement occurs at amortized cost using the effective interest method. The effective interest rate is determined at the date liabilities to banks are incurred. Interest income and expenses are recognized in profit or loss according to the effective interest method.

Amendments to the terms and conditions in respect of the amount and/or date of interest and principal payments result in remeasurement of the carrying amount of the liability in the amount of the present value and on the basis of the originally determined effective interest rate. Differences to the carrying amount of the liability previously stated are recognized in profit or loss. If changes in terms and conditions lead to materially different contract terms pursuant to IAS 39.AG 62, the original liability is treated in accordance with IAS 39.40 as if it were fully paid off. Recognition subsequently occurs as a new liability at fair value.

II

Financial liabilities, which are measured at fair value, relate mainly to written embedded derivatives, earn-outs and liabilities from put/call options.

# 10 EMPLOYEE BENEFITS

## a) Current employee benefits

Current employee benefits are expensed in the period service is rendered. A liability is recognized for the amount expected to be paid if the DH Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

## b) Pension obligations

Pension obligations and similar obligations arise from the obligations of one DH Group entity to its employees. The obligations of these defined benefit plans are measured using the projected unit credit method. Under this method, expected future increases in salaries and pensions are taken into account in addition to the pensions and acquired pension entitlements known at the reporting date.

Pension obligations are determined by independent actuaries. Effects arising from the remeasurement of actuarial gains and losses, the return on plan assets (excluding interest) and the impact of any asset ceiling (excluding interest) are recognized in the consolidated statement of comprehensive income. The discount rate stated reflects the interest rate generated by senior fixed-interest bonds with matching maturities on the reporting date.

The fair value of any plan assets is deducted from the discounted pension obligation.

The interest rate effect included in pension expenses is recognized in the consolidated statement of profit or loss and other comprehensive income under interest expenses. Service cost is shown in individual functional areas in operating profit.

## c) Share-based payments

DH grants group management and selected senior management share-based payment in the form of virtual shares (options). These virtual options mature as soon as an ‘exit event’ occurs. The acquisition of more than 75% of shares in DH by one or more investors, as well as the liquidation of the Company, is defined as an exit event.

In addition, since 2015 there have been further share-based payment programs at DH subsidiaries.

The components recognized in the consolidated statement of comprehensive income beyond the exercise period correspond to the fair value of options at the date of their being granted as the obligation by DH is made in cash and/or in cash equivalents. In this regard, the fair value is determined using recognized measurement models. The obligation and its increase or decrease over time are recognized as an expense under administrative expenses.

Equity-settled share-based payment transactions are measured in the DH Group at the fair value on the grant date, the fair value being determined using approved measurement methods (Black Scholes formula). The fair value of the obligation is recognized over the vesting period in administrative expenses and offset with the capital reserve.

## 11 OTHER PROVISIONS

Other provisions are set up if a legal or constructive obligation to the DH Group resulting from a past event exists, its fulfillment is probable and its amount can be reliably determined. Recognition is made in the amount of the expected settlement amount.

In view of estimation uncertainty in determining the amount, the actual outflow of resources may deviate from the original amounts recognized on the basis of estimates.

Non-current provisions are recognized at the discounted settlement amount on the reporting date based on corresponding term and risk matching interest rates.

## 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is determined on the basis of corresponding market values or valuation methods. The fair value of cash and cash equivalents and other current primary financial instruments corresponds approximately to the carrying amounts recognized on the respective reporting dates.

The fair value of non-current receivables as well as other assets and liabilities is determined based on the expected cash flow using the reference interest rates valid at the reporting date. The fair value of derivatives is determined on the basis of option pricing models.

The fair value of financial instruments carried on the statement of financial position is principally determined using corresponding market or exchange prices. If no market or exchange prices are available, measurement is made using standard valuation methods taking account of instrument-specific market parameters. Fair value is determined using the discounted cash flow method, whereby individual credit ratings and other market conditions are taken into account in the form of standard credit and/or liquidity spreads in determining present value.

## 13 DETERMINATION OF FAIR VALUE

According to the provisions of IFRS 13, fair value is the price that would be generated by the sale of the asset or paid to transfer a liability in the primary market or, if this is not available, the most advantageous market. Fair value is to be determined using measurement parameters that are as market-based as possible as the input factors. The measurement hierarchy (fair value hierarchy) attributes three stages in descending order for input factors used in the valuation technique, placing the highest priority on the most market-based inputs:

+ Level 1: Market prices (unadjusted) used in an active market for identical assets or liabilities that the entity can access on the valuation date.

+ Level 2: Measurement parameters other than level 1 quoted prices that can be observed for assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

+ Level 3: Measurement parameters for assets and liabilities that are not based on observable market data.

Where various input factors are relevant for measurement, the fair value is categorized at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## 14 GOVERNMENT GRANTS

Government grants are recognized if there is reasonable assurance that the grants will be received and the entity complies with the conditions attached to them. Expense-related grants are recognized as income over the period required to offset them with the corresponding expenses that the grants are meant to compensate for.

## 15 ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and any corresponding liabilities held for sale and any directly attributable liabilities are recognized separately from other assets and liabilities in the balance sheet in the line items “Assets included in a disposal group classified as held for sale” and “Liabilities included in a disposal group classified as held for sale” if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place.

Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group. Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs of disposal. If this value is less than the carrying amount, an impairment loss is recognized. The income and losses resulting from the measurement of components held for sale as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the consolidated statement of comprehensive income under net profit or loss for the period from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. The prior-year consolidated statement of comprehensive income is adjusted accordingly. The relevant assets and liabilities are reported in a separate line on the balance sheet. The cash flows of discontinued operations are reported separately in the cash flow statement, with prior-year figures adjusted accordingly.

# 16 JUDGMENT AND USE OF ESTIMATES

In the application of accounting policies and the preparation of the consolidated financial statements, management makes decisions based on judgment and estimates. This applies in particular to the following cases:

## a) Judgments

*Going concern assumption:*

DH continues to be reliant on external financial resources. In 2016, considerable equity and debt was raised to secure future business activities. As a consequence, the going concern assumption is deemed to be satisfied. We refer to the explanations in section A.02.

*Revenue recognition of commission income:*

DH classifies its intermediary activity as agent activity as DH does not act as the main supplier, is not exposed to storage risk, cannot influence the pricing of counterparties and receives commission as remuneration.

*Use of the anticipated acquisition method for acquisitions:*

For put options written on remaining non-controlling interests in the course of acquisitions, the Company makes use of its de facto option and recognizes the put options as if they had already been exercised in accordance with the anticipated acquisition method. As a consequence, put options are treated as contingent considerations. To that effect, no non-controlling interests are shown for these interests in group equity.

## b) Assumptions and estimation uncertainty

*Recognition and measurement of other provisions*

In respect of recognition and measurement, there are uncertainties in respect of future price increases as well as in respect of the extent, date and probability of utilization of the respective provision.

*Measurement of financial liabilities*

In measuring financial liabilities, estimates of future cash flows and any changes in terms and conditions are of particular significance. Furthermore, estimates are made for entity-specific risk premiums derived from the respective financing.

*Scope for recognizing deferred tax assets*

An excess of deferred tax assets is only recognized if it is probable that future tax benefits can be realized based on tax budgets. The current taxable profit situation in future reporting years and thus the actual usability of deferred tax assets can vary from the estimate made at the date of recognizing deferred taxation. Deferred tax assets on tax loss carryforwards or temporary differences are recognized based on future taxable income.

*Share-based payment (IFRS 2)*

In respect of the accounting of virtual shares, assumptions and estimates are made for the development of performance indicators and fluctuation as well as the determination of entity value. These are determined using option pricing models.

*Goodwill impairment testing*

Determination of the recoverable amount requires assumptions and estimates, in particular on the future development of EBIT and sustainable growth rates.

Additional comments on the assumptions and estimates made are listed in the individual financial statement items in the disclosures. All assumptions and estimates are based on the conditions prevailing and assessments at the reporting date.

In assessing the future business development, the business environment, assumed as realistic at this point, was also taken into account for the sectors and regions in which the DH Group operates. While management assumes that the assumptions and estimates used are appropriate, any unforeseeable changes to these assumptions could affect the Group’s financial position, financial performance and cash flows.

# C. New standards and interpretations that have not yet been applied

The measurements of expected effects of the new standards and interpretations on the consolidated financial statement of DH are presented below:

| Standard | Published by the IASB | To be applied from | Effects |
|---|---|---|---|
| IFRS 15 Revenue from Contracts with Customers | May 2014/ September 2015 | January 1, 2018 (IASB) | The likely effects are assessed by DH. |
| IFRS 9 Financial Instruments | July 2014 | January 1, 2018 (IASB) | Likely effects are assessed by DH. |
| IFRS 16 Leases | January 2016 | January 1, 2019 (IASB) | Likely effects are assessed by DH. |
| Amendments to IAS 7: Notes Disclosures | January 2016 | January 1, 2017 (IASB) | Likely effects on the notes to the financial statements |
| Amendments to IFRS 10 and IAS 28: Sale or contribution of assets to associates or joint ventures | September 2014 | – | No effect expected |
| Amendments to IAS 12: Recognition of deferred taxes on unrealized losses | January 2016 | January 1, 2017 (IASB) | No effect expected |
| Annual improvements to the IFRS cycle 2014-2016: Amendments to IFRS 12, IFRS 1 and IAS 28 | December 2016 | January 1, 2017 January 1, 2018 (IASB) | No effect expected |
| Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions | June 2016 | January 1, 2018 (IASB) | Likely effects on the notes to the financial statement |
| Amendments to IFRS 4: Applying IFRS 9 ‚Financial Instruments‘ with IFRS 4 ‚Insurance Contracts‘ | September 2016 | January 1, 2018 (IASB) | No effect expected |
| IFRIC 22: Foreign Currency Transactions and Advance Consideration | December 2016 | January 1, 2018 (IASB) | No effect expected |
| Amendments to IAS 40: Transfers of Investment Property | December 2016 | January 1, 2018 (IASB) | No effect expected |

The following standards are mandatory for reporting periods beginning on or after January 1, 2016 and did not have significant effects on DH:

+ Amendments to IAS 27: Equity Method in Separate Financial Statements.
+ Amendments to IAS 1: Disclosure Initiative
+ Annual improvements to the IFRS cycle 2012-2014: Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34.
+ Amendments to IAS 16 und IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
+ Amendments to IAS 16 und IAS 41: Agriculture: Bearer Plants.
+ Amendments to IAS 27: Equity Method in Separate Financial Statements.
+ Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations.
+ Amendments to IFRS 10, IFRS 12 und IAS 28: Investment Entities: Applying the Consolidation Exception

The following new standards are currently being examined by DH for their effect on information to be presented in the consolidated financial statements. At the time of preparing the consolidated financial statements for the 2016 reporting period, DH cannot yet completely assess the effects of the new provisions. DH will perform a more precise assessment of the impacts in the near future.

+ IFRS 9: This standard serves recognition, measurement and derecognition of financial instruments and introduces new provisions on hedge accounting. In July 2014, the IASB published further changes to the provisions on recognition and measurement and a new model for recording impairments. The new standard for financial instruments is now fully completed following publication of the most recent amendments.

+ IFRS 15: This standard replaces IAS 18 for income from the sale of goods and income from service transactions, IAS 11 for construction contracts and IFRIC 13 customer loyalty programs. The aim of the new standards is for income to be first recognized upon completion of the supply of the goods or rendering of services. The concept of recognizing income upon completion of the performance obligation by the company replaces the existing concept of risks and consideration. The standard allows for modified retrospective adoption. This means that during the transition period companies can recognize the adjustments as retained earnings until the date of first adoption without an entry in the comparative period. These new provisions are only used for agreements not yet fulfilled at the time of first time adoption.

+ IFRS 16: This standard replaces the currently applicable standards for lease accounting (IAS 17, SIC-27 and IFRIC 4) and governs the recognition, measurement, disclosure and the tax liabilities in relation to the leases of both contracting parties, i.e. the lessee and lessor. The most significant amendment that the new standard introduces is the recognition by the lessee of all assets from lease agreements. There are exceptions for certain current and low-value assets.

# D. Scope of consolidation

## 01 CHANGES IN THE GROUP

In the reporting year, the number of entities to be fully consolidated changed as follows:

| Number of fully consolidated companies | 2016 | 2015 |
|---|---|---|
| **January 1** | **106** | **40** |
| Additions | 66 | 70 |
| Disposals (including mergers) | 36 | 4 |
| **December 31** | **136** | **106** |

In the 2016 financial year, material purchases were made as part of acquisitions, which are presented in detail in the section below in accordance with the requirements of IFRS 3.

The disposals in the 2016 financial year resulted primarily from the liquidation of Group companies in the wake of restructuring within the Group.

The number of equity-accounted companies developed as set forth in the following table:

| Number of equity-accounted companies | 2016 | 2015 |
|---|---|---|
| **January 1** | **2** | **0** |
| Additions | 1 | 2 |
| Disposals | 1 | 0 |
| **December 31** | **2** | **2** |

## 02 ACQUISITIONS

### a) Foodpanda group

With the contribution of all shares in Emerging Markets Online Food Delivery Holding S.à.r.l. by shareholders, DH made a strategic investment as of December 31, 2016. The objective is to strengthen DH's presence in the markets of Eastern Europe, MENA (Middle East and North Africa) and Asia, in which the Foodpanda group operates. The companies of the Foodpanda group operate online portals to facilitate food orders.

In connection with the takeover, 100% of the shares in Brillant 1421. GmbH, Foodpanda GmbH, Foodpanda Services GmbH, Juwel 220. VV UG (haftungsbeschränkt), Foodpanda GP UG (haftungsbeschränkt), Food Delivery Holding 14. S.à r.l., Food Delivery Holding 24. S.à r.l., Food Delivery Holding 11. S.à r.l., 20140824 Holding S.à r.l., 20140726 Holding S.à r.l,.Juwel 212. VV UG (haftungsbeschränkt), Viala Kft, Plotun d.o.o., OZON MEDIA d.o.o., Donesi d.o.o. Podgorica, Donesi d.o.o. Banja Luka, Brillant 1424 GmbH & Co. 15. Verwaltungs KG, Brillant 1424 GmbH & Co. 21. Verwaltungs KG, Bambino 78. VV UG (haftungsbeschränkt), Foodpanda Bulgaria EOOD, Food Delivery HH BG RO Holdco B.V., Foodpanda Georgia LLC, Foodpanda Kasakhstan LLP, Foodpanda RO SRL, Food Delivery Holding 19. S.à r.l., Food Delivery Holding 2. S.à r.l., Eatoye (PVT) Limited, Maidan Limited, Juwel 199. VV UG (haftungsbeschränkt), Jade 1343 GmbH & Co. Verwaltungs KG, Jade 1343 GmbH & Co. Zweite Verwaltungs KG, Jade 1343 GmbH & Co. Dritte Verwaltungs KG, Jade 1343 GmbH & Co. Vierte Verwaltungs KG, Jade 1343 GmbH & Co. Fünfte Verwaltungs KG, Jade 1343 GmbH & Co. Neunte Verwaltungs KG, Jade 1343 GmbH & Co. 10. Verwaltungs KG, Jade 1343 GmbH & Co. 15. Verwaltungs KG, FOODPANDA (Thailand) Co. Ltd., Foodpanda Taiwan Co. Ltd., Foodpanda Malaysia Sdn. Bhd., Foodpanda Bangladesh Ltd., Foodpanda Singapore Pte. Ltd., Singapore-Dine Private Limited, Pisces eServices Private Ltd., R-SC Internet Services Pakistan (PVT) Limited, Foodpanda (B) SDN BHD, Food Panda Philippines Inc., Foodpanda HK Ltd., Rocket Food Limited, Food Delivery Holding 5. S.à r.l., Food Delivery Holding 20. S.à r.l., Food Delivery Holding 21. S.à r.l., Otlob for Restaurants Reservations Services S.A.E, Hellofood Egypt LLC, Food Delivery Holding 12. S.à r.l., 20140825 Holding S.à r.l., Mobile Solutions Experts LLC, and Jade 1343 GmbH & Co. 13. Verwaltungs KG, 96% of the shares in Jade 1343 GmbH & Co. Siebte Verwaltungs KG, 97% of the shares in Brillant 1424 GmbH & Co. 13. Verwaltungs KG and 63% of the shares in Hungerstation SPC Ltd., Restaurant Internet Solutions DMCC, and Hungerstation LLC were indirectly acquired.

The shares acquired also represent voting rights. Common shares of DH were issued as consideration for the transferred shares.

The transaction costs for the acquisition recognized under general administrative expenses for the 2016 financial year amounted to KEUR 1,084.

The acquisition costs of this business combination were allocated to the acquired assets and liabilities using the purchase price allocation as of the acquisition date as follows:

| KEUR | Fair values after acquisition |
|---|---|
| Intangible assets | 32,832 |
| Property, plant and equipment | 2,074 |
| Trade and other receivables | 19,474 |
| Other assets | 2,570 |
| Cash and cash equivalents | 132,444 |
| Deferred tax assets | 1,992 |
| Provisions and liabilities | -5,574 |
| Trade payables | -18,152 |
| Deferred tax liabilities | -5,739 |
| **Net assets** | **161,920** |
| **Consideration transferred** | **373,129** |
| *thereof shareholder's non-cash contribution and other consideration* | 373,129 |
| Non-controlling interests | 4,164 |
| **Goodwill** | **215,373** |

On account of the complexity of acquisitions, the Company retains the option of making a retroactive adjustment. Key, open issues include reviewing how the brands and customer relationships, the fair value of consideration, non-controlling interests and resulting deferred taxes are measured. Therefore, the disclosures are provisional in terms of IFRS 3.45.

Goodwill, which represents mainly non-separately identifiable assets such as the positive business outlook and employee expertise, is not tax-deductible. Acquired intangible assets are not subject to an indefinite useful life. Trade receivables from third parties with a gross value of KEUR 6.408 were acquired, of which KEUR 1.607 is probably uncollectible. The fair value of the trade receivables from third parties amounts to KEUR 4.801.

As the Foodpanda group was first included as of December 31, 2016, the Foodpanda group made no contribution to the group revenue and the loss of the financial year. If the acquisition had taken place at the beginning of the year, the Foodpanda group would have contributed KEUR 50,572 to revenue and KEUR 9,281 to the consolidated loss.

## b) Acquisitions in the previous year

The following acquisitions took place in the 2015 financial year. On account of the complexity of acquisitions, the Company reserved the option of making a retroactive adjustment according to IFRS 3.45. All purchase price allocations were finalized as of the reporting date. No retroactive adjustments were made. For this reason, the disclosures on acquisitions relating to the previous year are abridged.

| KEUR, fair values after acquisition | Yemek Sepeti | E-Food | Talabat | foodora | Total |
|---|---|---|---|---|---|
| Intangible assets | 364,103 | 6,284 | 105,405 | 2,842 | 478,634 |
| Property, plant and equipment | 1,188 | 116 | 665 | 222 | 2,191 |
| Trade and other receivables | 28,514 | 310 | 6,229 | 539 | 35,592 |
| Other assets | 1,149 | 4 | 251 | 10,413 | 11,817 |
| Cash and cash equivalents | 5,430 | 64 | 10,064 | 3,695 | 19,253 |
| Deferred tax assets | 5,217 | 104 | 0 | 0 | 5,321 |
| Provisions and liabilities | -30,952 | -74 | -226 | -1,077 | -32,329 |
| Trade payables | -4,136 | -550 | -16,281 | -15,459 | -36,426 |
| Deferred tax liabilities | -72,178 | -1,822 | -12,936 | -713 | -87,649 |
| **Net assets** | **298,335** | **4,436** | **93,171** | **462** | **396,404** |
| **Consideration transferred** | **505,602** | **21,877** | **153,461** | **13,203** | **694,143** |
| *thereof cash consideration* | 231,127 | 10,000 | 0 | 13,203 | 254,330 |
| *thereof convertible loans* | 112,098 | 0 | 0 | 0 | 112,098 |
| *thereof vendor loans* | 115,634 | 0 | 0 | 0 | 115,634 |
| *thereof shareholder's non-cash contribution and other consideration* | 46,743 | 0 | 0 | 0 | 46,743 |
| *thereof contingent consideration* | 0 | 11,877 | 0 | 0 | 11,877 |
| *thereof as non-cash contribution in exchange for the issue of new shares* | 0 | 0 | 153,461 | 0 | 153,461 |
| Non-controlling interests | 613 | 0 | 187 | -1,056 | -256 |
| **Goodwill** | **207,880** | **17,441** | **60,477** | **11,685** | **297,483** |

## 03 DISCLOSURES ON PARTICIPATIONS PURSUANT TO IFRS 12

### a) Subsidiaries

On the reporting date, DH had 136 subsidiaries, including subsidiaries in which participations were merely held within the Group or which served as shell companies.

In addition, the DH Group holds cash and cash equivalents of KEUR 298 (December 31, 2015: KEUR 213) in Argentina, which are also subject to local foreign exchange controls.

The list of shareholdings contains information on the subsidiaries and any non-controlling interests.

As in the prior year, DH controls the following subsidiary with material non-controlling interests as of December 31, 2016:

| Name | Place of business | Nature of business | Percentage of common shares directly held by the parent company | Percentage of common shares directly held by the Group | Percentage of common shares held by non-controlling shareholders |
|---|---|---|---|---|---|
| RGP Korea Ltd. | Seoul, South Korea | Services | 0% | 84% | 16% |

RGP Korea Ltd. provides online food ordering services in Korea.

The financial information for subsidiaries with non-controlling interests that are classified as material is summarized below (IFRS 12.B10). Intragroup transactions are not eliminated for the stated amounts.

| **Summarized statement of financial position of RGP Korea Ltd.<br>KEUR** | **Dec. 31, 2016** | **Dec. 31, 2015** |
|---|---|---|
| **Current** | | |
| Assets | 13,990 | 11,487 |
| Liabilities | 20,830 | 12,188 |
| Current net assets | -6,840 | -701 |
| **Non-current** | | |
| Assets | 8,374 | 5,258 |
| Liabilities | 65,303 | 55,354 |
| Non-current net assets | -56,929 | -50,096 |
| **Total net assets** | **-63,769** | **-50,797** |

| **Summarized statement of comprehensive income of RGP Korea Ltd.<br>KEUR** | **2016** | **2015** |
|---|---|---|
| Revenue | 27,986 | 22,757 |
| Earnings before income taxes | -12,363 | -28,649 |
| Earnings after taxes | -13,973 | -28,649 |
| Other comprehensive income | -627 | -300 |
| **Total comprehensive income** | **-14,600** | **-28,949** |
| Comprehensive loss attributable to non-controlling interests | -2,198 | -7,104 |

| **Summarized statement of cash flows of RGP Korea Ltd.<br>KEUR** | **2016** | **2015** |
|---|---|---|
| Cash generated from operations | -2,332 | -25,237 |
| Net cash generated from operating activities | -2,332 | -25,237 |
| Net cash flows from investing activities | -1,332 | -5,359 |
| Net cash provided by financing activities | 5,829 | 32,405 |
| Net change in cash and cash equivalents | 2,166 | 1,842 |
| Cash and cash equivalents at the beginning of the period | 4,126 | 2,283 |
| Effect of exchange rate movements on cash and cash equivalents | 70 | 34 |
| Cash and cash equivalents at the end of the period | 6,362 | 4,159 |

Accumulated non-controlling interests of RGP Korea Ltd. amounted to KEUR -10,149 as of December 31, 2016 (December 31, 2015: KEUR -8,109).

## b) Associated companies

There follows summarized financial information for the Group's share in non-material associated companies, based on the amounts reported in the consolidated financial statements:

| **KEUR** | **Dec. 31, 2016** | **Dec. 31, 2015** |
|---|---|---|
| Carrying amount of the shares in associates | 3,286 | 12,487 |
| Share of: | | |
| – Loss from continuing operations | 5,107 | 2,511 |
| **Total of share in loss and other comprehensive income** | **5,107** | **2,511** |

In the previous year, Takeeateasy.be SA was presented as a material associate. Due to the closure in 2016, it was decided in 2016 that Takeeateasy.be SA would be classified as a non-material associate from the Group's perspective.

Due to the immateriality of the share in profit or loss of the companies carried at equity for the Group as a whole, no disclosure is made according to IAS 1.82A (b) and IAS 1.82 (c).

## c) Loss of control of subsidiaries

The following companies were deconsolidated in 2016:

*Due to liquidation*

+ Bazinga SA
+ Gulf B.V.
+ Valk Fleet UK Ltd.
+ Volo Food Delivery, S.L.
+ Yemek Sepeti Coöperatie U.A.
+ Pedidos Ya Paraguay S.A.

*Due to sale*

+ Beijing Aidi Information Technology Company Ltd.
+ Delivery Hero (Hong Kong) Company Ltd.
+ Shanghai AiCan Business Consulting Company Ltd.
+ Xiupu Mai (Shanghai) Information Company Ltd.
+ Yemek Sepeti (Russia) B.V.

*Due to discontinuation of business activity*

+ Delivery Hero Pty Ltd.
+ Foodora Delivery Services LLC
+ RGP Local Commons I GmbH & Co. KG
+ RGP Local Holding I GmbH

In 2015, DH liquidated the subsidiary Foodora Limited.

Please see the following overview for a summary:

| KEUR | 2016 | 2015 |
|---|---|---|
| Cash consideration received | 641 | 0 |
| **Assets and liabilities for which control was lost** | | |
| Cash and cash equivalents | 2,100 | 0 |
| Non-current assets | 22,187 | 48 |
| Current assets | 31,278 | 25 |
| Liabilities | 55,445 | 499 |
| **Net assets** | **121** | **-425** |

The following deconsolidations in 2016 resulted in a deconsolidation loss recognized under other operating expenses:

Delivery Hero Pty Ltd., RGP Local Commons I GmbH & Co. KG and RGP Local Holding I GmbH (KEUR -1.143), Bazinga SA (KEUR -701), Foodora Delivery Services LLC (KEUR -161), Yemek Sepeti (Russia) B.V. (KEUR -155), Volo Food Delivery, S.L. (KEUR -45).

The following deconsolidations in 2016 resulted in deconsolidation income recognized under other operating income:

Delivery Hero Hong Kong, Beijing Aidi, Shanghai AiCan, Xiu Pumai (KEUR 506), PedidosYa Paraguay S.A. (KEUR 1), Valk Fleet UK Limited (KEUR 478).

In 2015, a deconsolidation loss of KEUR 123 arose from the deconsolidation of Foodora Limited, which is recognized under other operating expenses.

## d) Discontinued operations

*Sale of the hungryhouse group*

Due to changes in strategic direction, the Company announced on December 15, 2016, that it intended to sell its shares in the hungryhouse group. The hungryhouse group operates an online food ordering portal on the British market and is allocated to the Europe segment. The buyer for the shares is Just Eat plc ("Just Eat"). The transaction is conditional on the approval of the United Kingdom's Competition and Markets Authority (CMA). Approval is expected during the 2017 financial year. Until this point, hungryhouse group will continue to be operated independently by Delivery Hero. As a result, the assets of the hungryhouse group were recognized as non-current assets held for sale as of December 31, 2016.

The sale price comprises a fixed purchase price component of GBP 200 million payable in cash and a contingent purchase price component of GPB -30 million up to GBP +40 million payable in cash. The payment of the contingent purchase price component depends on the financial performance of the hungryhouse group in the period between the conclusion of the purchase agreement and the closing of the transaction.

The hungryhouse group represents a material geographical operation within the Group. The subsidiary was not acquired with a view to resale. The intended sale therefore falls under the definition of a discontinued operation according to IFRS 5.32. In accordance with IFRS 5.15, the discontinued operation was measured at carrying amount as this is lower than the fair value less costs of disposal.

The profit or loss from the hungryhouse group as of December 31, 2016, was as follows:

| **Profit or loss from the discontinued operation in KEUR** | **2016** | **2015** |
|---|---|---|
| Revenue | 43,941 | 41,734 |
| Consolidation of intragroup revenue | -8,370 | -8,341 |
| External revenue | 35,571 | 33,393 |
| Expenses | -56,595 | -55,660 |
| Consolidation of intragroup expenses | 17,580 | 14,154 |
| External expenses | -39,015 | -41,506 |
| **Profit or loss from discontinued operations** | **-3,444** | **-8,113** |
| Income taxes | -173 | -338 |
| **Profit or loss from discontinued operations after taxes** | **-3,617** | **-8,451** |

Cash flow from the discontinued operations of the hungryhouse group in 2016, was as follows:

| Cash flow from the discontinued operation in KEUR | 2016 | 2015 |
|---|---|---|
| Net cash flow from operating activities | 403 | -9,978 |
| Net cash flow from investing activities | -3 | -53 |
| Net cash flow from financing activities | 753 | 8,101 |
| **Net cash flow for the year** | **1,153** | **-1,930** |

The assets and liabilities held for sale as of December 31, 2016, are shown below:

| KEUR | Dec. 31, 2016 |
|---|---|
| Intangible assets | 363 |
| Property, plant and equipment | 82 |
| Deferred tax assets | 81 |
| **Assets held for sale** | **526** |
| Other liabilities | 2 |
| Deferred tax liabilities | 81 |
| **Liabilities held for sale** | **83** |

The cumulative expenses and income included in other comprehensive income relating to non-current assets classified as held for sale amounted to KEUR 3.134 as of December 31, 2016.

# E. Operating segments

## 01 SEGMENTATION PRINCIPLES

The Managing Director of the Company is the Group's chief operating decision maker. In line with the management approach, the operating segments were identified on the basis of internal reporting. Internal reporting is the basis for the allocation of resources and the evaluation of the performance of the operating segments by the Managing Director.

The Group's business activity is segmented according to geographical attributes. There is separate internal reporting to the Managing Director for the Europe, MENA, Asia and Americas regions. Turkey is assigned to the MENA segment, Australia to the Asia segment and Canada to the Americas segment. The Group offers food ordering and delivery services with a different configuration of platform-based marketplace offers and delivery services depending on the segment. The regional range of services is determined partly by demand, infrastructure, demographic circumstances and the competitive situation.

The profitability of the operating segments is measured on the basis of adjusted EBITDA. Adjusted EBITDA is the earnings from continuing operations before income taxes, financial result, depreciation and amortization and non-operating earnings effects. Non-operating earnings effects comprise, in particular (i) expenses for share-based payment, (ii) expenses for services in connection with corporate transactions and financing rounds, reorganization measures, the implementation of information technology and the achievement of capital market capability and (iii) other non-operating expenses and income, especially the result from disposal of tangible and intangible assets, the result from income and expenses from sale and abandonment of subsidiaries, allowances for other receivables and non-income taxes.

## 02 SEGMENT INFORMATION AND RECONCILIATION OF SEGMENT INFORMATION

### a) Revenue

Sales between segments are conducted at market prices. The revenue with external customers reported to the Managing Director generally equals the measurement of the revenue recognized in the statement of comprehensive income. If Delivery Hero is considered obliged to perform services (principal) on the basis of regional contractual arrangements, the reporting to the Managing Director may provide for presentation as a agency service (as with the usual services in the group as an agent) for comparability purposes.

| **Revenue in KEUR** | **2016** | **2015** |
|---|---|---|
| Europe | 140,596 | 91,719 |
| MENA | 75,539 | 30,492 |
| Asia | 49,303 | 32,068 |
| Americas | 24,828 | 11,427 |
| **Total segment revenue** | **290,266** | **165,706** |
| Consolidation | 0 | -46 |
| Reconciliation | 6,760 | 497 |
| **Group revenue** | **297,026** | **166,157** |

## b) Adjusted EBITDA

| Adjusted EBITDA in KEUR | 2016 | 2015 |
|---|---|---|
| Europe | -47,543 | -25,662 |
| MENA | 21,186 | -504 |
| Asia | -25,106 | -53,226 |
| Americas | -19,739 | -29,408 |
| **Group adjusted EBITDA** | **-71,202** | **-108,799** |
| Consolidation | -616 | -2,028 |
| Management adjustments | -11,211 | -9,622 |
| Expenses for share-based payment | -15,759 | -31,490 |
| Other reconciliation items | -8,126 | -3,187 |
| Depreciation/Amortization | -52,935 | -43,684 |
| Interest and financial result | -42,458 | -47,836 |
| **Earnings before income taxes from continuing operations** | **-202,307** | **-246,646** |

In 2016 the management adjustments include expenses for services in connection with business transactions and financing of KEUR 6,268 (previous year: KEUR 7,388), expenses for the realization of capital market viability of KEUR 2,398 (previous year: KEUR 613), expenses for reorganization measures of KEUR 1,765 (previous year: KEUR 1,047) and expenses for the implementation of information technologies of KEUR 780 (previous year: KEUR 574).

Other reconciliation items do include non-operating income and expenses. In 2016 this item included in particular losses from the disposal of subsidiaries of KEUR 1,511 (previous year: KEUR 223), impairment of other assets and receivables of KEUR 2,946 (previous year: KEUR 2,523) as well as non-income-tax of KEUR 2,591 (previous year: KEUR 578). Non-operating income in 2015 had a countervailing effect.

## 03 INFORMATION ABOUT GEOGRAPHICAL AREAS

The tables below show the revenue and non-current assets according for Germany and other material countries for the Group. The geographical allocation of the revenue and assets is based on the domicile of each company.

### a) Revenue

| KEUR | 2016 | 2015 |
|---|---|---|
| Germany | 72,667 | 56,411 |
| Korea | 40,830 | 34,060 |
| Turkey | 39,757 | 19,864 |
| Sweden | 23,469 | 12,470 |
| Kuwait | 21,347 | 6,569 |
| Other countries | 98,956 | 36,783 |
| **Subtotal continuing operations** | **297,026** | **166,157** |
| United Kingdom | 35,568 | 33,350 |
| **Total** | **332,594** | **199,507** |

### b) Non-current assets

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Germany | 281,452 | 289,906 |
| Turkey | 435,967 | 519,203 |
| Kuwait | 129,106 | 128,530 |
| Saudi Arabia | 121,872 | 6,197 |
| Other countries | 355,458 | 238,064 |
| **Total** | **1,323,855** | **1,181,901** |

Non-current assets do not include financial instruments, deferred tax assets or assets from employee benefits.

# F. Disclosures on the consolidated statement of financial position

## 01 INTANGIBLE ASSETS

### a) Reconciliation of carrying amount

Intangible assets mainly increased in the reporting period due to the acquisition of the Foodpanda group. Owing to this, goodwill rose by KEUR 215.868, trademarks by KEUR 10.749 and customer and supplier relationships by KEUR 3.768 in 2016 (for details of company acquisitions, please see Section B.02). The useful life of the brands identified as part of the acquisition is five years and that of the customer and supplier relationships is between three and eight years. The remaining useful life of the other brands is three to 23 years; that of the other customer and supplier relationships is one to 23 years.

Internally generated intangible assets were also acquired in the course of company acquisitions in 2016. They mainly relate to costs of the development of websites. The reclassifications made relate mainly to non-current assets of discontinued operations.

In the current financial year, the carrying amount of the Delivery Hero Germany GmbH CGU was reduced to the recoverable amount. The resulting impairment of KEUR -9.633 on the goodwill of the CGU, which is allocated to the Europe segment, was recognized in other operating expenses. The goodwill impairment of KEUR -2.089 recognized in other operating expenses in 2015 related to the Asia segment.

Expenses for amortization of intangible assets are recognized in administrative expenses. For the overall amount of amortization in the financial year, refer to Section G.05.

Movements in intangible assets:

| Cost in KEUR | Goodwill | Licenses and similar rights | Trademarks | Software | Payments for intangible assets and capitalized development costs | Internally generated intangible assets | Customer / supplier base and other intangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **As of Jan. 1, 2016** | **527,409** | **1,448** | **517,731** | **7,110** | **1,438** | **1,876** | **165,124** | **1,222,135** |
| Additions through business combinations | 215,868 | 0 | 10,749 | 1,751 | 3,538 | 3,768 | 13,026 | **248,699** |
| Disposals due to deconsolidation | -1,981 | -117 | -4,353 | 32 | 0 | 0 | -1,535 | **-7,954** |
| Additions | 8 | 579 | -74 | 3,823 | 260 | 1,489 | 2,208 | **8,293** |
| Reclassifications | 0 | 2,954 | -1,464 | -864 | -736 | 0 | -2,089 | **-2,198** |
| Disposals | 0 | -30 | -15 | -2 | -598 | -49 | -36 | **-729** |
| Exchange rate differences | -23,635 | 91 | -43,357 | -356 | 15 | -397 | 1,189 | **-66,451** |
| **As of Dec. 31, 2016** | **717,669** | **4,926** | **479,216** | **11,494** | **3,918** | **6,687** | **177,887** | **1,401,796** |
| **Accumulated amortization in KEUR As of Jan. 1, 2016** | **-7,850** | **-853** | **-27,886** | **-4,447** | **-259** | **-167** | **-18,984** | **-60,446** |
| Additions through business combinations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals due to deconsolidation | 1,981 | 110 | 4,348 | 17 | 0 | 0 | 1,535 | **7,992** |
| Amortization | -2 | -634 | -22,608 | -1,265 | 0 | -258 | -14,437 | **-39,203** |
| Impairment losses | -9,633 | -17 | -103 | -11 | -60 | 0 | -237 | **-10,062** |
| Disposals | 0 | 11 | 2 | 60 | 0 | 0 | -27 | **46** |
| Exchange rate differences | 50 | -119 | 2,579 | 258 | -24 | 48 | 244 | **3,036** |
| **As of Dec. 31, 2016** | **-15,454** | **-3,465** | **-42,215** | **-5,110** | **-343** | **-377** | **-29,840** | **-96,804** |
| **Carrying amount as of Dec. 31, 2016** | **702,214** | **1,461** | **437,001** | **6,385** | **3,575** | **6,310** | **148,047** | **1,304,993** |
| **Carrying amount as of Jan. 1, 2016** | **519,558** | **595** | **489,845** | **2,663** | **1,179** | **1,709** | **146,140** | **1,161,690** |

| Cost in KEUR | Goodwill | Licenses and similar rights | Trademarks | Software | Payments for intangible assets and capitalized development costs | Internally generated intangible assets | Customer / supplier base and other intangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **As of Jan. 1, 2015** | **246,517** | **789** | **153,083** | **4,164** | **338** | **0** | **78,336** | **483,227** |
| Additions through business combinations | 295,329 | 304 | 384,838 | 2,083 | 602 | 702 | 87,520 | 771,378 |
| Disposals due to deconsolidation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 74 | 267 | 1,268 | 873 | 1,292 | 157 | 3,931 |
| Reclassifications | 0 | 307 | 0 | -298 | -24 | 0 | 24 | 9 |
| Disposals | 0 | -10 | 0 | -46 | -302 | 0 | -34 | -392 |
| Exchange rate differences | -14,438 | -16 | -20,457 | -62 | -49 | -118 | -878 | -36,018 |
| **As of Dec. 31, 2015** | **527,408** | **1,448** | **517,731** | **7,110** | **1,438** | **1,876** | **165,124** | **1,222,134** |
| **Accumulated amortization in KEUR as of Jan. 1, 2015** | **-5,805** | **-581** | **-5,519** | **-2,323** | **-315** | **0** | **-4,295** | **-18,838** |
| Additions through business combinations | 0 | -39 | -8 | -1,014 | 0 | -63 | -30 | -1,154 |
| Disposals due to deconsolidation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortization | 0 | -180 | -18,986 | -1,089 | 0 | -114 | -12,870 | -33,239 |
| Impairment losses | -2,089 | -69 | -4,194 | -45 | 0 | 0 | -2,136 | -8,533 |
| Reversal of impairment loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | -7 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 9 | 0 | 5 | 0 | 0 | 0 | 14 |
| Exchange rate differences | 44 | 8 | 822 | 26 | 55 | 10 | 347 | 1,312 |
| **As of Dec. 31, 2015** | **-7,850** | **-853** | **-27,886** | **-4,447** | **-259** | **-167** | **-18,984** | **-60,446** |
| **Carrying amount as of Dec. 31, 2015** | **519,558** | **595** | **489,845** | **2,663** | **1,179** | **1,709** | **146,140** | **1,161,690** |
| **Carrying amount as of Jan. 1, 2015** | **240,712** | **208** | **147,564** | **1,841** | **23** | **0** | **74,041** | **464,389** |

## b) Breakdown of goodwill

We refer to the explanations in Section B.05 for the general assumptions and methods for conducting an impairment test.

An impairment test was carried out in the third quarter of the 2016 financial year in order to test the goodwill for impairment. Impairment shall be recognized if, with regard to the individual CGU, the carrying amount of the goodwill exceeds the recoverable amount. This recoverable amount corresponds to the higher of fair value less costs of disposal and its value in use. The recoverable amount of the performed impairment tests was based on the concept of the fair value less costs of disposal.

For the purpose of testing for impairment, goodwill was allocated to the cash-generating units of the Group as follows as of September 30, 2016:

| KEUR | 2016 | 2015 |
|---|---|---|
| Yemek Sepeti group | 182,912 | 193,901 |
| Lieferheld GmbH | 68,082 | 68,082 |
| pizza.de GmbH | 67,299 | 67,299 |
| Talabat group | 59,716 | 60,415 |
| Delivery Hero Sweden AB | 37,965 | 37,965 |
| **Subtotal** | **415,974** | **427,662** |
| Multiple entities without significant amounts of goodwill | 94,474 | 91,896 |
| **Total** | **510,448** | **519,558** |

As of September 30, 2016 the recoverable amount of the CGU pizza.de GmbH was almost equal to the carrying amount. Due to the increase of the basic interest rate, indications for an impairment existed as of December 31, 2016. Accordingly, the impairment test was carried out once more on the basis of unchanged parameters including the cost of capital relevant to the reporting date, which resulted in an impairment of KEUR 9,633.

The following table shows the material planning assumptions, the input factors used for planning and the weighted cost of capital for each CGU for the reporting year:

| CGU | Yemek Sepeti group | Delivery Hero Germany GmbH | Talabat group | Delivery Hero Sweden AB | Multiple entities without significant amounts of goodwill |
|---|---|---|---|---|---|
| Revenue growth p.a. in planning period (CAGR) | 22.3 % | 8.7 % | 30.1 % | 12.4 % | 32.7 % |
| Average EBITDA margin in planning period | 56.3 % | 22.9 % | 54.1 % | 52.5 % | 8.9 % |
| Revenue growth p.a. after end of planning period | 7.6 % | 1.0 % | 3.2 % | 1.2 % | 2.1 % |
| EBITDA margin after end of planning period | 60.0 % | 37.4 % | 49.1 % | 55.0 % | 30.0 % |
| Average discount rate in planning period / WACC | 16.2 % | 7.7 % | 10.1 % | 7.9 % | 9.9 % |
| Age of company | 15 years | 8 years | 5 years | 8 years | 7 years |

The following table shows the material planning assumptions, the input factors used for planning and the weighted cost of capital for each CGU for the previous year:

| CGU | Yemek Sepeti group | Delivery Hero Germany GmbH (Lieferheld / Pizza.de) | Talabat group | Delivery Hero Sweden AB | Multiple entities without significant amounts of goodwill |
|---|---|---|---|---|---|
| Revenue growth p.a. in planning period (CAGR) | 18.0 % | 9.8 % / 8.1 % | 22.5 % | 8.0 % | 22.2 % |
| Average EBITDA margin in planning period | 60.0 % | 24.2 % / 57.6 % | 61.2 % | 56.7 % | 15.3 % |
| Revenue growth p.a. after end of planning period | 9.9 % | 6.5 % / 6.3 % | 5.9 % | 6.1 % | 5.4 % |
| EBITDA margin after end of planning period | 54.8 % | 36.8 % / 61.9 % | 60.2 % | 54.6 % | 31.4 % |
| Average discount rate in planning period / WACC | 12.9 % | 12.5 % / 9.5 % | 16.3 % | 13.1 % | 17.6 % |

Because the business model is new, the detailed planning phase generally covers three years. The revenue growth assumptions used in the planning period are based on the business plan approved by the management as of the reference date of the impairment test. The assumptions for revenue growth used for the planning period following the business plan are based on internal estimates.

The planning process for each CGU is based on a structured bottom-up approach that is carried out once a year. The overall process is directed by central management and the international team via top-down target-setting in the form of country-/company-specific KPIs. The respective local management then prepares the business plan and adjusts it in an iterative process with central management and the international team.

The different local management teams use cohort models for revenue planning. The cohort models analyze the past order behavior of (local) customers and apply statistic methods to forecast the future behavior of existing customers. Future revenue from new customers is derived from the planned marketing expenses and the development of estimated costs per new customer over time. The material assumptions for the cohort models include the customer retention/reorder rate, customer activity rate, average order size and commission rates.

The costs (excluding marketing expenses) are planned on the basis of ratios (especially in relation to the number of users and orders).

The first three planning periods are always planned in detail. From the 2020 financial year until 2023, revenue and EBITDA margins are forecast on the basis of corresponding market estimates (market potential, competitive environment, megatrends).

Derivation of the equity component of WACC is based on a uniform risk-free base rate of 1.00% for the EUR area (previous year: 0.75%) and a CGU-specific risk premium of between 6.5% and 18.0% (previous year: 6.0% to 29.8%). The risk premium contains adjustment components for inflation and country risk as well as market risk and CGU-specific premiums, which depend largely on the period of occurrence and are reduced as the history is extended. In addition, an entity-specific risk factor (beta factor) of 1.1 is used across CGUs. Tax rates of between 15.0% and 33.3% are used dependent on the CGU. Due to the assumption of full equity financing, the WACC contains no debt component, so the input tax rates are identical to the interest rates used.

As part of annual impairment testing as of September 30, 2016, a sensitivity analysis was also conducted. In each case, an increase of the base rate by 100 bps, a proportional reduction of planned annual revenue growth by ten percent and an absolute reduction of the planned EBITDA margin by five percent were assumed for this. None of these adjustments led to a need for an impairment.

## 02 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment:

| **Cost in KEUR** | **Lease-hold improvements** | **Operating and office equipment** | **Advance payments for property, plant and equipment** | **Total** |
|---|---|---|---|---|
| **As of Jan. 1, 2016** | **1,654** | **11,020** | **1,118** | **13,792** |
| Additions through business combinations | 0 | 3,533 | 0 | 3,533 |
| Disposals due to deconsolidation | -40 | -983 | -3 | -1,026 |
| Additions | 2,329 | 8,081 | 5 | 10,415 |
| Reclassifications | 975 | 29 | -1,113 | -109 |
| Disposals | -2 | -327 | 0 | -329 |
| Exchange rate differences | -62 | -88 | -2 | -152 |
| **As of Dec. 31, 2016** | **4,854** | **21,265** | **4** | **26,123** |
| **Accumulated depreciation in KEUR** | | | | |
| **As of Jan. 1, 2016** | **-1,254** | **-4,852** | **0** | **-6,106** |
| Additions through business combinations | 0 | -1,459 | 0 | -1,459 |
| Disposals due to deconsolidation | 40 | 290 | 0 | 331 |
| Depreciation | -378 | -3,278 | 0 | -3,656 |
| Impairment losses | 0 | -8 | 0 | -8 |
| Disposals | 0 | 130 | 0 | 130 |
| Exchange rate differences | 49 | 89 | 0 | 138 |
| **As of Dec. 31, 2016** | **-1,542** | **-9,061** | **0** | **-10,603** |
| **Carrying amount as of Dec. 31, 2016** | **3,311** | **12,204** | **4** | **15,520** |
| **Carrying amount as of Jan. 1, 2016** | **401** | **6,167** | **1,118** | **7,686** |

| Cost in KEUR | Lease-hold improvements | Operating and office equipment | Advance payments for property, plant and equipment | Total |
|---|---|---|---|---|
| **As of Jan. 1, 2015** | **1,021** | **4,963** | **0** | **5,985** |
| Additions through business combinations | 528 | 2,997 | 0 | 3,525 |
| Additions | 142 | 3,764 | 1,119 | 5,024 |
| Reclassifications | 1 | -28 | -2 | -29 |
| Disposals | 0 | -547 | 0 | -547 |
| Exchange rate differences | -38 | -130 | 1 | -167 |
| **As of Dec. 31, 2015** | **1,654** | **11,020** | **1,118** | **13,792** |
| **Accumulated depreciation in KEUR** | | | | |
| **As of Jan. 1, 2015** | **-181** | **-2,365** | **0** | **-2,546** |
| Additions through business combinations | -164 | -1,179 | 0 | -1,343 |
| Depreciation | -454 | -1,556 | 0 | -2,010 |
| Impairment losses | -466 | -67 | 0 | -533 |
| Reclassifications | 0 | 7 | 0 | 7 |
| Disposals | 0 | 246 | 0 | 246 |
| Exchange rate differences | 12 | 62 | 0 | 74 |
| **As of Dec. 31, 2015** | **-1,254** | **-4,852** | **0** | **-6,106** |
| **Carrying amount as of Dec. 31, 2015** | **401** | **6,167** | **1,118** | **7,686** |
| **Carrying amount as of Jan. 1, 2015** | **840** | **2,599** | **0** | **3,439** |

The increase in the carrying amount for operating and office equipment is based on an increase in purchasing driven by strong growth of operations as well as additions due to acquisitions. For acquisitions in the financial year, please refer also to Section D.02. Advance payments in 2015 resulted from the reconstruction of a rented office space to be used in the future and were reclassified in 2016. The other reclassifications relate mainly to non-current assets of discontinued operations.

Impairment losses were recognized on leasehold improvements in 2015 relating primarily to the relocation of operating activities of a DH entity.

Operating and office equipment includes facilities leased by the Group to third parties as short-term operating leases that can be terminated at short notice: these facilities have the following carrying amounts:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Cost | 1,144 | 1,133 |
| Accumulated depreciation on Jan. 1 | -220 | -81 |
| Exchange rate effects | -6 | -7 |
| Depreciation during the financial year | -171 | -139 |
| **Net carrying amount** | **747** | **906** |

As operating leases can generally be terminated by the lessee at any time, disclosure of minimum lease payments is waived.

## 03 OTHER FINANCIAL ASSETS

Other non-current financial assets are composed as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Investments | 2,540 | 2,530 |
| Loans granted | 1,894 | 1,421 |
| Bank deposits and security deposits | 1,263 | 737 |
| Receivables from derivative financial instruments | 991 | 0 |
| Shares in unconsolidated subsidiaries | 20 | 0 |
| **Total** | **6,709** | **4,688** |

Investments as of December 31, 2016, mostly relate to an interest in RGP Local Commons IV GmbH & Co. KG and a participation in Quiqup Ltd.

The increase in receivables from derivative financial instruments in 2016 is due to a separable embedded termination option and an interest rate floor derivative, which was separated from the bank loan taken out in 2016 (see Section F.11.). This item also includes receivables from the call option on the shares of Hungry.NL. The value as of the reporting date was KEUR 715. These derivatives are level 3 instruments.

## 04 TRADE AND OTHER RECEIVABLES

The following table gives an overview of group receivables:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Trade receivables | 28,770 | 12,818 |
| Purchase price receivable | 10,671 | 0 |
| Other financial assets | 4,222 | 1,379 |
| Other bank deposits | 205 | 83 |
| Loans granted | 11 | 443 |
| Trade and other receivables from affiliated companies | 22 | 25 |
| Derivative financial instruments with a positive fair value | 0 | 2,892 |
| Other receivables | 9,450 | 5,050 |
| **Total** | **53,351** | **22,690** |
| thereof current | 53,346 | 22,687 |
| thereof non-current | 4 | 3 |

The purchase price receivable primarily includes the remaining receivable from the sale of Delivery Club OOO (former subsidiary of Foodpanda group).

The receivables from derivative financial instruments in 2015 are due to a separable embedded termination option, which was separated from a vendor loan taken out in 2015. This vendor loan was repaid at the beginning of 2016. The derivative was a level 3 instrument. Other receivables relate mainly to receivables from payment service providers.

## 05 OTHER ASSETS

Other assets are broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Advance payments / prepaid expenses | 6,244 | 4,015 |
| Value-added-tax receivables | 2,873 | 3,904 |
| Miscellaneous other assets | 2,191 | 1,116 |
| **Total** | **11,308** | **9,034** |
| thereof current | 11,251 | 8,996 |
| thereof non-current | 57 | 38 |

## 06 INCOME TAX RECEIVABLES

Income tax receivables mainly relate to prepayments or overpayments of corporation and trade tax that have already been made.

## 07 DEFERRED INCOME TAXES

Deferred tax assets and liabilities for the two reporting dates under review are as follows:

| KEUR | Dec. 31, 2016 | | Dec. 31, 2015 | |
|---|---|---|---|---|
| | assets | liabilities | assets | liabilities |
| **Deferred taxes** | **27,131** | **130,820** | **21,175** | **150,363** |
| thereof current | 3,800 | 55 | 9,329 | 2,168 |
| thereof non-current | 23,331 | 130,765 | 11,846 | 148,195 |
| **Offsetting** | **-22,759** | **-22,759** | **-11,692** | **-11,692** |
| **Total after offsetting** | **4,372** | **108,061** | **9,483** | **138,671** |

The change in deferred tax assets and liabilities between the years 2015 and 2016 mainly results from currency effects and the amortization of the intangible assets identified as part of the purchase price allocation. Deferred taxes are reported under non-current assets and liabilities, even if a current use is assumed.

The change in deferred tax assets and liabilities results from the effects presented below:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Deferred tax assets | 4,372 | 9,483 |
| Deferred tax liabilities | 108,061 | 138,671 |
| **Net recognition of deferred taxes** | **103,689** | **129,189** |
| **Year-on-year change** | **-25,500** | **74,136** |
| thereof recognized in profit or loss | 21,493 | 5,274 |
| thereof recognized directly in equity | 0 | -1,481 |
| thereof through acquisitions | -3,724 | -82,328 |
| Exchange rate differences | 7,731 | 4,399 |

Deferred tax assets for tax loss carryforwards and deductible temporary differences are recognized only to the extent that the realization of the tax benefit through future taxable profits is probable. The Group has not recognized any deferred tax assets for temporary differences amounting to KEUR 16,564 (previous year: KEUR 3,951). In addition, deferred tax assets were not recognized for the interest carryforward amounting to KEUR 15,320 in 2016 (previous year: KEUR 6,845). Furthermore, no deferred tax assets were stated for trade tax loss carryforwards of KEUR 100,127 (previous year: KEUR 117,954) or for corporation tax loss carryforwards of KEUR 383,334 (previous year: KEUR 256,733). The trade tax loss carryforwards, for which no deferred tax assets have been stated, have no limitations on use. The maximum usable period for corporation tax loss carryforwards, for which no deferred tax assets have been stated, is as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| **Corporation tax loss carryforwards** | **383,334** | **256,733** |
| **Expiry date** | | |
| Within five years | 86,051 | 23,255 |
| After 5 years | 71,219 | 54,864 |
| Eligible to be carried forward indefinitely | 226,064 | 178,614 |

Significant unrecognized deferred tax assets for unused tax loss carryforwards relate to Delivery Hero GmbH amounting to KEUR 87,457 (previous year: KEUR 57,524) and RGP Korea Ltd. amounting to KEUR 50,005 (previous year: KEUR 42,008).

Mjam GmbH has recognized deferred tax assets amounting to KEUR 637, even though the company has made a loss in 2016. The loss occurred from a one-time allowance for other receivables. Due to the profit history and positive future perspectives, the tax losses will be used on schedule.

Deferred tax assets and liabilities result from the following items on the statement of financial position:

| KEUR | Dec. 31, 2016 | | | |
|---|---|---|---|---|
| **Statement of financial position item** | **Deferred tax assets** | **Deferred tax liabilities** | **Change during the year** | **thereof recognized in profit or loss** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 232 | 127,002 | 10,807 | 8,184 |
| Property, plant and equipment | 76 | 401 | -316 | -313 |
| Other financial assets | 61 | 1,216 | -1,164 | -1,167 |
| **Current assets** | | | | |
| Inventories | 4 | 0 | -1 | 0 |
| Trade and other receivables | 345 | 24 | 1,121 | 1,106 |
| Other assets | 373 | 0 | 375 | 384 |
| **Equity and liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | 0 | 461 | -461 | -461 |
| Pension provisions | 27 | 0 | 6 | 9 |
| Other provisions | 355 | 0 | -1,192 | -1,127 |
| Trade and other payables | 1 | 1,685 | 7,997 | 8,000 |
| **Current liabilities** | | | | |
| Financial liabilities | 40 | 0 | 40 | 40 |
| Other provisions | 2,389 | 0 | 192 | 473 |
| Trade and other payables | 598 | 31 | -5,145 | -5,152 |
| Other liabilities | 51 | 0 | 2 | 9 |
| **Total temporary differences** | **4,552** | **130,820** | **12,261** | **9,985** |
| **Tax loss carryforwards** | **22,579** | **0** | **13,239** | **11,508** |
| **Total** | **27,131** | **130,820** | **25,500** | **21,493** |
| **Offsetting** | **-22,759** | **-22,759** | **–** | **–** |
| **Total after offsetting** | **4,372** | **108,061** | **–** | **–** |

| KEUR | Dec. 31, 2015 | | | |
|---|---|---|---|---|
| Statement of financial position item | Deferred tax assets | Deferred tax liabilities | Change during the year | thereof recognized in profit or loss |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 266 | 137,842 | -75,268 | 7,403 |
| Property, plant and equipment | 24 | 33 | -10 | -11 |
| Other financial assets | 9 | 0 | 9 | 11 |
| **Current assets** | | | | |
| Inventories | 5 | 0 | 0 | 0 |
| Trade and other receivables | 93 | 893 | -856 | -858 |
| Other assets | 0 | 2 | -1 | 0 |
| **Equity and liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | 0 | 0 | 0 | 0 |
| Pension provisions | 21 | 0 | 21 | 23 |
| Other provisions | 1,547 | 0 | 923 | -3,795 |
| Trade and other payables | 639 | 10,320 | -11,018 | -9,585 |
| Other liabilities | 0 | 0 | -493 | -493 |
| **Current liabilities** | | | | |
| Financial liabilities | 0 | 0 | 0 | 40 |
| Other provisions | 2,197 | 0 | 2,137 | 2,241 |
| Trade and other payables | 6,982 | 1,270 | 5,354 | 5,354 |
| Other liabilities | 52 | 3 | 49 | 52 |
| **Total temporary differences** | **11,835** | **150,363** | **-79,153** | **341** |
| **Tax loss carryforwards** | **9,340** | **0** | **5,017** | **4,933** |
| **Total** | **21,175** | **150,363** | **-74,136** | **5,274** |
| **Offsetting** | **-11,692** | **-11,692** | **–** | **–** |
| **Total after offsetting** | **9,483** | **138,671** | **–** | **–** |

No deferred tax liabilities were recognized on temporary differences relating to interests in subsidiaries of KEUR 50,961 (previous year: KEUR 50,081) as it is improbable that the temporary differences will be reversed in the foreseeable future. Furthermore, temporary differences could have occurred in relation to interests in subsidiaries up to KEUR 15.508 in connection with the Foodpanda transaction. The exact amount can not be calculated due to the lack of information as of the preparation data. It is also improbable that the temporary differences will be reversed in the foreseeable future.

## 08 INVENTORIES

Inventories mainly comprise terminals, packaging materials such as pizza boxes, and advertising materials that are sold to contracting restaurants. A portion of the inventories is subject to reservation of ownership through settlement of the purchase price claim.

This item is broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Finished goods and merchandise | 540 | 643 |
| Advance payments | 53 | 14 |
| **Total** | **593** | **657** |

The amount of inventories recognized as an expense during the period amounts to KEUR 2.295 (2015: KEUR 1.762).

## 09 CASH AND CASH EQUIVALENTS

Cash and cash equivalent can be broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Cash at banks | 229,583 | 159,855 |
| Cash on hand | 1,270 | 295 |
| **Total** | **230,853** | **160,150** |

Cash at banks partly consists of variable interest call deposits. Short-term deposits are made for periods of up to three months.

Cash and cash equivalents include bank balances of KEUR 298 (previous year: KEUR 213) in Argentina, which are subject to local foreign exchange controls.

Movements in cash and cash equivalents during the reporting period are evident from the consolidated statement of cash flows.

## 10 EQUITY

Movements in equity components are presented in the consolidated statement of changes in equity.

### a) Subscribed capital

The subscribed capital of the Company was increased in 2016 by EUR 69,234 through the issue of a total of 69,234 shares in the course of seven capital measures increasing the number of shares from 394,477 to 463,711. The nominal amount is EUR 1.00 per share. As of the reporting date, 5,400 (previous year: 5,400) of the 463,711 (previous year: 394,477) shares are not in circulation. The subscribed capital of DH as of December 31, 2016, was EUR 463,711 and was fully paid in.

| KEUR | 2016 |
|---|---|
| Share capital on January 1 | 394,477 |
| – thereof not in circulation | -5,400 |
| Issued in exchange for non-cash contribution | 69,234 |
| **Share capital on December 31** | **463,711** |
| – thereof not in circulation | -5,400 |

## b) Authorized capital

By shareholder resolution, management is authorized to increase the authorized capital of the Company within five years after entry into the Commercial Register by issuing new shares against cash contributions, on one or several occasions, by a total not exceeding EUR 1,601 ("Authorized Capital I"). The authorized capital serves to secure the subscription rights on shares that were issued to investors in the course of corporate financing. The subscription right of shareholders is excluded.

By shareholder resolution, management is furthermore authorized to increase the authorized capital of the Company within five years after entry into the Commercial Register by issuing new shares against cash contributions, on one or several occasions, by a total not exceeding EUR 4,796 ("Authorized Capital II") or EUR 77,402 ("Authorized Capital III"). The subscription right of shareholders is excluded. Authorized Capital II serves to secure the subscription rights on shares that were issued to lenders by means of a loan and escrow agreement in the course of corporate financing. Authorized Capital III can be used for any purpose.

By shareholder resolution, management is authorized to increase the authorized capital of the Company within five years after entry into the Commercial Register by issuing new shares against cash contributions, on one or several occasions, by a total not exceeding EUR 29,394 ("Authorized Capital IV") or EUR 62,251 ("Authorized Capital V"). The authorized capital serves to secure the subscription rights on shares that were issued to investors in the course of corporate financing. The subscription right of shareholders is excluded. The commercial register entries have not taken place as of the reporting date.

## c) Capital reserves

DH's capital reserves increased by KEUR 378.658 in the reporting year; this is mainly attributable to the following circumstances:

An increase in capital reserves of KEUR 383.491 resulted from premiums paid in the course of the aforementioned capital increases. The majority is attributable to the contribution of Emerging Markets Online Food Delivery Holding S.à.r.l. (see Section D.02.).

In addition, there was an increase in capital reserves of KEUR 936 in connection with a share-based payment agreement (for details on the IFRS 2 program see Section I.01).

A reduction in the capital reserve by KEUR 5.768 (2015: KEUR 6.611) results from transactions with companies with non-controlling shares in equity. This mainly relates to the first-time recognition of a DH Group liability to a minority shareholder of a subsidiary and to the effects of adjustments of management participation programs at subsidiaries of the DH Group (see Section I.01).

## d) Retained earnings and other reserves

As in the prior year, revenue reserves and other reserves of the Group consists of the revaluation reserve from the IFRS first-time adoption, the profit/loss carryforward at the beginning of the period, the loss in the reporting period as well as other comprehensive income.

Other comprehensive income for the period contains differences arising from currency translation of the separate financial statements of international subsidiaries recognized directly in equity as well as effects from the remeasurement of net defined benefit liabilities. As in 2015, the increase in currency differences in 2016 resulted mainly from the depreciation of the Turkish lira against the euro in the reporting year. The following table shows the effects:

| | Attributable to the owners of the parent | | | | |
|---|---|---|---|---|---|
| **KEUR** | **Currency translation reserve** | **Revaluation reserve for pension commitments** | **Total** | **Non-controlling interests** | **Total other comprehensive income (loss)** |
| **2016** | | | | | |
| Effect of movements in exchange rates | -61,489 | 0 | **-61,489** | -172 | **-61,662** |
| Revaluation of net liability arising on defined benefit pension plans | -2 | 64 | **62** | 12 | **74** |
| **Total** | **-61,491** | **64** | **-61,427** | **-160** | **-61,588** |
| **2015** | | | | | |
| Effect of movements in exchange rates | -34,016 | 0 | **-34,016** | 26 | **-33,989** |
| Revaluation of net liability arising on defined benefit pension plans | 4 | -201 | **-197** | -37 | **-234** |
| **Total** | **-34,012** | **-201** | **-34,213** | **-11** | **-34,224** |

### e) Treasury shares

The reserve for treasury shares of the company comprises the shares in DH held by the Group (5,400). There was no year-on-year change as of December 31, 2016.

### f) Non-controlling interests

Non-controlling interests mainly arise from RGP Korea Ltd. (refer to the disclosures in Section D.03.a for details).

## 11 LIABILITIES TO BANKS

Liabilities to banks have changed as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Liabilities to banks | 116,403 | 0 |
| **Total** | **116,403** | **0** |

The increase in liabilities to banks is attributable to the taking out of a bank loan with a nominal value of up to KEUR 120,000 in connection with the redemption of the Yemek Sepeti vendor loan. In the financial year, the loan was partially repaid by KEUR 1,500. The bank loan includes an interest rate floor and a termination option on the part of Delivery Hero. These constitute a separable embedded derivative and were separate from the base contract as a compound derivative in accordance with IAS 39.AG29 when the loan was taken out. The interest rate floor derivative and the termination option had a market value of KEUR 276 as of December 31, 2016, and are recorded under trade and other receivables.

Specific bank accounts, trademark rights and receivables serve as a collateral base and shares in individual companies are pledged as security for the bank loan. The agreements serve solely to secure payment obligations to creditors. No voting rights materialize for the pledgee from this. See Section F.14 for quantitative information.

Liabilities to banks show the following maturity structure:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Current | 0 | 0 |
| Non-current | 116,403 | 0 |
| **Total** | **116,403** | **0** |

## 12 PENSION PROVISIONS

One DH Group entity in Korea grants employees pension benefits based on a defined benefit plan. After one year of continuous employment, employees are entitled to at least one monthly salary for each year of employment based on the final three months of employment. The pension benefits are awarded as a lump-sum payment. The retirement age in Korea is 60 years. In addition, based on statutory provisions Yemek Sepeti grants employees pension benefits based on a defined benefit plan.

The provision is determined on the basis of the projected unit credit method. The actuarial assumptions underlying the calculation are summarized in the following table:

| Actuarial assumptions (%) | 2016 | 2015 |
|---|---|---|
| Actuarial interest rate | 2.45 - 8.42 | 2.40 - 4.66 |
| Salary trend | 2.90 - 11.60 | 3.71 - 5.10 |
| Mortality – males | 0.01 - 0.05 | 0.01 - 0.05 |
| Mortality – females | 0.01 - 0.02 | 0.01 - 0.02 |
| Expected return on plan assets | n/a | n/a |
| Turnover rate | 8.73 - 11.55 | 8.73 - 11.50 |

The sensitivity of the present value of defined benefit pension obligations (DBO) is presented in the following table:

| **Sensitivity analysis (KEUR)** | **2016** | **2015** |
|---|---|---|
| DBO on the basis of the current discount rate | 1,269 | 782 |
| DBO given an increase in the discount rate of 1 percentage point | 1,165 | 725 |
| DBO given a decrease in the discount rate of 1 percentage point | 1,394 | 793 |
| DBO on the basis of the current salary trend | 1,269 | 782 |
| DBO given an increase in the salary trend of 1 percentage point | 1,392 | 850 |
| DBO given a decrease in the salary trend of 1 percentage point | 1,165 | 704 |

The present value of the defined benefit obligation changed as follows:

| **Development of the DBO (KEUR)** | **2016** | **2015** |
|---|---|---|
| DBO on Jan. 1 | 782 | 428 |
| Addition due to business combination | 0 | 73 |
| Service cost | 789 | 359 |
| Pension benefits | -302 | -390 |
| Interest expense | 8 | 16 |
| Actuarial losses | 0 | 294 |
| Currency translation | -8 | 2 |
| **DBO on Dec. 31** | **1,269** | **782** |

The plan assets available for securing pension obligations and the resulting carrying amount of the obligations changed as follows in the reporting year:

| Development of obligations in the statement of fin. position incl. plan assets (KEUR) | 2016 | 2015 |
|---|---|---|
| Present value of pension obligations | 1,191 | 782 |
| Fair value of plan assets | 0 | 0 |
| *thereof contributions to plan assets* | 0 | 0 |
| *thereof payments on plan assets* | 0 | 0 |
| **Obligations in the statement of fin. position on Dec. 31** | **1,191** | **782** |

For the 2017 financial year, pension payments of KEUR 280 are expected.

## 13 OTHER PROVISIONS

The decrease in other provisions in 2016 primarily results from the use of provisions for employee participation programs recognized in the previous year.

The restructuring provisions mainly concern obligations from existing leases resulting from the relocation of the premises of one DH entity. A portion of the provision was reversed in 2016. There are significant uncertainties in respect of the extent and due date of outflows; restructuring of this entity is expected to be completed in 2017.

As of the balance sheet date, contingent liabilities amounting to a maximum of KEUR 2,800 (previous year KEUR 0) consist of potential legal disputes. The company expects these potential legal disputes to be averted and the risk of a claim is considered to be very low. In addition, the DH Group is exposed to further business risks, which however do not allow for any reasonable assessment to be made due to their type and very low probability of occurrence.

The following table shows the development of other provisions and their breakdown by maturity date.

| KEUR | Restoration obligation | Restructu-ring | Personnel | Others | Total |
|---|---|---|---|---|---|
| **As of January 1, 2016** | **548** | **1.663** | **17.049** | **730** | **19.990** |
| Acquired through business combinations | 0 | 0 | 0 | 12 | 12 |
| Addition | 1,118 | 0 | 3,631 | 1,753 | 6,503 |
| Utilized | -93 | -146 | -7,998 | -263 | -8,499 |
| Reclassification | 0 | 0 | 5 | -5 | 0 |
| Reversed | -92 | 0 | -141 | -256 | -489 |
| Exchange rate differences | 2 | 0 | -1,724 | 8 | -1,714 |
| Disposals due to deconsolidation | 0 | -107 | 0 | -38 | -145 |
| **As of Dec. 31, 2016** | **1,483** | **1,411** | **10,823** | **1,942** | **15,659** |
| Non-current | **1,307** | **0** | **586** | **0** | **1,893** |
| Current | **176** | **1,411** | **10,237** | **1,942** | **13,766** |

In addition to the provisions referred above, there are current provisions for share-based payment amounting to KEUR 54,665 (previous year: KEUR 40,931) and non-current provisions for share-based payment amounting to KEUR 9,938 (previous year: KEUR 0).

## 14 TRADE AND OTHER PAYABLES

Trade and other payables are broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Financial liabilities from derivative financial instruments | 41,433 | 45,075 |
| Trade payables | 41,023 | 31,040 |
| Financial liabilities | | |
| *from other loans* | 230,799 | 161,486 |
| *from contingent purchase price obligation* | 20,963 | 9,716 |
| *from outstanding purchase invoices* | 11,739 | 5,841 |
| *from finance leases* | 4,636 | 0 |
| *from security deposits received* | 596 | 579 |
| *from vendor loans* | 0 | 128,808 |
| *from other* | 41,562 | 24,208 |
| **Total** | **392,750** | **406,753** |
| Current | 127,792 | 111,180 |
| Non-current | 264,958 | 295,574 |

The maturity of trade payables and other liabilities is broken down, as indicated above. Non-current trade payments and other liabilities mainly relate to other loans, liabilities from derivative financial instruments and vendor loans.

The decrease of the vendor loan is due to its repayment in connection with the new bank loan (see Section F.11).

The increase in other loans resulted primarily from the new loans taken out in 2016 with a nominal value totaling KEUR 55,000, which was disbursed in several tranches. The agreement stipulates that the loans are to be repaid in 2018. The other loans also include a loan taken out in 2015 with a nominal value of KEUR 90,000, which had a carrying amount of KEUR 80,486 as of December 31, 2016 (previous year: KEUR 74,063), and a loan already taken out in 2014 with a nominal value of KEUR 100,000 and a carrying amount of KEUR 91,178 as of December 31, 2016 (previous year: KEUR 84.660). The loan with a nominal value of KEUR 100,000 was restructured twice in 2015.

Both restructurings led to a disposal of the existing liability and rerecognition of the restructured loan at fair value. Both the restructured loan and the new loan taken out are hybrid financial instruments pursuant to IAS 32.28, containing both equity and debt components. The debt component of both loans was determined in the course of initial recognition as present value of future interest and principal payments. Subsequent measurement occurs at amortized cost. The equity component is calculated using the residual value method as the difference between the fair value of the entire instrument and the fair value of the debt component taking into account all separable derivatives embedded in the loan agreement. The agreement stipulates that both loans are to be repaid by mid-2018.

Both loan agreements include several embedded derivatives, each of which is to be treated as a compound derivative in accordance with IAS 39.AG29 and stated at fair value. The embedded derivatives relate to stock interest, i.e. the supply of shares in lieu of interest payments, and special termination rights. The market value of the embedded derivatives from both loan agreements amounts to KEUR 12,797 as of December 31, 2016 (previous year: KEUR 19,267) and increases the liabilities from derivative financial instruments. All embedded derivatives are level 3 instruments.

In 2016, derivative financial liabilities also relate to written put and purchased call options (synthetic forward transactions) on non-controlling interests of acquired companies PedidosYa S.A. (PedidosYa group) and Inversiones CMR S.A.S. (ClickDelivery group) totaling KEUR 19,443 as of December 31, 2016 (previous year: KEUR 22,659). The liability from the outstanding put option on the shares of Hungry.NL amounted to KEUR 1,713 as of the reporting date (previous year: KEUR 50). In addition, for the PedidosYa group there is also a variable purchase price component for the controlling interests in the form of own DH shares. This is also linked to the value at the date of the exit event and amounts to KEUR 2,983 as of December 31, 2016 (previous year: KEUR 3,159). All of the derivatives described are level 3 instruments.

The contingent purchase price liability from the acquisition of E-Food was KEUR 20.963 as of the reporting date (previous year: KEUR 9.716) and is a level 3 instrument.

In connection with the acquisition of the Foodpanda group, a USD currency forward was acquired with a carrying amount of KEUR 979 as of December 31, 2016. This is a level 2 derivative.

The other financial liabilities primarily comprise liabilities to restaurants.

Specific bank accounts, trademark rights, receivables and shares in individual companies are pledged as security. The agreements serve solely to secure payment obligations to creditors. No voting rights materialize for the pledgee from this. Secured financial liabilities amount to KEUR 297.410 as of December 31, 2016 (previous year: KEUR 92,868). The carrying amount of the financial assets serving as collateral amounted to KEUR 1.357.263 (previous year: KEUR 298,832), which mainly related to investments in subsidiaries, which are eliminated in the consolidated financial statements.

## 15 OTHER LIABILITIES

Other liabilities are broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Taxes and charges | 9,354 | 6,066 |
| To employees | 8,865 | 3,547 |
| Deferred income | 2,069 | 1,366 |
| Audit expenses and costs for preparing the financial statements | 1,126 | 1,121 |
| Social security | 942 | 977 |
| Remaining other liabilities | 12,145 | 2,314 |
| **Total** | **34,501** | **15,390** |

The liabilities to employees primarily comprise liabilities in connection with wages and salaries of KEUR 6.1 (previous year: KEUR 1.8) and liabilities due to outstanding vacation of KEUR 2.8 (previous year: KEUR 1.7).

Deferred revenue from customer loyalty programs under IFRIC 13 of KEUR 1,165 (previous year: KEUR 1,036) is shown under remaining other liabilities.

The maturity structure of other liabilities is broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Current | 34,255 | 15,381 |
| Non-current | 247 | 10 |
| **Total** | **34,501** | **15,390** |

## 16 INCOME TAX LIABILITIES

Income tax liabilities relate mainly to obligations of individual group companies due to positive taxable income.

# G. Disclosures on the consolidated statement of comprehensive income

## 01 REVENUE

Revenue is broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Revenue from | | |
| – Commissions | 217,265 | 124,263 |
| – Prime placings | 29,893 | 17,869 |
| – Credit card use | 10,717 | 8,528 |
| – Other | 39,151 | 15,497 |
| **Total** | **297,026** | **166,157** |

At KEUR 297.026 (previous year: KEUR 166.157), the revenue was up 79% on the previous year. In addition to the acquisitions made in 2015 that were fully included in the consolidated financial statements for the first time, this was particularly due to the growth of the foodora companies and the Talabat group. The geographic distribution of revenue can be taken from the information on geographical areas, see Section E.03.

## 02 COST OF SALES

Cost of sales is broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Personnel expenses | -29,208 | -5,468 |
| Delivery costs | -21,622 | -6,722 |
| Fees for payment services | -11,405 | -6,957 |
| Goods and merchandise | -8,965 | -2,070 |
| Purchase of terminals and other POS systems | -4,504 | -2,527 |
| Server hosting | -3,134 | -2,668 |
| Data transfer costs | -2,553 | -1,956 |
| Call center | -506 | -448 |
| Other costs of sales | -2,404 | -512 |
| **Total** | **-84,301** | **-29,327** |

The KEUR 54.974 increase in cost of sales resulted primarily from the delivery costs of the foodora group, acquired in 2015, which were fully included in the consolidated financial statements for the first time.

## 03 MARKETING EXPENSES

Marketing expenses are broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Customer acquisition | -108,255 | -119,241 |
| Restaurant acquisition | -56,186 | -34,281 |
| Expenses for write-downs on brands | -22,166 | -18,558 |
| Other marketing expenses | -20,096 | -15,004 |
| Expenses for write-downs on customer / supplier base | -15,872 | -13,441 |
| **Total** | **-222,575** | **-200,525** |

Marketing expenses are up 11% year on year and increased at a lower rate than revenue. The already low increase in marketing expenses is partially offset by a decline in expenses relating to customer acquisition.

## 04 IT EXPENSES

IT expenses are broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Personnel expenses | -22,364 | -16,753 |
| Material expenditure | -8,973 | -3,035 |
| **Total** | **-31,337** | **-19,788** |

IT expenses relate partly to expenses for research and development, for instance for the development of the order platforms. Despite strong growth, the DH Group continues to be in the start-up and structuring phase of company organization, administration and process architecture. The close interaction between maintenance, adjustment to market conditions and the resulting development of the order platform does not currently permit the determination of research and development costs. The Group is nevertheless working on a structure that will allow research and development costs to be quantified in future. Further disclosures on research and development can be found in the group management report for the 2016 financial year.

## 05 GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses are broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Personnel expenses | -26,256 | -19,331 |
| Audit and consulting expenses | -21,801 | -19,028 |
| Share-based payment | -15,759 | -31,490 |
| Rent and leasing expenses | -9,335 | -5,427 |
| Office expenses | -5,097 | -6,799 |
| Depreciation and amortization | -4,497 | -9,407 |
| Travel and subsistence expenses | -3,811 | -4,364 |
| Other taxes | -2,591 | -578 |
| Telecommunications | -2,277 | -2,607 |
| Other expenses | -9,476 | -8,863 |
| **Total** | **-100,898** | **-107,895** |

The significant increase in personnel expenses, rent and leasing expenses and expenses for other taxes is more than offset by the decline in expenses relating to share-based payment, depreciation, amortization and impairment, so total administrative expenses are down 7% year on year.

Further information about share-based payment can found in section I.01.

## 06 OTHER OPERATING INCOME

Other operating income is broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Income from licenses, patents and commission | 141 | 0 |
| Gain from the disposal of fixed assets | 46 | 13 |
| Gain from the sale and discontinuation of subsidiaries | 985 | 0 |
| Others | 984 | 1,185 |
| **Total** | **2,156** | **1,198** |

The increase in income from licenses, patents and commission was offset by the decline in other operating income.

Expenditure allowances for the employment of specific employees are recognized directly in profit or loss in accordance with IAS 20 (2016: KEUR 60; 2015: KEUR 435). There are no unfulfilled restrictions and other contingencies related to recognized government assistance in the consolidated financial statements.

## 07 OTHER OPERATING EXPENSES

Other operating expenses are broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Impairment loss on goodwill | -9,633 | -2,089 |
| Expenses from impaired receivables | -6,008 | -5,642 |
| Losses on the disposal of fixed assets | -581 | -161 |
| Loss from the sale and discontinuation of subsidiaries | -2,496 | -223 |
| Other expenses | -1,202 | -515 |
| **Total** | **-19,920** | **-8,630** |

The KEUR 11.289 increase in other operating expenses resulted mainly from the write-down on the goodwill of the Pizza.de CGU (see Section F.01).

## 08 NET INTEREST INCOME

Net interest income breaks down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Other interest income and similar income | 879 | 1,253 |
| Income from amortizing the transaction costs of financial instruments | 0 | 12,035 |
| Other interest expenses and similar expenses | -18,298 | -12,444 |
| Expenses from amortizing the transaction costs of financial instruments | -15,699 | -30,811 |
| **Total** | **-33,118** | **-29,968** |

Total interest income and interest expenses relate to financial assets and liabilities that are not at fair value through profit or loss. Income from the amortization of transactions costs in 2015 resulted mainly from non-recurring effects connected with two restructurings of a loan agreement for KEUR 100,000. Both restructurings led to derecognition in profit or loss of the existing liability and a subsequent re-recognition in profit or loss of the fair value of the liability.

The high expenses from the amortization of transactions costs in 2015 resulted mainly from the effects on earnings connected with two restructurings of a loan agreement for KEUR 100,000. Both restructurings led to derecognition in profit or loss of the existing liability and a subsequent re-recognition in profit or loss of the fair value of the liability.

The increase in other interest expenses resulted mainly from the new interest-bearing liabilities assumed in 2016 (see Sections F.11 and F.14).

## 09 OTHER FINANCE INCOME/COSTS

As in the prior year, other finance income/costs led to an expense and is broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Income from changes in the fair value of derivatives | 13,190 | 13,437 |
| Gains/losses from currency translation | 8,657 | -8,410 |
| Impairment of loan receivables from subsidiaries | -23 | 0 |
| Gains/losses from deconsolidation, sale of financial assets and other equity instruments | -892 | -2,522 |
| Loss from investments | -5,107 | -2,602 |
| Impairment of investments | -7,106 | -5,524 |
| Expenses from changes in the fair value of derivatives | -18,061 | -12,248 |
| **Total** | **-9,340** | **-17,869** |

The KEUR 8.528 improvement in other finance income/costs resulted mainly from the change in the gains/losses from currency translation.

The decrease in income from the measurement of derivative financial instruments in 2016 resulted mainly from the subsequent measurement of the put/call options. The high income in 2015 resulted mainly from non-recurring effects relating to the derecognition of the related embedded derivatives in the course of restructuring the base loan instruments.

The increase in expenses from the measurement of derivative financial instruments in 2015 resulted from the subsequent measurement of the separated embedded derivatives and the derecognition of the related embedded derivatives in the course of restructuring the base loan instruments. In 2016, the expenses from the measurement of derivative financial instruments resulted mainly from the increased fair value from purchase price obligations.

The impairment of investments in 2016 resulted mainly from the amortization of an associate acquired in 2015.

The equity-accounted investments in associates generated a negative profit contribution of KEUR 5,107 (previous year: KEUR -2,602). This includes the profit contribution of the company written off in 2016 up to its impairment.

## 10 INCOME TAXES

Expenses or income for income taxes are broken down as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| **Income taxes** | **10,992** | **2,153** |
| **Current income taxes** | **-10,501** | **-3,121** |
| Current income taxes | -10,535 | -3,405 |
| PY current income taxes | 34 | 284 |
| **Deferred income taxes** | **21,493** | **5,274** |
| Deferred income taxes | 21,493 | 5,274 |

Reconciliation between the consolidated profit/loss before taxes and expected income taxes on the one side, and the current tax income on the other is as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| **Earnings before income taxes** | **-202,307** | **-246,646** |
| **Anticipated tax income (2016: 30.18%; 2015: 30.18%)** | **61,056** | **74,438** |
| **Adjustments to the anticipated tax income** | | |
| Deviations between the Group's tax rate and tax rate changes | -3,912 | -8,233 |
| Non-deductible operating expenses | -9,396 | -14,193 |
| Tax-exempt income | 1,373 | 563 |
| Tax effects from adding and deducting for local taxes | -893 | -373 |
| Effects from the non-recognition of deferred tax assets on tax loss carryforwards | -31,561 | -40,781 |
| Effects from the recognition/non-recognition of deferred tax assets on temporary differences | -4,815 | -1,009 |
| Prior-period deferred income taxes | 1,013 | -3,385 |
| Prior-period current income taxes | 34 | 284 |
| Effects from consolidation measures | 16,582 | 283 |
| Effects of equity-accounted companies | -1,473 | -719 |
| Effects of goodwill impairment | -2,907 | -522 |
| Permanent differences | -12,652 | -4,123 |
| Other tax effects | -1,457 | -77 |
| **Income taxes** | **10,992** | **2,153** |

The tax rate applied to determine the expected tax income corresponds to the tax rate of the parent and is composed of the tax rate for corporation tax inclusive of solidarity surcharge of 15.83% and the trade tax rate of 14.35%.

In addition to the income taxes referred above, the discontinued operations had tax expenses in 2016 financial year amounting to KEUR 173 (2015: KEUR 338).

# H. Disclosures on the consolidated statement of cash flows

The consolidated statement of cash flows was prepared in accordance with IAS 7 and shows the in-flow and outflow of cash flows during the reporting year. Cash flows are broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. The cash flows arising from operating activities are determined using the indirect method pursuant to IAS 7.18 (b).

The cash and cash equivalents shown in the consolidated statement of cash flows correspond to cash and cash equivalents in the statement of financial position, namely cash on hand and at banks; please refer to Section F.09. Cash and cash equivalents accessible to the Group amounted to KEUR 230,853 as of December 31, 2016 (previous year: KEUR 160,150). Some of the payment service providers used by the DH Group block a minor percentage of the available credit for some days until the transactions are fully processed. Please refer to Section D.03.a) in respect of possible restrictions due to currency controls in China and Argentina.

The negative cash flow from operating activities in 2015 and 2016 results mainly from the loss for the period and the increase in current assets. The increase in trade receivables and other assets reflects in particular the Company's growth. Cash flow from investing activities in 2016 mainly comprises the acquisition presented in Section D.01 and investments in intangible fixed assets and property, plant and equipment. The item “Net payments for the acquisition of shares in consolidated companies” includes mainly the balance from the cash component of the consideration transferred and the cash and cash equivalents assumed (KEUR 132,444) for the company acquisitions. Cash flow from financing activities reflects the cash increase in equity capital in 2015 and 2016. In addition, additional loans were taken out both in 2015 and 2016. The two contributed to securing the DH Group's operations.

Aggregated disclosures on assets and liabilities of acquired subsidiaries, inclusive of the acquired cash and cash equivalents and cash components of remuneration of the acquisition, are to be found in Section D.02.a). Disclosures on deconsolidation are to be found in Section D.03.b).

# I. Other disclosures

## 01 SHARE-BASED PAYMENT – IFRS 2 PROGRAM

The DH Group has been operating a share-based payment program since 2011 so that top-level management participates in the development of the Company and its contribution to the sustained success of the DH Group is honored in comparison to the competition. The group of beneficiaries comprises members of management and the top management of Delivery Hero GmbH as well as management bodies and the top management of affiliates of the DH Group.

### a) DH VSP: Description of the program

Six programs (Virtual Share Program I-VI) were approved by the Advisory Board of the Company. The nominal value of each virtual share amounts to EUR 1. Shares are issued successively following approval.

Entitled persons have an individual contractual claim on the Company for payment of a cash equivalent to the shares issued. In the case of a material change in the shareholder structure (“exit”), these claims are immediately payable. An exit is deemed to exist if a sale or transfer of more than 75% of all shares in the Company occurs. An exchange or acquisition as part of an individual transaction or a series of consecutive transactions as well as a sale or transfer of more than 75% of assets or a liquidation or de facto liquidation of the Company is treated in the same way.

In the case of an exit, all claims on virtual shares already issued are immediately due for payment at the date of concluding the transaction. Following the exit, tendered claims are being assigned on a monthly basis. The number of shares issued is individually specified in contractual agreements. In addition, additional or other tender scenarios or criteria governing the vested nature are individually specified and defined in the individual contractual agreements. The Company, however, proceeded to standardize these arrangements in their entirety.

The exercise prices agreed in the programs (strike prices) vary in the range presented below depending on the issuance date of the subscription right. Shares in individual programs are distributed as follows:

| Program | VSP I | VSP II | VSP III | VSP IV | VSP V | VSP VI |
|---|---|---|---|---|---|---|
| Strike price (in EUR/share) | 0 - 1 | 957 | 1,031 - 1,500 | 1,053 - 4,000 | 1 - 4,500 | 1 - 5,000 |
| Shares | 776 | 958 | 4,316 | 7,723 | 7,038 | 7,290 |
| Expired shares | 332 | 269 | 2,095 | 1,943 | 1,229 | 0 |

No rights to the subscription of GmbH ownership interests of the Company and dividends resulting from ownership interests or distributions from the virtual shares are granted to entitled persons. In the event of conversion of the GmbH into a stock corporation, the virtual shares would be converted into share options. The arrangement for these share options after conversion to a stock corporation, e.g. whether settlement occurs in shares or in cash, has not yet been made.

The VSPs end on December 31, 2030. The individual agreements can be terminated by the Company with effect from December 31, 2030. In the case of termination of agreements as of or after December 31, 2030, the Company must provide compensation payment.

All taxes, other levies or fees, which accompany the issuance of virtual shares or cash payments as part of these agreements, are to be borne by the beneficiary and may be withheld by the Company and deducted from payments as part of this agreement. Excluded from this are the corresponding employer's contributions, which were added into the calculation.

## b) DH VSP: Vesting period/non-forfeiture

To the extent that there are no other arrangements in individual agreements, the contractual vesting period extends over a period of 48 months. Prior to the commencement of the contractual vesting period, an additional vesting period (cliff) of up to 12 months can be arranged on the part of the issuer and a period of up to 24 months can be arranged individually by the participant between the Company and the beneficiary. These vesting periods have an impact on non-forfeiture as they present a type of waiting period from the beginning of the contractual subscription period and non-forfeiture of individual claims can materialize only at a later date. If the work or engagement relationship, irrespective of the reason, ends during the vesting period, the virtual shares expire.

Employees who opt to leave the Company ('bad leaver') have no claim to virtual shares.

Measurement of share-based payment of employees is made using an option pricing model (Black-Scholes model) based on the valuation of a call option on the Company's shares. The volatilities used for this are derived by applying a standard peer group and amount to 40%.

The exit was assumed for the maturity of the options, namely September 30, 2017. Market prices were determined using a company valuation. The exercise price corresponds to the aforementioned strike prices. The underlying risk-free interest rate is 0.0%. To derive the underlying company valuation, a DCF-based company valuation was conducted based on the business plan and the statement of financial position as of the reporting date; the parameters for discounting the recovery of capital correspond to the specifications given for impairment testing (refer to Section C.01.b)). Assumptions regarding the key performance indicators of the business plan, such as the underlying EBITDA margin, were also applied. The measurement using these parameters is shown below. Changes in the measurement of liabilities arising from share-based payment were recognized through profit or loss in the respective period.

| **Measurement date** | **Dec. 31, 2016** | **Dec. 31, 2015** |
|---|---|---|
| No. of shares owed | 28,101 | 14.955 |
| No. of tendered shares | 14,540 | 8,861 |
| Fair value (KEUR) | 47,495 | 35,287 |
| Total expenses for the period (KEUR) | 3,369 | 21,430 |
| Intrinsic value of liabilities for vested benefits (KEUR) | 47,495 | 35,111 |

Earnings per share are not disclosed as no dilution effect is to be considered for virtual share options and respective virtual shares match these.

The number and weighted average exercise prices for virtual share options developed as follows. For practical reasons, DH does not differentiate between expired and forfeited shares.

| | **No. of virtual share options in 2016** | **Weighted average exercise price 2016 in EUR** | **Anzahl der virtuellen Aktien-optionen 2015** | **Weighted average exercise price 2015 in EUR** |
|---|---|---|---|---|
| Outstanding as of Jan. 1 | 11,406 | 1,824 | 7,896 | 1,252 |
| Expired during the year | -2,338 | 3,570 | -1,802 | 1,387 |
| Pledged during the year | 13,154 | 3,957 | 5,321 | 2,524 |
| **Outstanding as of Dec. 31** | **22,222** | **2,903** | **11,415** | **1,824** |

## c) foodora VSP: Description of share option program

In 2016 financial year a new option program for the foodora-group was established. The nominal value of each virtual share amounts to EUR 1. Shares are issued successively following management approval. These are virtual shares in the operating companies of the foodora group (foodora OpCo).

Entitled persons have an individual contractual claim on the parent company of the foodora OpCo companies (HoldCo) for payment of a cash equivalent to the shares issued. In the case of a material change in the shareholder structure ("exit") of the foodora group or the DH Group, these claims are immediately payable. An exit is deemed to exist if a sale or transfer of more than 75% of all shares in the Company or an IPO of the Company occurs. An exchange or acquisition as part of an individual transaction or a series of consecutive transactions as well as a sale or transfer of more than 75% of assets or a liquidation or de facto liquidation of the Company is treated in the same way.

Following the exit, tendered claims are being assigned on a monthly basis. The number of shares issued is individually specified in contractual agreements. In addition, additional or other tender scenarios or criteria governing the vested nature are individually specified and defined in the individual contractual agreements. The Company, however, proceeded to standardize these arrangements in their entirety.

The exercise prices agreed in the program (strike prices) vary between EUR 0 and EUR 723. 1,446 shares are available under this program.

No rights to the subscription of ownership interests of the Company and dividends resulting from ownership interests or distributions from the virtual shares are granted to entitled persons.

The VSPs end on December 31, 2030. The individual agreements can be terminated by the Company with effect from December 31, 2030. In the case of termination of agreements as of or after December 31, 2030, the Company must provide compensation payment.

All taxes, other levies or fees, which accompany the issuance of virtual shares or cash payments as part of these agreements, are to be borne by the beneficiary and may be withheld by the Company and deducted from payments as part of this agreement. Excluded from this are the corresponding employer's contributions, which were added into the calculation.

## d) foodora VSP: Vesting period/non-forfeiture

To the extent that there are no other arrangements in individual agreements, the contractual vesting period extends over a period of 48 months. Prior to the commencement of the contractual vesting period, an additional vesting period (cliff) of up to 12 months can be arranged on the part of the issuer and a period of up to 24 months can be arranged individually by the participant between the Company and the beneficiary. These vesting periods have an impact on non-forfeiture as they present a type of waiting period from the beginning of the contractual subscription period and non-forfeiture of individual claims can materialize only at a later date. If the work or engagement relationship, irrespective of the reason, ends during the vesting period, the virtual shares expire.

Employees who opt to leave the Company ('bad leaver') have no claim to virtual shares.

Due to the mutual dependency and the uncertainty as to future variables, the financial and operational benchmarks were derived from a multi-level, integrated Monte Carlo simulation. On the basis of resulting values, it was determined when the combined option is valuable and thus when it should be exercised.

The measurement is based on publicly available, observable market data and on unobservable input parameters. The unobservable input parameters include mainly future financial and operational key performance indicators. These are simulated using a Monte Carlo approach with the model being calibrated based on development in line with existing budget plans for the relevant companies. Other financial key performance indicators were taken from the existing financial statements of the related companies and extrapolated in line with the simulation results.

| Measurement date – VSP | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| No. of shares owed | 1,446 | 0 |
| No. of tendered shares | 678 | 0 |
| Fair value (KEUR) | 2,014 | 0 |
| Total expenses for the period (KEUR) | 2,014 | 0 |
| Intrinsic value of liabilities for vested benefits (KEUR) | 2,014 | 0 |

Earnings per share are not disclosed as no dilution effect is to be considered for virtual share options and respective virtual shares match these.

The number and weighted average exercise prices for virtual share options developed as follows. For practical reasons, DH does not differentiate between expired and forfeited shares.

| | No. of virtual share options in 2016 | Weighted average exercise price 2016 in EUR | No. of virtual share options in 2015 | Weighted average exercise price 2015 in EUR |
|---|---|---|---|---|
| Outstanding as of Jan. 1 | 0 | 0 | 0 | 0 |
| Expired during the year | 0 | 0 | 0 | 0 |
| Pledged during the year | 1,446 | 408 | 0 | 0 |
| **Outstanding as of Dec. 31** | **1,446** | **408** | **0** | **0** |

## e) foodora option: Description of share option program

The nominal value of each virtual share amounts to EUR 1. Shares are issued successively following approval by the management. These are virtual shares in the operating companies of foodora OpCo.

Entitled persons have an individual contractual claim on the parent company of the HoldCo for payment of a cash equivalent to the shares issued. In the case of a material change in the shareholder structure (“exit”) of the foodora group or the DH Group, these claims are immediately payable. An exit is deemed to exist if a sale or transfer of more than 75% of all shares in the Company or an IPO of the Company occurs. An exchange or acquisition as part of an individual transaction or a series of consecutive transactions as well as a sale or transfer of more than 75% of assets or a liquidation or de facto liquidation of the Company is treated in the same way.

In the case of an exit, all claims on virtual shares already issued are immediately due for payment at the date of concluding the transaction. Following the exit, tendered claims are being assigned on a monthly basis. The number of shares issued is individually specified in contractual agreements. In addition, additional or other tender scenarios or criteria governing the vested nature are individually specified and defined in the individual contractual agreements. The Company, however, proceeded to standardize these arrangements in their entirety.

The exercise prices agreed in the program (strike prices) vary between EUR 0 and EUR 723. 5,796 shares are available under this program.

No rights to the subscription of ownership interests of the Company and dividends resulting from ownership interests or distributions from the virtual shares are granted to entitled persons.

The VSPs end on December 31, 2030. The individual agreements can be terminated by the Company with effect from December 31, 2030. In the case of termination of agreements as of or after December 31, 2030, the Company must provide compensation payment.

All taxes, other levies or fees, which accompany the issuance of virtual shares or cash payments as part of these agreements, are to be borne by the beneficiary and may be withheld by the Company and deducted from payments as part of this agreement. Excluded from this are the corresponding employer's contributions, which were added into the calculation.

### f) foodora option: Vesting period/non-forfeiture

To the extent that there are no other arrangements in individual agreements, the contractual vesting period extends over a period of 48 months. Prior to the commencement of the contractual vesting period, an additional vesting period (cliff) of up to 12 months can be arranged on the part of the issuer and a period of up to 24 months can be arranged individually by the participant between the Company and the beneficiary. These vesting periods have an impact on non-forfeiture as they present a type of waiting period from the beginning of the contractual subscription period and non-forfeiture of individual claims can materialize only at a later date. If the work or engagement relationship, irrespective of the reason, ends during the vesting period, the virtual shares expire.

Employees who opt to leave the Company ('bad leaver') have no claim to virtual shares.

Due to the mutual dependency and the uncertainty as to future variables, the financial and operational benchmarks were derived from a multi-level, integrated Monte Carlo simulation. On the basis of resulting values, it was determined when the combined option is valuable and thus when it should be exercised.

The measurement is based on publicly available, observable market data and on unobservable input parameters. The unobservable input parameters include mainly future financial and operational key performance indicators. These are simulated using a Monte Carlo approach with the model being cali-brated based on development in line with existing budget plans for the relevant companies. Other financial key performance indicators were taken from the existing financial statements of the related companies and extrapolated in line with the simulation results.

| Measurement date – options | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| No. of shares owed | 5,796 | 0 |
| No. of tendered shares | 3,309 | 0 |
| Fair value (KEUR) | 7,924 | 0 |
| Total expenses for the period (KEUR) | 7,924 | 0 |
| Intrinsic value of liabilities for vested benefits (KEUR) | 7,924 | 0 |

Earnings per share are not disclosed as no dilution effect is to be considered for virtual share options and respective virtual shares match these.

The number and weighted average exercise prices for virtual share options developed as follows. For practical reasons, DH does not differentiate between expired and forfeited shares.

| | No. of virtual share options in 2016 | Weighted average exercise price 2016 in EUR | No. of virtual share options in 2015 | Weighted average exercise price 2015 in EUR |
|---|---|---|---|---|
| Outstanding as of Jan. 1 | 0 | 0 | 0 | 0 |
| Expired during the year | 0 | 0 | 0 | 0 |
| Pledged during the year | 5,796 | 70 | 0 | 0 |
| **Outstanding as of Dec. 31** | **5,796** | **70** | **0** | **0** |

## g) E-Food: Description of share option program

On May 2, 2015, ECommerce Business 10 S.à r.l. granted the senior executives of OFD Online Delivery Services Ltd (OFD) ("Beneficiaries" or "Option Holders") a share option for a portion of the shares in OFD. In connection with this, a put and call agreement was concluded between ECommerce Business 10 S.à r.l. and the senior executives. The exercise of the put and call option agreed therein is dependent on the exercise of the share option and on the rendering of work performance by the senior executives. Following each exercise of the share option, the option holder has the right to sell the shares in OFD acquired via the share option. This right is granted to the option holder for 30 days following exercise of the share option. The sale price of a share corresponds to the market value of all shares in the company at the respective vesting period of the share, multiplied by a performance factor and divided by the number of shares in the company. The option program allows senior executives to share in the performance of OFD. As the share option and the put and call agreement are mutually dependent, the option program, in economic terms, is considered a commitment that is accounted for as a share-based IFRS 2 program.

The commitment includes the option between the issuance of shares of a listed group company and the cash payment or issuance of shares of an unlisted company within the DH Group. As no past DH Group operational practice or declared guidelines exist on this issue and no legal obligation to make cash payment is present, this commitment is to be recognized as an equity-settled share-based payment transaction.

The integrated option consists of two individual agreements. In the course of the first option, the founders have the right to buy shares in the Greek company (OFD). The purchase price itself and the value of the shares itself is unclear as of the reporting date. In the case that the option is advantageous and is thus exercised, the founders again have the immediate right to tender the shares to DH. In this case, the founders surrender their acquired shares and in return receive payment, which via various contractual parameters is linked to key financial and operational performance indicators of OFD over the next few years.

With respect to the economic dependency of the two transactions, the options were considered as one interdependent transaction, this means it is decisive for the exercise of the option whether the payment amount to the founders for the acquired shares in the (contingent) second option is larger than the purchase price to be paid by the founders for the shares in the first option.

With regard to the two underlying shares of the agreements, two tranches are set out in terms of the vesting period, the number of shares granted and the future measurement dates. This is also taken into account in the measurement.

Due to the mutual dependency and the uncertainty as to future variables, the financial and operational benchmarks were derived from a multi-level, integrated Monte Carlo simulation. On the basis of resulting values, it was determined when the combined option is valuable and thus when it should be exercised.

The measurement is based on publicly available, observable market data and on unobservable input parameters. The unobservable input parameters include mainly future financial and operational key performance indicators. These are simulated using a Monte Carlo approach with the model being calibrated based on development in line with existing budget plans for the relevant companies. Other financial key performance indicators were taken from the existing financial statements of the related companies and extrapolated in line with the simulation results.

Measurement takes place just once at the conclusion of the agreement. A measurement is only repeated if the contractual parameters are modified. Then the measurement takes place with due regard to the modified parameters – otherwise applying the same assumptions and conditions.

For the commitment as agreed in the previous year, an expense of KEUR 1,351 was recorded under administrative expenses this year.

The vesting period for tranche 1 is up to December 31, 2018, and for tranche 2 up to December 31, 2019. The vested purchase rights can be exercised between December 31, 2019, and March 31, 2020, and expire after this time period. As of the reporting date December 31, 2016, the average contractual life of the options was 2.5 years.

The number of options and the weighted average exercise price developed in 2016 as follows:

| | Number of options | | Average exercise price per share in KEUR | |
|---|---|---|---|---|
| | Tranche 1 | Tranche 2 | Tranche 1 | Tranche 2 |
| **As of Jan. 1, 2016** | **30** | **40** | **20** | **17** |
| Issue | 0 | 0 | 0 | 0 |
| Expiration | 0 | 0 | 0 | 0 |
| **As of Dec. 31, 2016** | **30** | **40** | **20** | **17** |
| thereof outstanding | 30 | 40 | – | – |

At the date of the granting the average fair value was KEUR 13 per option for tranche 1 and KEUR 68 per option for tranche 2.

## h) Other IFRS 2 programs

In addition to the programs described above, there are another three programs drafted in 2015, which for reasons of materiality are summarized below.  The aim of these programs is to allow for management of certain subsidiaries to share in the performance of the companies run by them. The programs are cash-settled; in the case of an exit, all claims on virtual shares already issued are immediately due for payment at the date of concluding the transaction. Following the exit, tendered claims are being assigned on a monthly basis. The number of shares issued is individually specified in contractual agreements. In addition, additional or other tender scenarios or criteria governing the vested nature are individually specified and defined in the individual contractual agreements. During the programs the exercise price of RGP Korea is between EUR 1–2,000 per share, the other two programs hold no exercise price.

Measurement of share-based payment of employees is made using an option pricing model (Black-Scholes model) in line with the approach in measuring the virtual share program.

| **Measurement date** | **RPGK Dec. 31, 2016** | **RPP Dec. 31, 2016** | **PeYa Dec. 31, 2016** |
|---|---|---|---|
| No. of shares owed | 1,955 | 1,032 | 2,357,607 |
| No. of tendered shares | 1,573 | 1,032 | 2,164,714 |
| **KEUR** | | | |
| Fair value | 5,317 | 200 | 1,634 |
| Total expenses for the period | 2,895 | -583 | -758 |
| Intrinsic value of liabilities for vested benefits | 5,317 | 200 | 1,634 |

# 02 FINANCIAL INSTRUMENTS

## a) Disclosures on financial instruments

Financial assets and liabilities by measurement category and class are shown in the following table.

The following abbreviations are used for the measurement categories:

+ LaR: Loans and Receivables
+ AfS: Available for Sale
+ FLaC: Financial Liability at Cost
+ FAHfT: Financial Assets Held for Trading
+ FLHfT: Financial Liabilities Held for Trading

| | Classification pursuant to IAS 39 | Measured at amortized cost | Measured at amortized cost | Measured at fair value | Total line items |
|---|---|---|---|---|---|
| **Dec. 31, 2016 KEUR** | | **Carrying amount** | **Fair value** | **Carrying amount** | **Carrying amount** |
| Investments[1] | AfS | 2,560 | n/a | – | 2,560 |
| Loans granted | LaR | 1,894 | 1,894 | – | 1,894 |
| Bank deposits | LaR | 250 | 250 | – | 250 |
| Derivative financial instruments | FAHfT | – | – | 991 | 991 |
| Security deposits | LaR | 1,013 | 1,013 | – | 1,013 |
| **Other financial assets** | | **5,718** | **2,145** | **–** | **6,709** |
| Trade receivables | LaR | 48,913 | 48,913 | – | 48,913 |
| Loans granted | LaR | 11 | 11 | – | 11 |
| Other securities[1] | AfS | 205 | n/a | – | 205 |
| Security deposits | LaR | 2,887 | 2,887 | – | 2,887 |
| Derivative financial instruments | FAHfT | – | – | 0 | 0 |
| Bank deposits and related receivables | LaR | 1,335 | 1,335 | – | 1,335 |
| **Trade and other receivables** | **–** | **53,351** | **53,146** | **0** | **53,351** |
| **Cash and cash equivalents** | **–** | **230,853** | **230,853** | **–** | **230,853** |
| **Total financial assets** | **–** | **289,921** | **286,143** | **0** | **289,921** |
| **Liabilities to banks** | **FLaC** | **116,403** | **118,960** | **–** | **116,403** |

| | | | | | |
|---|---|---|---|---|---|
| Trade payables | FLaC | 52,761 | 52,761 | – | 52,761 |
| Other financial liabilities | FLaC | 48,300 | 48,300 | – | 48,300 |
| Other purchase price obligation [2] | FLHfT | – | – | 14,225 | 14,225 |
| Security deposits received | FLaC | 596 | 596 | – | 596 |
| Derivative financial instruments [3] | FLHfT | – | – | 41,433 | 41,433 |
| Liabilities from finance leases | FLaC | 4,636 | – | – | 4,636 |
| Loans [4] | FLaC | 230,799 | 228,478 | – | 230,799 |
| **Trade and other payables** | **–** | **337,092** | **330,135** | **55,658** | **392,750** |
| **Total financial liabilities** | **–** | **453,495** | **449,095** | **55,658** | **509,153** |

*1) Investments and other securities are measured at cost Classifying the underlying input factors for determining fair value pursuant to IFRS 13.93 (b)/IFRS 13.97:*

*2) Purchase price liability: Level 3 pursuant to the fair value hierarchy (measurement due to non-observable input factors/market data)*

*3) Derivative: Level 3 pursuant to the fair value hierarchy (measurement due to non-observable input factors)*

*4) Loans: Level 3 pursuant to the fair value hierarchy (measurement due to observable input factors/ market data)*

| | Classification pursuant to IAS 39 | Measured at amortized cost | Measured at amortized cost | Measured at fair value | Total line items |
|---|---|---|---|---|---|
| **Dec. 31, 2015 KEUR** | | **Carrying amount** | **Fair value** | **Carrying amount** | **Carrying amount** |
| Investments[1] | AfS | 2,530 | n/a | – | 2,530 |
| Loans granted | LaR | 1,421 | 1,421 | – | 1,421 |
| Bank deposits | LaR | 234 | 234 | – | 234 |
| Security deposits | LaR | 503 | 0 | – | 503 |
| **Other financial assets** | **–** | **4,688** | **1,654** | **–** | **4,688** |
| Trade receivables | LaR | 17,893 | 17,893 | – | 17,893 |
| Loans granted | LaR | 443 | 443 | – | 443 |
| Other securities | AfS | 44 | 0 | – | 44 |
| Security deposits | LaR | 792 | 0 | – | 792 |
| Derivative financial instruments | FAHfT | – | – | 2,892 | 2,892 |
| Bank deposits and related receivables | LaR | 626 | 626 | – | 626 |
| **Trade and other receivables** | **–** | **19,798** | **18,962** | **2,892** | **22,690** |
| **Cash and cash equivalents** | **–** | **160,150** | **160,150** | **0** | **160,150** |
| **Total financial assets** | **–** | **184,636** | **180,767** | **2,893** | **187,530** |
| **Liabilities to banks** | **FLaC** | **0** | **0** | **–** | **0** |

| | | | | | |
|---|---|---|---|---|---|
| Trade payables | FLaC | 36,883 | 36,883 | – | 36,883 |
| Other financial liabilities | FLaC | 24,102 | 24,102 | – | 24,102 |
| Other purchase price obligation [2] | FLHfT | – | – | 9,820 | 9,820 |
| Security deposits received | FLaC | 579 | 579 | – | 579 |
| Derivative financial instruments [3] | FLHfT | – | – | 45,075 | 45,075 |
| Loans [4] | FLaC | 290,294 | 295,056 | – | 290,294 |
| **Trade and other payables** | **–** | **351,858** | **356,620** | **54,895** | **406,753** |
| **Total financial liabilities** | **–** | **351.858** | **356.620** | **54.895** | **406.753** |

*1) Investments and other securities are measured at cost Classifying the underlying input factors for determining fair value pursuant to IFRS 13.93 (b)/IFRS 13.97:*

*2) Purchase price liability: Level 3 pursuant to the fair value hierarchy (measurement due to non-observable input factors/market data)*

*3) Derivative: Level 3 pursuant to the fair value hierarchy (measurement due to non-observable input factors)*

*4) Loans: Level 3 pursuant to the fair value hierarchy (measurement due to observable input factors/ market data)*

All derivative financial instruments are classified in the fair value hierarchy as level 3 as the measurement is carried out on the basis of non-observable input factors.

The carrying amounts for cash and cash equivalents, trade receivables, granted loans, deposits received, trade and other payables have predominantly short terms and are approximately in line with the fair value as of the reporting date.

The remaining available-for-sale financial assets (AfS) shown in the statement of financial position refer to other investments and securities; these are recognized at cost as quoted prices on an active market are not available and the fair value cannot be reliably determined. There are currently no significant sale intentions.

DH loans liabilities are recognized at amortized cost. Thus the carrying amount does not correspond to the fair value. The fair value of loan liabilities is determined as the present value of future cash flows taking account of riskless interest rates valid as of the reporting date and a specific risk premium for DH.

*Net result by measurement category:*

In accordance with IFRS 7.20 (a), net gains and losses of financial instruments are to be disclosed for each measurement category of IAS 39.

The net results of individual measurement categories pursuant to IAS 39 are as follows:

| Net income (loss) by measurement category (in KEUR) | 2016 | 2015 |
|---|---|---|
| LaR | -411 | -5,391 |
| AfS | 0 | -5,533 |
| FAHfT | 633 | 5,942 |
| FLHfT | 5,147 | -6,914 |
| FLaC | -24,479 | -28,527 |
| **Total** | **-19,109** | **-40,423** |

The net result of the LaR measurement category contains impairment losses and reversals on trade receivables. The net result of the LaR measurement category also includes interest income. The net result of the FAHft and FLHfT measurement categories includes results from the measurement of these derivatives at market prices. The net result of the FLaC measurement category includes interest expenses for ongoing debt service as well as the result from loan amortization, which is also included in interest expense.

The reconciliation of level 3 instruments measured at fair value is as follows:

| KEUR | Assets | Liabilities | Total |
|---|---|---|---|
| **As of Jan. 1, 2015** | **1** | **-22,828** | **-22,827** |
| Additions due to acquisitions and issuances | 5,835 | -49,963 | -44,128 |
| Disposals due to sale and settlement | – | 13,763 | 13,763 |
| Net profits recognized directly in equity | – | 268 | 268 |
| Profits recorded in the consolidated statement of comprehensive income | 101 | 13,173 | 13,274 |
| Losses recorded in the consolidated statement of comprehensive income | -3,045 | -9,204 | -12,249 |
| **As of Dec. 31, 2015** | **2,892** | **-54,791** | **-51,899** |
| Additions due to acquisitions and issuances | 346 | -3,959 | -3,613 |
| Disposals due to sale and settlement | -2,892 | – | -2,892 |
| Net profits recognized directly in equity | – | – | – |
| Profits recorded in the consolidated statement of comprehensive income | 1,184 | 12,609 | 13,793 |
| Losses recorded in the consolidated statement of comprehensive income | -539 | -7,842 | -8,381 |
| **As of Dec. 31, 2016** | **991** | **-53,983** | **-52,992** |

No reconciliation between the different levels of the fair value hierarchy took place during the financial year. Realized gains and losses from the change in level 3 instruments are recognized in finance income/expense. Unrealized gains or losses are recognized in revenue reserves and other reserves.

The fair value of the separable embedded derivatives is determined using an option pricing model at each relevant reporting date. In the course of the measurement process, the required publicly-available market data is collected and unobservable input parameters are updated using internal calculations. The latter relates in particular to the value determined for each company share of DH and the specific risk premium for DH. Both parameters were updated on each measurement date. The calculation of the sensitivities for unobservable input parameters is presented in the Section “Market risks.”

The future payment obligation for non-controlling shares for PedidosYa and ClickDelivery is linked via different contractual parameters to the enterprise value of DH at the date of the exit event. Owing to this interdependence, the fair value of put/call options is determined using Monte Carlo simulations. Measurement is made at each relevant reporting date. In the course of the measurement process, the required publicly available market data is collected and unobservable input parameters are updated at the respective reporting date using internal calculations. The latter relates in particular to the value determined for each company share of DH using a discounted cash flow approach, which represents the key influencing factor for the measurement result. Volatility is derived from the historical volatility of peer group companies as of the reporting date.

In line with the presentation above, the calculation of the fair value of the variable purchase price component of PedidosYa group valued in own DH shares is based on the value of each DH company share as determined using the discounted cash flow approach. The option value is calculated using the Black-Scholes model. The significant unobservable input parameters of the model to calculate the value of DH shares are found in Section F.01.b). The estimated fair value of options would rise (decline) if the DH share price was to rise (fall).

The put/call options at Baedaltong Co., Ltd. are based on a contractually determined subsequent settlement of deferred consideration and were settled in advance in 2015.

The contingent payment obligation for the earn-out provision at OFD is linked via various contractual parameters to key financial and operational performance indicators of OFD over the next few years. Due to the mutual dependency and the uncertainty as to future variables, the financial and operational benchmarks are derived from a Monte Carlo simulation. Based on the results of the simulation, the value of a potential earn-out payment at the respective future dates is determined based on contractual agreements. The measurement is based on publicly available, observable market data and on unobservable input parameters. The unobservable input parameters include mainly future financial and operational key performance indicators. These are simulated using a Monte Carlo approach with the model being calibrated based on development in line with existing budget plans for the relevant companies. Other financial key performance indicators were taken from the existing financial statements of the related companies and extrapolated in line with the simulation results. Measurement is made at each relevant reporting date and the parameters updated accordingly. This relates to both the publicly available market data and unobservable input parameters, e.g. the OFD's budget planning.

The methods described above were also used for the valuation of further Put/Call-option agreements for the purchase of further shares in Foodarena GmbH, Biel, Switzerland and Hungry Netherlands B.V., Netherlands.

## b) Risk management

The DH Group considers itself exposed to default risks, liquidity risks and market risks, especially interest rate and foreign exchange risks, through the use of financial instruments. DH actively monitors these risks and manages them using a risk management system. The risk management function is integrated in Group Controlling.

## c) Credit risk

The credit or default risk is the risk that the business partners, mainly restaurants, are unable to fulfill their payment obligations, which would mean the DH Group incurs a loss. As in the previous year, such risks mainly involve current trade receivables. The DH Group does not regard itself as being exposed to a major default risk from any single individual customer. The concentration of the credit-worthiness risk is limited due to the broad and heterogeneous customer base. The DH Group monitors the default risk and, as in the previous year, manages it actively by making any necessary credit checks and by optimizing the payment process. Consequently, the risk is largely transferred to the restaurants (also by way of an effective debt collection system).

The maximum default risk corresponds to the carrying amount of the financial assets.

In addition, the following table presents the maturity structure of the financial assets that are not impaired, not past due as well as those due as of the reporting date. In respect of receivables that are neither impaired nor past due, there was no indication on the reporting date that the debtors would not meet their payment obligations.

| KEUR<br>as of Dec. 31, 2016 | Carrying amount | Thereof neither past due nor impaired | Thereof past due as of the reporting date, but not impaired (in days) | | | | |
|---|---|---|---|---|---|---|---|
| | | | < 30 | 30-60 | 61-90 | 91-120 | > 120 |
| Loans granted | 1,905 | 1,905 | 0 | 0 | 0 | 0 | 0 |
| Bank deposits and related receivables | 1,572 | 1,572 | 0 | 0 | 0 | 0 | 0 |
| Security deposits | 3,899 | 3,899 | 0 | 0 | 0 | 0 | 0 |
| Trade and other receivables | 48,913 | 30,845 | 2,639 | 511 | 644 | 340 | 1,138 |
| Derivative financial instruments | 991 | 991 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **57,280** | **39,213** | **2,639** | **511** | **644** | **340** | **1,138** |
| **as of Dec. 31, 2015** | | | | | | | |
| Loans granted | 1,863 | 1,863 | 0 | 0 | 0 | 0 | 0 |
| Bank deposits and related receivables | 860 | 860 | 0 | 0 | 0 | 0 | 0 |
| Security deposits | 1,295 | 1,295 | 0 | 0 | 0 | 0 | 0 |
| Trade and other receivables | 17,893 | 13,962 | 3,130 | 22 | 33 | 39 | 183 |
| Derivative financial instruments | 2,892 | 2,892 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **24,804** | **20,873** | **3,130** | **22** | **33** | **39** | **183** |

Impairment losses developed as follows:

| Allowance account KEUR | As of Jan. 1 | Change | As of Dec. 31 |
|---|---|---|---|
| **2016** | | | |
| Loans to third parties | -2,677 | 2,677 | 0 |
| Trade receivables | -5,600 | -3,730 | -9,330 |
| **2015** | | | |
| Loans to third parties | 0 | -2,677 | -2,677 |
| Trade receivables | -1,660 | -3,940 | -5,600 |

Impairment losses almost wholly arise from the item trade receivables. In addition, a loan was subject to impairment in 2015.

| Impaired financial assets in KEUR | Carrying amount before impairment | Impairment | Carrying amount |
|---|---|---|---|
| **as of Dec. 31, 2016** | | | |
| Loans to third parties | 1,905 | 0 | 1,905 |
| Trade receivables | 58,240 | -9,330 | 48,913 |
| **as of Dec. 31, 2015** | | | |
| Loans to third parties | 4,540 | -2,677 | 1,863 |
| Trade receivables | 23,494 | -5,600 | 17,893 |

## d) Liquidity risk

Owing to strong growth, the DH Group has to rely on external financing to ensure sufficient liquidity, as in the previous year. A lack of external financing could threaten the Group's ability to continue as a going concern. Through proper budget planning, the DH Group's liquidity management makes sure that sufficient funds are available. Furthermore, a constantly secured and adequate amount of cash and cash equivalents ensures that operations can be financed. Unused credit lines are also available. As stated in Section I.03, the Group has a loan that includes specific financial and non-financial covenants. A future breach of the covenants could lead to the loan being repayable earlier than specified in the table below.

The following table presents contractual (undiscounted) interest and principal payments for the DH Group's genuine financial liabilities and derivative financial instruments with negative fair value. Derivative financial liabilities are only taken into account in the analysis if the contractual due date is required for comprehension of the timing of cash flows. The maturity is based on the contractually determined interest obligations of financial liabilities.

| Type of liability in KEUR | Carrying amount | Remaining terms in years < 1 | Remaining terms in years 1-5 |
|---|---|---|---|
| **as of Dec. 31, 2016** | | | |
| Liabilities to banks | 116,403 | 0 | 117,537 |
| Trade payables | 52,767 | 52,675 | 92 |
| Other financial liabilities and purchase price liabilities | 63,115 | 47,426 | 15,688 |
| Derivative financial instruments | 41,433 | 18,147 | 0 |
| Loan liabilities | 230,799 | 7,621 | 251,910 |
| **Total** | **504,517** | **125,869** | **385,227** |
| **as of Dec. 31, 2015** | | | |
| Liabilities to banks | 0 | 0 | 0 |
| Trade payables | 36,883 | 36,874 | 9 |
| Other financial liabilities and purchase price liabilities | 33,922 | 24,670 | 9,252 |
| Derivative financial instruments | 45,075 | 25,818 | 0 |
| Loan liabilities | 290,294 | 25,179 | 323,005 |
| **Total** | **406,174** | **112,541** | **332,266** |

## e) Market risk

The DH Group generates a significant portion of its revenue in foreign currencies through its international subsidiaries. As in the previous year, the DH Group generally tried to generate income and incur expenses in the same functional currency in order to reduce foreign exchange risk. Nevertheless, each group entity of the DH Group is exposed to currency risk as soon as transactions are concluded and the resulting payment flows do not correspond to the functional currency of the respective entity. The following table shows the effects on the statement of comprehensive income that would result if the presented foreign currencies had appreciated or depreciated by 10% as of the reporting date.

| Changes in KEUR | Dec. 31, 2016 +10% | Dec. 31, 2016 -10% | Dec. 31, 2015 +10% | Dec. 31, 2015 -10% |
|---|---|---|---|---|
| EUR-USD | -12,950 | 14,245 | -11,403 | 12,543 |
| EUR-KRW | 6,376 | -7,014 | 5,546 | -6,100 |
| EUR-GBP | 1,535 | -1,688 | 2,215 | -2,436 |
| UYU-USD | -1,425 | 1,568 | -548 | 498 |
| EUR-PLN | 1,153 | -1,269 | 926 | -1,018 |

A Uruguayan subsidiary of the DH Group has liabilities in USD, harboring a foreign exchange rate risk between the UYU and USD, which would affect the net income (loss) for the period.

In addition, the DH Group considers itself exposed to foreign exchange risk through its investment in international subsidiaries when translating net assets. However, this is not a foreign exchange risk as defined by IFRS 7.

Some of the loans drawn by the Group have floating interest rates on the basis of reference interest rates. Changes in market interest rates may increase the interest payable in the future, which would negatively affect the Company's financial performance. A 1% higher (lower) market interest rate would have led to an effect on profit or loss of KEUR 808 (KEUR 0).

Based on derivatives held or issued by the DH Group as of the reporting date, a hypothetical change (quantified using sensitivity analysis) for the share values relevant to the respective instruments would have the following listed effects (before tax) as of the reporting date:

| Financial instruments as of December 31, 2016 KEUR | Effect on profit or loss +10% | Effect on profit or loss -10% |
|---|---|---|
| Separable embedded derivatives | -693 | 861 |
| Variable purchase price component PedidosYa | -298 | 298 |
| Derivatives from put/call options | -3.608 | 3.869 |

With respect to the determined value of the separable embedded derivatives (similar to the derivatives arising from put/call options and the variable purchase price component), the value per DH company share determined using the discounted cash flow method is a parameter having a material impact on the measurement result. As of December 31, 2015, the sensitivity analysis is as follows:

| Financial instruments as of December 31, 2015 KEUR | Effect on profit or loss +10% | Effect on profit or loss -10% |
|---|---|---|
| Separable embedded derivatives | -1.309 | 1.429 |
| Variable purchase price component PedidosYa | -316 | 316 |
| Derivatives from put/call options | -3.256 | 3.163 |

In addition to DH's share value and relative to the separable embedded derivatives, DH's risk premium is another unobservable input factor. A 1% higher or lower risk premium would have led to an effect on profit or loss of KEUR -866 or KEUR 1,155 (previous year: KEUR +2,051 or KEUR -1,851).

The expected future revenue is a key unobservable input factor in the measurement of the contingent purchase price obligations from company acquisitions. 5% higher or lower revenue would have led to an effect on profit or loss of KEUR -1,245 or KEUR 1,260 (previous year: KEUR -2,678 or KEUR +2,634). The estimated fair value of the obligation would rise (decline) if the expected revenue were to rise (fall).

The expected future gross merchandise value (GMV) is a key unobservable input factor in the measurement of the contingent purchase price obligations from company acquisitions. 5% higher or lower GMV would have led to an effect on profit or loss of KEUR 99 or KEUR -92 (previous year: KEUR -2,678 or KEUR +2,634). The estimated fair value of the obligation would rise (decline) if the expected revenue were to rise (fall).

## 03 CAPITAL MANAGEMENT

The objectives of the DH Group's capital management are primarily expounded as being to finance the growth strategy of the Group. The integrated strategy of capital management is unchanged over the prior year.

The capital structure is directed based on a targeted debt-ratio. The debt-equity ratio is defined as the ratio of net debt (debt less cash and cash equivalents) to equity.

The Group is subject to external covenants from loans issued by venture capitalists, which were not infringed in the reporting year or in the prior year. The objectives of capital management were attained in the reporting year. The debt-equity ratio developed as shown in the reporting year:

| KEUR | 31.12.2016 | 31.12.2015 |
|---|---|---|
| Loans and borrowings | 739.859 | 623.953 |
| Cash and cash equivalents | 230.853 | 160.150 |
| **Net debt** | **509.006** | **463.803** |
| ÷ equity | 892.208 | 765.492 |
| **Leverage ratio (%)** | **57%** | **61%** |

## 04 DISCLOSURES ON THE COST OF SALES METHOD

The expense for employee benefits amounted to KEUR 113,563 in 2016 (2015: KEUR 112,237). The expense for defined benefit plans amounted to KEUR 5,877 in 2016 (2015: KEUR 4,623), which includes, in particular, employer's contributions to statutory pension schemes.

Expenses for depreciation and amortization amounted to KEUR 43,126 in 2016 (2015: KEUR 35,550).

## 05 HEADCOUNT

The DH Group employs an average of 6,848 people in the current financial year (2015: 2,843 employees). The distribution by employee group can be derived from the following:

| Average number of employees by group | 2016 | 2015 |
|---|---|---|
| Delivery | 3,698 | 432 |
| Sales | 1,135 | 712 |
| Marketing | 740 | 861 |
| IT | 449 | 401 |
| Management | 73 | 59 |
| Office Admin | 753 | 378 |
| **Total** | **6,848** | **2,843** |

## 06 TOTAL FEE FOR THE AUDITOR

The auditor's fees are broken down by service as follows:

| KEUR | 2016 | 2015 |
|---|---|---|
| Audit services | 810 | 751 |
| Other audit services | 242 | 0 |
| Tax advisory services | 1,209 | 624 |
| Other services | 4 | 166 |
| **Total** | **2,265** | **1,541** |

## 07 RELATED PARTY DISCLOSURES

### a) Relations to related entities

IAS 24 defines related entities of the company as entities that meet one of the following conditions:

+ The entity belongs to the same group as the company.
+ The entity or the company is an associate or joint venture of the other (or an associate or joint venture of a member of a group of which the other entity is a member).
+ The entity and the company are joint ventures of the same third party.
+ The entity or the company is a joint venture of a third entity and the other is an associate of this third entity.
+ The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the reporting entity.
+ The entity is controlled or jointly controlled by a related party.

The following lists show the receivables and payables from/to related entities as well as expenses and income resulting from transactions with related entities.

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| **Statement of financial position** | | |
| Receivables from affiliated companies | 22 | 25 |
| Receivables from associates | 258 | 162 |
| Liabilities to affiliated companies | 6 | 1 |
| Liabilities to associates | 2 | 0 |

| KEUR | 2016 | 2015 |
|---|---|---|
| **Statement of comprehensive income** | | |
| Interest income from affiliated companies | 10 | 5 |
| Income from associates | 120 | 0 |
| Income from companies controlled by related parties | 7 | 0 |
| Income from affiliated companies | 38 | 8 |
| Interest expenses payable to companies controlled by related parties | 0 | 88 |
| Expenses from associates | 2 | 0 |
| Interest expenses from affiliated companies | 0 | 5 |
| Expenses payable to companies controlled by related parties | 26 | 64 |
| Expenses from affiliated companies | 11 | 92 |

In the 2015 financial year, related parties provided capital to DH in the form of loans. To a limited extent other services were also made available to the DH Group by related parties. All loans from affiliated companies including interest accrued were repaid in the current financial year.

## b) Related party disclosures

Corresponding to the requirements of standard IAS 24, the Company discloses relations with related parties. Owing to their significant influence on the Company, members of management, C-level and the Advisory Board are defined as related persons. The group of related parties extends to their close family members. Close family members include children and spouses or domestic partners, children of the person's spouse or domestic partner and dependents of the person or the person's spouse or domestic partner.

Reportable transactions are, inter alia, the conclusion of loan and lease agreements, guarantee agreements as well as the settlement of services provided these occur between a related person and the Company or a related entity.

In the 2015 financial year, there were the following transactions and legal transactions with related persons: the prior year receivables and liabilities arising from salary entitlements to Niklas Östberg were settled following conclusion of the tax audit. Receivables were not hedged and no impairments were carried out in the reporting year.

Management and the members of C-level received the following compensation in 2016:

| **Management compensation KEUR** | **2016** | **2015** |
|---|---|---|
| Short-term employee benefits | 1,136 | 867 |
| Termination benefits | 175 | 0 |
| Expenses related to share-based payments (VSPs)* | 4,455 | 10,371 |

The total remuneration of the Advisory Board amounts to KEUR 0 (2015: KEUR 0).

Provisions for virtual share options issued to former members of management and C-level amount to KEUR 3,005 (previous year: KEUR 2,394); beyond this, there are no obligations to former members of management and C-level.

The composition of provisions due to virtual share options issued to current related parties is broken down as follows:

| **Measurement date** | **Dec. 31, 2016** | **Dec. 31, 2015** |
|---|---|---|
| No. of shares owed | 6,322 | 5,239 |
| No. of tendered shares | 4,515 | 3,035 |
| Fair value (KEUR) | 13,134 | 11,480 |
| Addition to the provisions recognized under expenses (in KEUR) | 4,935 | 9,561 |

Pursuant to the provisions of § 286 (5) HGB, the disclosure of the total remuneration of the management is waived as these draw conclusions about the remuneration of member of this institution.

## 08 LESSEE RELATIONS AND OTHER FINANCIAL OBLIGATIONS

Future cumulative minimum lease payments from operating lease agreements, with the respective remaining terms, are presented in the following table:

| **KEUR** | **Remaining term in years** | | | |
|---|---|---|---|---|
| | **< 1** | **1 - 5** | **> 5** | **Total** |
| as of Dec. 31, 2016 | 7,329 | 24,775 | 15,614 | **47,718** |
| as of Dec. 31, 2015 | 6,247 | 20,532 | 14,433 | **41,211** |

Operating lease agreements relate to DH's office lease agreements in Berlin and various subsidiaries' locations as well as vehicle leasing and leases for items of office and business equipment. These agreements confer an advantage on continuing business operations as investing measures and the associated cash outflows are not immediately required. There are no evident risks arising from these agreements. The DH Group does not have significant renewal or purchase options. The lease for the office premises in Berlin grants a one-time contractual renewal option for a further five years.

The expense for lease payments in the 2016 financial year amounted to KEUR 8,626 (2015: KEUR 3,095). In addition, contingent lease payments of KEUR 0 (2015: KEUR 25) and payments for subleases of KEUR 36 (2015: KEUR 24) were recognized as an expense in profit or loss.

The net carrying amount of the assets recognized from finance leases amounted to KEUR 4,228 as of December 31, 2016. KEUR 4,228. The finance leases primarily relate to office and operating equipment and software licenses.

The maturity structure of the gross liabilities from finance leases is broken down as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Less than one year | 1,323 | 0 |
| More than one year and less than five years | 3,703 | 0 |
| More than five years | 0 | 0 |
| **Subtotal** | **5,027** | **0** |
| Future finance charges in respect of finance leases | 391 | 0 |
| Present value of finance lease liabilities | **4,636** | **0** |

The present value of the finance lease liabilities is broken down by maturity as follows:

| KEUR | Dec. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Less than one year | 1,149 | 0 |
| More than one year and less than five years | 3,487 | 0 |
| More than five years | 0 | 0 |
| **Total** | **4,636** | **0** |

Future cumulative obligations from other agreements amount to KEUR 5,965 as of December 31, 2016 (previous year: KEUR 2,880). The other agreements primarily relate to the provision of hosting, advertising and similar services.

As of December 31, 2016, there is a purchase commitment amounting to KEUR 0 (previous year: KEUR 191).

# 09 LIST OF SHAREHOLDINGS PURSUANT TO SECTION 313 OF THE GERMAN COMMERCIAL CODE [HGB]

DH has an interest in the following fully conslidated companies as of December 31, 2016:

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **Germany:** | | | |
| 9Cookies GmbH, Berlin | 100,00 | EUR | 100,00 |
| Bambino 78. VV UG (haftungsbeschränkt), Berlin | 100,00 | EUR | – |
| Brillant 1421. GmbH (Holding CEE/CIS), Berlin | 100,00 | EUR | – |
| Brillant 1424 GmbH & Co. 13. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Brillant 1424 GmbH & Co. 15. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Brillant 1424 GmbH & Co. 21. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Delivery Hero Austria GmbH, Berlin | 100,00 | EUR | 100,00 |
| Delivery Hero Germany GmbH, Berlin | 100,00 | EUR | 100,00 |
| Delivery Hero Local Verwaltungs GmbH, Berlin | 100,00 | EUR | 100,00 |
| Foodora Holding GmbH (ehem. Delivery Hero MENA GmbH), Berlin | 100,00 | EUR | 100,00 |
| Foodora GmbH, Berlin | 94,89 | EUR | 87,70 |
| Foodpanda GmbH (Holding Asia), Berlin | 100,00 | EUR | – |
| Foodpanda GP UG (haftungsbeschränkt), Berlin | 100,00 | EUR | – |
| Foodpanda Services GmbH, Berlin | 100,00 | EUR | – |
| Hungryhouse GmbH, Berlin** | 80,63 | EUR | 80,63 |
| Jade 1343 GmbH & Co. 10. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. 13. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. 15. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. Dritte Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. Fünfte Verwaltungs KG, Berlin | 100,00 | EUR | – |

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **Germany:** | | | |
| Jade 1343 GmbH & Co. Neunte Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. Siebte Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. Vierte Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Jade 1343 GmbH & Co. Zweite Verwaltungs KG, Berlin | 100,00 | EUR | – |
| Juwel 199. VV UG (haftungsbeschränkt), Berlin | 100,00 | EUR | – |
| Juwel 212. VV UG (haftungsbeschränkt), Berlin | 100,00 | EUR | – |
| Juwel 220. VV UG (haftungsbeschränkt), Berlin | 100,00 | EUR | – |
| RGP Local Commons I GmbH & Co. KG, Berlin* | 70,39 | EUR | 70,39 |
| RGP Local Holding I GmbH, Berlin* | 95,91 | EUR | 95,91 |
| RGP Local Holding IV GmbH, Berlin | 84,06 | EUR | 84,06 |
| RGP Trust GmbH, Berlin | 100,00 | EUR | 100,00 |
| SSC Volo GmbH, Berlin | 94,89 | EUR | 87,70 |
| Valk Fleet Deutschland GmbH, Berlin | 100,00 | EUR | 100,00 |
| Valk Fleet Holding GmbH & Co. KG, Berlin | 100,00 | EUR | 100,00 |
| Valk Fleet Verwaltungs GmbH, Berlin | 100,00 | EUR | 100,00 |

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **International:** | | | |
| 20140726 Holding S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| 20140824 Holding S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| 20140825 Holding S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Aravo S.A., Montevideo (UY)** | 81,32 | UYU | 81,32 |
| Baedaltong Co. Ltd., Seoul (KR) | 100,00 | KRW | 100,00 |
| CD-Inversiones Delivery Hero CMR S.A. (ehem. Hellofood Hallo Essen Hollesen S.A.), Quito (EC)** | 77,17 | USD | 77,17 |
| Ceraon B.V., Rotterdam (NL) | 100,00 | EUR | 76,00 |
| Click Delivery Cyprus Limited, Nikosia (CY) | 100,00 | EUR | 76,00 |
| Click Delivery Digital Processing of Telematics Data Societe Anonyme, Athens (GR) | 100,00 | EUR | 76,00 |
| ClickDelivery S.A.C, Lima (PE)** | 77,17 | PEN | 77,17 |
| ClickDelivery S.A.S., Bogota (CO)** | 77,17 | COP | 77,17 |
| Damejidlo s.r.o., Prag (CZ) | 100,00 | CZK | 100,00 |
| DeliverMe Technologies Inc (Hurrier), Toronto (CA) | 94,89 | CAD | 100,00 |
| Delivery Hero Pty Ltd., Sydney (AU)* | 95,91 | AUD | 95,91 |
| Digital Services XXXVI 12 Sweden AB, Stockholm (SE) | 94,89 | SEK | 87,70 |
| Digital Services XXXVI Italy Srl, Bolzano (IT) | 94,89 | EUR | 87,70 |
| Digital Services XXXVI S.à.r.l., Senningerberg (LU) | 94,89 | EUR | 100,00 |
| Donesi d.o.o., Banja Luka (Bosnia and Herzegovina) | 100,00 | BAM | – |
| Donesi d.o.o., Podgorica (Montenegro) | 100,00 | EUR | – |
| Eatoye (PVT) Limited, Karachi (PK) | 100,00 | PKR | – |
| Ecommerce Business 10 S.à. r.l., Senningerberg (LU) | 100,00 | EUR | 100,00 |
| Emerging Markets Online Food Delivery Holding S.à.r.l., Luxembourg (LU) | 100,00 | EUR | – |
| Fast Food Innovations Europe AB, Stockholm (SE) | 100,00 | SEK | 100,00 |

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **International:** | | | |
| Food Basket Elektronik İletişim Gıda Ticaret ltd. Şti, Istanbul (TR) | 100,00 | TRY | 100,00 |
| Food Delivery HH BG RO Holdco B.V., Amsterdam (NL) | 100,00 | EUR | – |
| Food Delivery Holding 11. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 12. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 14. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 15 S.à.r.l., Senningerberg (LU) | 94,89 | EUR | 100,00 |
| Food Delivery Holding 19. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 2. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 20. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 21. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 24. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Food Delivery Holding 5. S.à r.l., Senningerberg (LU) | 100,00 | EUR | – |
| Foodarena GmbH, Biel (CH)** | 48,46 | CHF | 50,07 |
| Foodonclick.com / Jordan Private Shareholding Company, Amman (JR) | 100,00 | JOD | 60,00 |
| Foodonclick-com FZ-LLC, Dubai (UAE) | 100,00 | AED | 100,00 |
| Foodora Delivery Services LLC, Dubai (UAE)* | 94,89 | AED | 100,00 |
| Foodora France SAS, Paris (FR) | 94,89 | EUR | 87,70 |
| Foodora Inc. (Canada), Toronto (CA) | 94,89 | CAD | 87,70 |
| Foodora Norway AS, Oslo (NO) | 94,89 | NOK | 87,70 |
| Foodpanda (B) SDN BHD, Bandar Seri Begawan (BN) | 100,00 | BND | – |
| Foodpanda (Thailand) Co. Ltd., Bangkok (TH) | 100,00 | THB | – |
| Foodpanda Bangladesh Ltd., Dhaka (BD) | 100,00 | BDT | – |
| Foodpanda Bulgaria EOOD, Sofia (BG) | 100,00 | BGN | – |

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **International:** | | | |
| Foodpanda Georgia LLC (GE) | 100,00 | GEL | – |
| Foodpanda HK Ltd., Hong Kong (HK) | 100,00 | HKD | – |
| Foodpanda Kasakhstan LLP, Astana (KZ) | 100,00 | KZT | – |
| Foodpanda Malaysia Sdn. Bhd., Kuala Lumpur (MY) | 100,00 | MYR | – |
| Foodpanda Philippines Inc., Manila (PH) | 100,00 | PHP | – |
| Foodpanda RO SRL, Bukarest (RO) | 100,00 | RON | – |
| Foodpanda Singapore Pte. Ltd., Singapur (SG) | 100,00 | SGD | – |
| Foodpanda Taiwan Co. Ltd., Taipei (TW) | 100,00 | TWD | – |
| Hellofood Egypt LLC, Kairo (EG) | 100,00 | EGP | – |
| Hungerstation LLC, Dammam (KSA) | 63,00 | SAR | – |
| Hungerstation SPC Ltd., Abu Dhabi (UAE) | 63,00 | AED | – |
| Hungry House Holdings Ltd., London (GB) | 80,63 | GBP | 80,63 |
| Hungry House.com Ltd., London (GB)** | 80,63 | GBP | 80,63 |
| Inversiones CMR S.A.S, Bogota (CO)** | 77,17 | COP | 77,17 |
| Lokanta Net Elektronik İletişim Gıda Ticaret A.Ş., Istanbul (TR) | 100,00 | TRY | 100,00 |
| Luxembourg Investment Company 43 S.à r.l., Senningerberg (LU) | 100,00 | EUR | 100,00 |
| Maidan Limited, Hong Kong (HK) | 100,00 | HKD | – |
| Mjam GmbH, Wien (AT) | 100,00 | EUR | 100,00 |
| Mobile Solutions Experts LLC, Dubai ( UAE) | 100,00 | AED | – |
| NPOT Co., Ldt., Seoul (KR) | 84,06 | KWR | – |
| OFD Online Food Delivery Services Ltd., Nicosia (CY) | 100,00 | EUR | 100,00 |
| Online Delivery AE, Athens (GR) | 100,00 | EUR | 100,00 |
| Online Pizza Norden AB, Stockholm (SE) | 100,00 | SEK | 100,00 |

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **International:** | | | |
| Otlob for Restaurants Reservations Services S.A.E, Kairo (EG) | 100,00 | EGP | – |
| OZON MEDIA d.o.o., Zagreb (HR) | 100,00 | HRK | – |
| PedidosJá Ltda., São Paulo (BR)** | 81,32 | BRL | 81,32 |
| PedidosYa S.A. (ehem. Kinboy S.A.), Montevideo (UY)** | 81,32 | USD | 81,32 |
| PedidosYa S.A., Buenos Aires (AR)** | 81,32 | ARG | 81,32 |
| PedidosYa SPA, Santiago (CL)** | 81,32 | CLP | 81,32 |
| Pisces eServices Private Ltd., Haryana (IN) | 100,00 | INR | – |
| Plotun d.o.o., Belgrad (RS) | 100,00 | RSD | – |
| Restaurant Internet Solutions DMCC, Dubai (UAE) | 63,00 | AED | – |
| Restaurant Partner Polska Sp. z.o.o., Lodz (PL)** | 89,71 | PLN | 89,71 |
| Restaurant Partner Suomi Oy, Espoo (FI) | 100,00 | EUR | 100,00 |
| RGP Korea Ltd., Seoul (KR) | 84,06 | KRW | 84,06 |
| Rocket Food Limited, Hong Kong (HK) | 100,00 | HKD | – |
| R-SC Internet Services Finland OY, Helsinki (FI) | 94,89 | EUR | 87,70 |
| R-SC Internet Services Pakistan (PVT) Limited, Islamabad (PK) | 100,00 | PKR | – |
| Singapore-Dine Private Limited, Singapore (SG) | 100,00 | SGD | – |
| SLM Finland Oy, Keraya (FI) | 100,00 | EUR | 100,00 |
| Subdelivery Ltda., São Paulo (BR)** | 81,32 | BRL | 81,32 |
| Suppertime Australia Pty, Sydney (AU) | 94,89 | AUD | 100,00 |
| Talabat Electronic Services Company W.L.L, Maskat (OM) | 99,00 | OMR | 99,00 |
| Talabat General Trading & Contracting Company W.L.L, Sharq (KW) | 100,00 | KWD | 100,00 |
| Talabat Middle East Internet Services Company L.L.C, Dubai (UAE) | 99,00 | AED | 99,00 |

| Name and registered office of the affiliated company | Share of capital as of 31.12.2016 (%) | Functional currency | Share of capital as of 31.12.2015 (%) |
|---|---|---|---|
| **International:** | | | |
| Talabat Restaurants Company W.L.L, Riyadh (KSA) | 99,00 | SAR | 99,00 |
| Talabat Services Company W.L.L, Doha (QA) | 100,00 | QAR | 100,00 |
| Talabat Services Company W.L.L, Manama (BH) | 99,00 | BHD | 99,00 |
| TBL Sweden AB, Stockholm (SE) | 100,00 | SEK | 100,00 |
| Valk Fleet s.r.o., Prag (CZ) | 100,00 | CZK | – |
| Valk Fleet Sweden AB, Stockholm (SE) | 100,00 | SEK | 100,00 |
| VF Poland Sp. z o.o., Lodz (PL) | 100,00 | PLN | 100,00 |
| Viala Kft, Budapest (HU) | 100,00 | HUF | – |
| Volo Australia Pty Ltd, Sydney (AU) | 99,00 | AUD | 100,00 |
| Volo DS XXXVI 9 GmbH (former CM Foratis 12 VV GmbH), Wien (AT) | 99,00 | EUR | 87,70 |
| Volo Netherlands B.V., Amsterdam (NL) | 99,00 | EUR | 87,70 |
| Yemek Sepeti (Dubai) B.V., Rotterdam (NL) | 100,00 | EUR | 100,00 |
| Yemek Sepeti Elektronik İletişim Tanıtım Pazarlama Gıda Sanayi ve Ticaret A.Ş., Istanbul (TR) | 100,00 | TRY | 100,00 |
| Yogiyo Media Company Ltd., Seoul (KR) | 84,06 | KRW | 84,06 |

* *The consolidation of the companies has been waived since their inclusion would of minor significance for the presentation of the Group's financial position and results of operations.*

** *Due to the application of the Anticipated Acquisition method, the legal share ownership stated here may deviate from the minority interests in the consolidated financial statements according to IFRS.*

The following companies were included as associates in the DH consolidated financial statements:

| **Name and registered office of the affiliated company** | **Share of capital (%)** |
|---|---|
| Fly & Company Inc., Seoul (KR) | 21,00 |
| Hungry Netherlands B.V. (NL) | 31,62 |

## 10 MANAGEMENT

Management consisted of the following persons in the reporting period:

+ Niklas Östberg, Managing Director, since November 2011

## 11 C-LEVEL

Management is supported in decision-making by the following persons at DH C-level:

+ Mats Diedrichsen, Marketing, since January 2015
+ Scott Fletcher, Technology (Interim), from January 2015 to February 2016
+ Christian von Hardenberg, Technology, since June 2016
+ Bilal Mekkaoui, Investor Relations, from May 2015 to June 2016
+ Emmanuel Thomassin, Finance, since January 2014
+ Pieter-Jan Vandepitte, Operations, since August 2015
+ Brian Walker, Technology, from May 2014 to March 2016

Since January 2017 Ralf Wenzel, Strategy, is supporting the management.

## 12 ADVISORY BOARD

The Advisory Board of DH consists of six members. The Advisory Board's duties are advising and monitoring management. The following members were elected by the shareholder meeting:

+ Lukasz Gadowski, Chairman
+ Edward Shenderovich until November 2016, thereafter Maxim Barskiy
+ Jonathan Green
+ Kolja Hebenstreit
+ Jeff Lieberman
+ Niklas Östberg

All members of the Advisory Board have one vote. As Chairman, Lukasz Gadowski has the casting vote in the event of a tie. In addition, Chris Caulkin and Nevzat Aydin sit on the Advisory Board as non-voting members.

# J. Subsequent events

On April 1, 2017, the Company announced a regional partnership with AmRest Holding SE, the largest publicly traded restaurant operator in Central Europe. In connection with this agreement, Delivery Hero GmbH's share in Restaurant Partner Polska Sp. Z o.o. was reduced by 51% to 49% through the issuance of new shares. The partnership gives Delivery Hero the exclusive opportunity to integrate a large number of AmRest's most popular restaurants and brands throughout Poland into its own food delivery platform. As part of the agreement, AmRest will also bring its brands onto the Delivery Hero platforms DameJidlo.cz in the Czech Republic and NetPincér.hu in Hungary. The companies have also agreed to consider further cooperation in other Central and Eastern European countries.

Berlin, April 24, 2017

Niklas Östberg
Managing Director

www.deliveryhero.com

# Auditor's report

We have audited the consolidated financial statements prepared by Delivery Hero GmbH (until December 21, 2016: Delivery Hero Holding GmbH), Berlin, comprising the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the combined management report for the financial year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the financial position, financial performance and cash flows in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying our opinion, we draw attention to management's comments in the combined management report in Section B.04.b) and in the notes to the consolidated financial statement in Section A.02. It is explained in this section that going concern of the group as well as the continued existence of the Parent Company and the subsidiaries are dependent on the implementation of further measures by the parent company's shareholders and other potential investors or other capital providers to secure capital and liquidity.

Berlin, April 28, 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

| | |
|---|---|
| Sternberg<br>Wirtschaftsprüfer<br>[German Public Auditor] | Knorr<br>Wirtschaftsprüfer<br>[German Public Auditor] |