Delivery Hero

ON A MISSION

TO CREATE AN AMAZING TAKEAWAY EXPERIENCE

ANNUAL REPORT 2017

DELIVERY HERO PERFORMANCE 2017

GROUP

REVENUES +60%

TO €544m

	2017	2016
ORDERS (MILLION)	292	197
GMV (EUR MILLION)	3,824	2,618
REVENUES (EUR MILLION)	544	341
ADJ. EBITDA (EUR MILLION)	−94	−116

EUROPE

REVENUES +36%

TO €199m

	2017	2016
ORDERS (MILLION)	73	57
GMV (EUR MILLION)	1,161	900
REVENUES (EUR MILLION)	199	147
ADJ. EBITDA (EUR MILLION)	−46	−49

MENA

REVENUES +87%

TO €153m

	2017	2016
ORDERS (MILLION)	123	75
GMV (EUR MILLION)	1,370	869
REVENUES (EUR MILLION)	153	82
ADJ. EBITDA (EUR MILLION)	24	18

ASIA

REVENUES +66%

TO €145m

	2017	2016
ORDERS (MILLION)	68	45
GMV (EUR MILLION)	924	617
REVENUES (EUR MILLION)	145	87
ADJ. EBITDA (EUR MILLION)	−47	−66

AMERICAS

REVENUES +91%

TO €47m

	2017	2016
ORDERS (MILLION)	28	20
GMV (EUR MILLION)	370	232
REVENUES (EUR MILLION)	47	25
ADJ. EBITDA (EUR MILLION)	−25	−20

All information is presented on "like-for-like" basis
Like-for-like presents Delivery Hero's comparative 2016 results as if the acquisition of foodpanda had occurred on January 1, 2016 and excludes contributions from operations reported in discontinued operations. Furthermore Asia KPIs exclude our former operations in China, which were sold in May 2016.

ON A MISSION

Our mission has always been clear; to provide an amazing takeaway experience, creating joyful moments and connecting people with great food.

Since we started Delivery Hero we have been transforming the way people order food. By offering choice, convenience, reliability and quality, we have become the easiest way for our customers to discover and order food online.

Today Delivery Hero is one of the world's leading online food ordering and delivery marketplace. Join us in this fascinating long-term growth story.

Try out our interactive table of contents.
You will be directed to the selected page.

HI.

NIKLAS ÖSTBERG
Chief Executive Officer/Co-Founder

MY MOTIVATION

DEAR SHAREHOLDERS, COLLEAGUES, AND READERS

2017 was an incredible year for us. We served 292 million orders and extended our global market leadership, while achieving revenue growth of 60%. These numbers are the result of many milestones, big and small. Below are some that stand out in particular.

During the first months of last year we integrated foodpanda into the Delivery Hero Group. Their team and business assets are a great addition to the Group, strengthening our position in Asia and Middle East.

We welcomed Carriage – a Kuwait-based, own-delivery focused company – to our business. Their team has surpassed even our high expectations and again proves our strength of supporting local founders and management teams to further build out our leadership, in this case across the MENA region.

Besides these organizational changes, we were happy to gain Naspers as a long-term shareholder and Supervisory Board member, who shares our ambitious vision of food ordering.

We built on this in June with the initial public offering of Delivery Hero shares on the Frankfurt stock exchange, marking a milestone in our development process from start-up to world-leading organization. I am truly proud of what the team at Delivery Hero has built and am happy to see that many new shareholders have committed to our vision – leading to a strong trading start. For me personally, the IPO was more of a starting point than a goal achieved. We are now in a strong economic position to continue pursuing our vision of creating amazing takeaway experiences to give joyful moments for our customers.

The strong focus on our customers' experiences should of course also be reflected in our financial and operational results. We are proud to have:
— increased revenues by 60%,
— increased orders by 48% and gross merchandise volume (GMV) by 46%,
— improved our adjusted EBITDA margin from –34% (2016) to –17% (2017) on a like-for-like basis.

As rewarding as looking back to our achievements from 2017, at Delivery Hero our minds are focused on the future. As this is my first letter to shareholders, the below outlines how I envision Delivery Hero to develop over the coming years and some of the principles by which we operate, in order to allow you to better understand the company.

SERVING 292 MILLION ORDERS

SIGNIFICANT GROWTH OPPORTUNITY FOR MANY YEARS TO COME

As the market for food ordering is maturing, shifting online and improving in service quality, there is still enormous potential for growth. Even in the more mature markets we operate, the combination of online shift and increased user frequency is going to continue drive our growth for many, many years to come. I see it as paramount that we continue to invest in shaping this development and create the best possible experience for our customers. The main criteria by which we evaluate our success is our continued order and GMV growth, increasing customer satisfaction, and being the preferred platform for food ordering – all of these are key indicators we constantly obsess about as a company and management team.

To achieve the above we continue to focus on four main pillars:

Our organization: As the company grows, the responsibility to take good decisions rests on more and more people. It is of great importance for me that Delivery Hero is able to attract and retain the best people who can stand up to this challenge. One important aspect of Delivery Hero are the many founders of our businesses across the world who have joined our Group and are excited to continue shaping it. We have built an environment where we foster this ownership mentality of local management teams while investing in building excellent central support structures to get the best of both worlds: world-class people close to our customers/markets and world-class technology and services provided to them by our central team.

On top of that, we are aware that there is more to our organization than business. We strongly believe that a company’s real test is whether it creates long-term value for all its stakeholders. Only then will it be able to generate sustainable profits for its shareholders. We must therefore apply the highest standards when making decisions and I look forward to presenting a more formalized approach to our corporate responsibility as Delivery Hero continues to grow.

Our customers: The one thing we cannot forget as a company is to make sure that we stay close to our customers and markets. We have to care about every order, we should never leave a hungry customer unhappy. This is why one of the most important metrics to look at for me is our net promoter score (NPS), a measure of the share of customers who would recommend our service. Besides fulfilling these known expectations, we need to make sure we stay one step ahead. We need to experiment and make use of technology to create an ever-better service in ways neither our customers nor we anticipate today.

Therefore, it is vital that we keep innovating even as the company matures. This requires us to make small bets occasionally and separate them from our daily operations. Once we prove the economic validity of such bets, we will double down on them and invest in order to build a leading business. One such example from the past is the development of our own-delivery capabilities. We developed this as a separate business unit in a few of our markets and are now rolling out the technologies and processes in almost every market in order to be the provider with the leading restaurant selection everywhere.

Our restaurant partners: Delivery Hero would be nothing without our partners who actually prepare the food for our customers. We will continue to invest in making their lives easier and providing them with even more new business opportunities by partnering with us. Besides working more closely with our existing partners, we also believe there are many thousands of potential new partners out there and we aim to connect them with our fast-growing customer base. We will invest in reaching out to new restaurants and building the strongest restaurant networks in all markets we operate in.

Continuous fast growth: We believe that we need to build market-leading brands in order to be in a position to invest and create the best customer experiences. This requires continuous focus on all of the minute details of our operations. As a former professional cross-country skier I'm used to training every day and to working hard to make incremental improvements in what I do – part of my job is to instill this spirit throughout the entire company.

Of course, continuous fast growth also requires continued investment. I firmly believe that a significant share of excess profit contributions need to be re-invested at this stage of the company's development in order to create and maintain a market leadership position for sustainable and long term profits. The investment opportunities range from better services, better restaurant integration and coverage to higher customer acquisition budgets. This is in line with our commitment to be full year adjusted EBITDA profitable in 2019.

I'm confident that if we focus on the above, 2018 will be another successful year. Thank you for your trust in our heroic team – we will continue to work hard to deliver on our vision and shape the trends of our industry. I'm excited about the future and what we will be able to achieve together.

Yours sincerely,

NIKLAS ÖSTBERG
Chief Executive Officer/Co-Founder

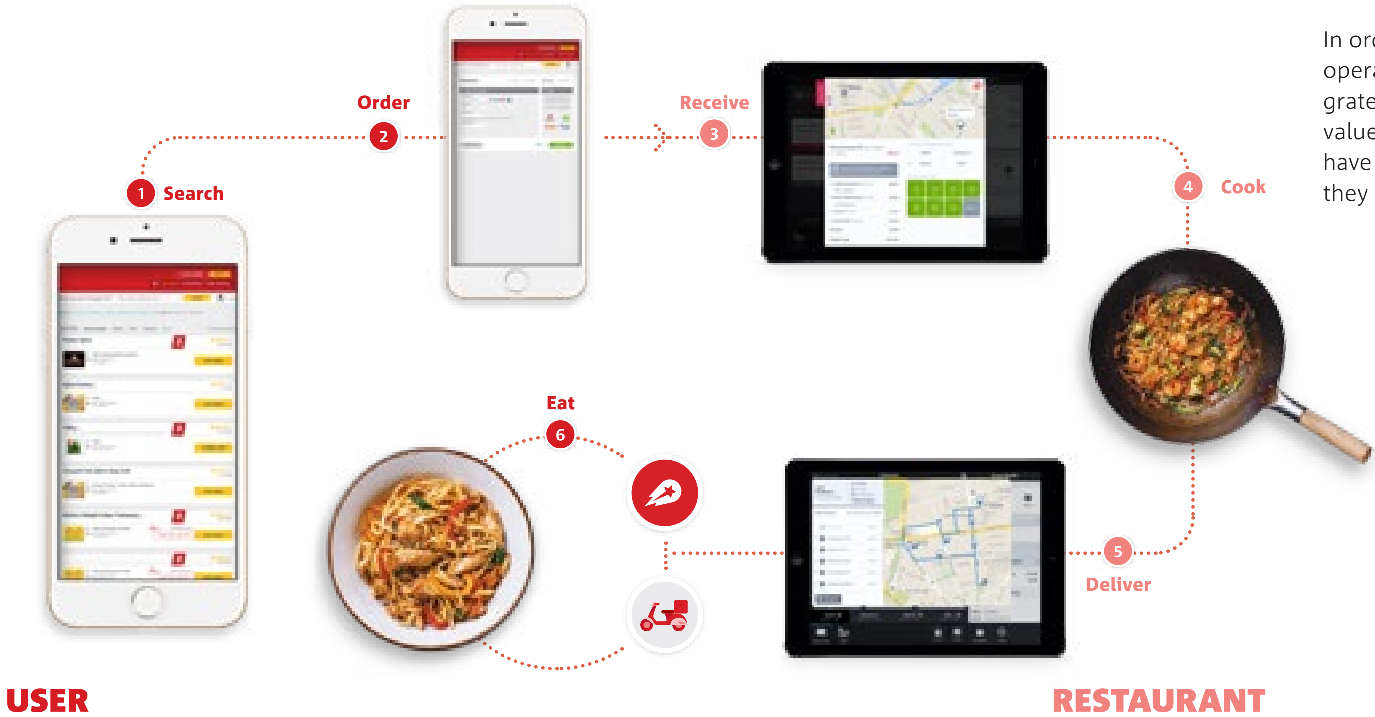
I'M CONFIDENT THAT 2018 WILL BE A SUCCESSFUL YEAR

WHO WE ARE


Delivery Hero Timeline
2015
2017
MAY 2016
15 million orders.
DECEMBER 2015
10 million orders.

ONLINE FOOD ORDERING AND DELIVERY MARKETPLACE

We see ourselves as true entrepreneurs, using the latest in technology and logistics to become the global leader in food ordering and delivery. We differentiate from others by providing a more enhanced, better, and what we refer to as an "amazing" user experience, driven by product innovation, proprietary technology, and best-in-class execution.



We are specialists in a complex industry. Food ordering is a personal experience which can be influenced by multiple factors. The way the food is cooked, presented and delivered varies for each person, country and culture. On an even more local level, every neighborhood has access to different restaurants and choices of cuisine. The level of personalization and localization determines the quality of our experience, driven and impacted by the data we aggregate on users' behaviors and preferences.

In order to lead in this complex industry, Delivery Hero operates a tightly managed marketplace which integrates with every step of the food ordering and delivery value chain. This allows our customers to consistently have an amazing experience, no matter what or where they order.

MARKET OPPORTUNITY

The food delivery market is one of the largest global opportunities and is still highly fragmented, locally based and predominantly offline. Currently the industry offers little transparency to consumers, allowing us to create a significant value proposition for our marketplace business.

CURRENT FOOD DELIVERY MARKET

Today Delivery Hero operates in countries where the existing food delivery culture is strong, representing an addressable market of more than 70 billion[1] annually and having an addressable customer base of more than one billion in more than 40 countries. Yet, the penetration of customers ordering food online in our markets is just 11%[1] – we still have a huge opportunity to surpass our biggest competitor, the telephone.

DISRUPTING THE FOOD SERVICES INDUSTRY

In addition to the existing food delivery market, we continue to disrupt the food services industry which is a more than € 500 billion opportunity[1] in the countries that we operate in. The entire restaurant industry is switching towards on-demand delivery and take-away, impacted by the growth in urbanization, middle classes, and the evolution of "millennials" that do appreciate time and convenience more than other generations.

Hence, a large part of the restaurant market of over € 500 billion in our more than 40 countries will soon be significantly penetrated by further on-demand services, well beyond the existing current € 70 billion market opportunity.

Delivery Hero is able to provide own-delivery services to restaurants without this capability and hence cater for the shift towards on-demand services. Over the past five years, our investment in these services has enabled us to partner with additional restaurants, including highly demanded or higher quality restaurants, popular chains and leading international brands. As a result we have seen our customers increasing the frequency at which they order on our platform.

Our new restaurants partners are now able to reach new customers seeking greater availability, speed and reliability, and give customers the convenience of eating in their own home. Thanks to our significant investment over the past years, we remain the number one choice for delivery services in our countries, given that reliability and speed is so important to our partners.

We have also seen the emerging trend of "cloud kitchens" – restaurants that completely optimize their operations for food delivery and only require kitchen space – develop across our countries. This disruption is supported by the consumer trend of convenience and demand for additional restaurant supply, which will continue in the next years to come, helping us to further disrupt the food services industry.

MEGA TRENDS THAT DRIVE ADDITIONAL GROWTH

Online & Mobile Engagement

On-demand & Last-mile Logistics

Life-style Urbanization & Convenience

€563bn

FOODSERVICE MARKET

IN DELIVERY HERO'S COUNTRIES (2016)

1.5

POPULATION (bn)

[1] Management estimates of market size and online penetration in 2016.

GLOBAL LEADERSHIP

We operate in over 40 countries, and in 2017 we continued to consolidate our market leadership positions, by increasing our gross merchandise value ("GMV"), orders and revenues. In 2017 we saw our revenue increase by 60% to € 544.2 million and GMV grew by 46% to € 3,824.3 million.

We have increased our investments in product and technology during 2017, leveraging the data we gather from millions of customer orders, and will continue to do so. This has enabled us to further personalize our product, displaying restaurant options tailored to a customer's preferences.

INVESTING IN OUR PRODUCT

We believe that the key to creating long-term leadership is through creating a superior product experience based on three pillars:

1. **Amazing Food** Ensuring we have the right quantity, quality and variety of restaurants in every neighborhood READ MORE PAGE 20
2. **Amazing Ordering** Ensuring that our ordering experience is convenient, inspirational, simple and personalized READ MORE PAGE 23
3. **Amazing Service** Ensuring that our food is delivered quickly, reliably and can be tracked in real-time READ MORE PAGE 26

INVESTING IN ACCELERATING THE CHANNEL SHIFT WITH MARKETING

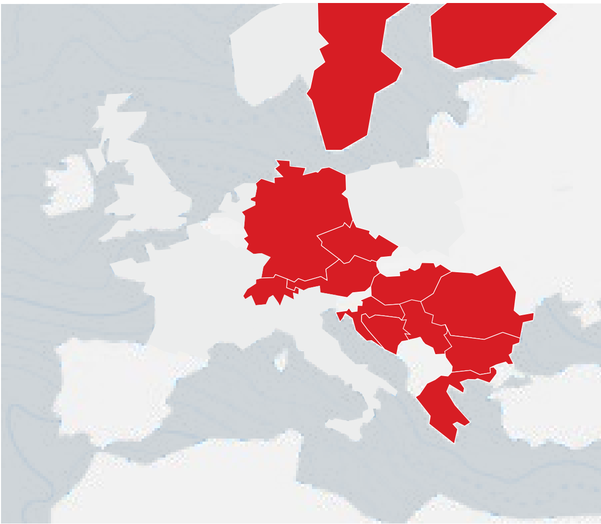
While customers referrals and word of mouth remains a major channel for new customers, we continue to invest in marketing to accelerate the channel shift from phone ordering to online ordering. When allocating this investment, we take a strong return on investment approach to determine the optimal spend for each country and marketing channel. In 2017 we continued to increase our customer acquisition investment with an additional € 71.7 million.

INVESTING IN THE LOCAL NEIGHBORHOOD

We continue to invest in our local restaurant supply in each neighborhoods, adding in-demand restaurants to our platform. This includes scaling our own-delivery capabilities in neighborhoods where there is a shortage or missing restaurant supply. In addition, we strengthen our restaurant partnerships with additional tools and services to improve their business. In 2017 we delivered 28.7 million orders with our own local delivery capabilities.

OVER **40** COUNTRIES

INVESTING IN OUR LEADERSHIP POSITIONS



EUROPE

14
COUNTRIES

189m
TOTAL POPULATION[1]

72%
URBAN POPULATION[1]

AUSTRIA/ BOSNIA AND HERZEGOVINA / BULGARIA / CROATIA / CZECH REPUBLIC / FINLAND / GERMANY / GREECE / HUNGARY / MONTENEGRO / ROMANIA / SERBIA / SWEDEN / SWITZERLAND

MENA

9
COUNTRIES

239m
TOTAL POPULATION[1]

65%
URBAN POPULATION[1]

BAHRAIN / EGYPT / JORDAN / KUWAIT / OMAN / QATAR / SAUDI ARABIA / TURKEY / UAE

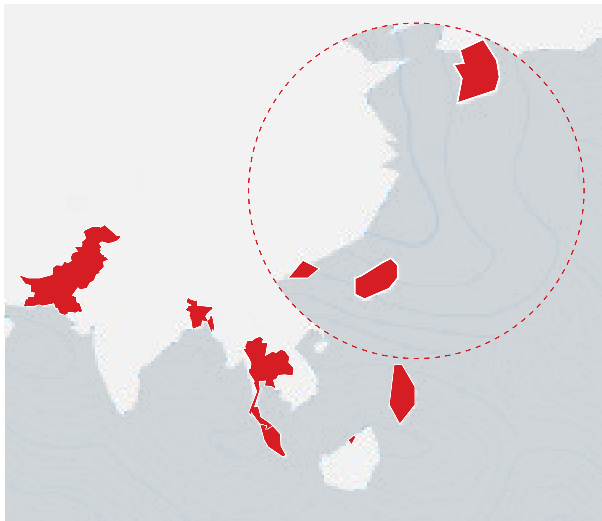
AMERICAS

8
COUNTRIES

374m
TOTAL POPULATION[1]

84%
URBAN POPULATION[1]

ARGENTINA / BRAZIL / CHILE / COLOMBIA / ECUADOR / PANAMA / PERU / URUGUAY



ASIA

10
COUNTRIES

624m
TOTAL POPULATION[1]

47%
URBAN POPULATION[1]

BANGLADESH / BRUNEI / HONG KONG / MALAYSIA / PAKISTAN / PHILIPPINES / SOUTH KOREA / SINGAPORE / TAIWAN /THAILAND

[1] Source: World Development Indicators, 2018; rounded figures

Excluding foodora own-delivery only countries (Australia, Canada, France, Italy, Netherlands, Norway) as well as Costa Rica and Paraguay.

M&A AS A GROWTH ACCELERATOR

We continually look to accelerate growth through select M&A. We acquire businesses in our segments to give us access to additional customers and restaurants, which allows us to better tailor our products and provides us with additional logistical or technological capabilities.

Driven by this strategy for profitable growth in scale and reach, we have completed multiple acquisitions in 2017. Acquiring Carriage in the Middle East and Foodfly in South Korea has enabled us to scale our delivery capabilities in both regions. Our acquisition of Appetito24 in Panama has extended our leadership status across Latin America.

Given our disciplined M&A approach, we are rational about capital allocation and only spend capital where we expect the highest returns.

In 2017 the UK's Competition and Markets Authority (the "CMA") unconditionally cleared the sale of our operations in the United Kingdom for GBP 240 million. This has enabled us to reinvest across our other markets and continue to focus our operations where we have a leadership position. We sold our brands in Kazakhstan, Slovakia and Georgia for the same reason.

Where it makes sense strategically, we partner with local operators who have built leading businesses. Over the last 12 months we have entered into a joint venture with AmRest in Poland, who operates a number of restaurant brands such as KFC, Burger King or Pizzahut in many Central and Eastern European countries. In India we divested our business to Ola, the operator of a rider sharing platform, in return for a stake in their business.

ACQUISITIONS AND INVESTMENTS

Carriage
(MENA)

FoodFly
(South Korea)

Appetito24
(Panama)

Deliveras
(Greece) in 2018

USD 105m in Rappi
(South America) in 2018

STRATEGIC DIVESTMENTS

Poland
(51% to AmRest)

Kazakhstan

Slovakia

Georgia

UK
(in 2018)

India
(against minority stake in Ola)

WE CONTINUALLY LOOK TO ACCELERATE GROWTH THROUGH SELECT M&A

OUR BUSINESS MODEL

HIGH RETURNING CUSTOMERS

Through our customer experience, Delivery Hero has built a service that commands a high degree of loyalty and which forms the foundation of our business model. The majority of our orders come from returning customers. These customers value our extensive restaurant partnerships, the wide variety of cuisines, seamless ordering experience, and the level of personalization and localization.

In 2017 we increased our orders to 292 million, of these 94% were from returning customers, which is very similar to subscription business models, in our case organic in nature. By focusing on developing a better customer experience – meaning having access to more restaurants, a smoother ordering process, fast and reliable delivery – we can continue to improve our customer frequency and retentions.

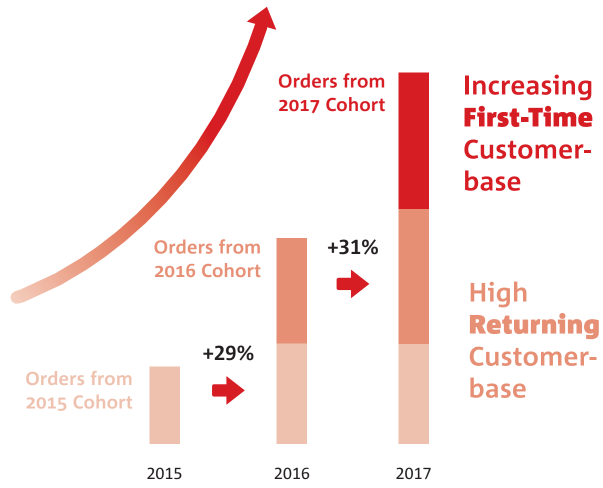
NEW CUSTOMERS

Our loyal base of satisfied customers helps to attract many new customers to our platform through referrals and in 2017 this was one of our largest new customer acquisition channels.

In order to accelerate the adoption of our technology and shift customers from phone ordering to our platforms, we target them via paid marketing channels. We have a return on investment focused marketing strategy which is dynamically applied across the whole Group. We take a data-driven approach, and continuously evaluate the behavior of our new and returning customers, analyzing their cost per acquisition on a channel level, the incremental profits they bring to the company, and their lifetime value.

MAJORITY OF ORDERS FROM EXISTING COHORTS

Total Orders per Cohort and Year



BY DEVELOPING A BETTER CUSTOMER EXPERIENCE WE INCREASE THE FREQUENCY OF ORDERS ON OUR PLATFORM

MULTIPLE REVENUE STREAMS

In order to provide our services we charge a commission to our restaurant partners as a percentage of the gross food value. This percentage varies across countries and is based on the level of service we provide to our partners. If we provide the delivery services, the commission rate can be twice the normal amount, given the restaurant no longer needs to employ or contract the rider.

We generate additional revenue streams by providing restaurants with various extended services:

— We receive a delivery fee when we provide the delivery services. This is common in the countries where we operate and typically the restaurant charges this directly to customers when providing delivery services themselves.
— We receive premium placement revenues, which totaled 9% of all revenues in 2017. This comes from our product feature which gives restaurants the opportunity to pay for top position listings clearly marked accordingly, or access to new customers that have not previously ordered from their restaurant.

MEASURING DELIVERY PERFORMANCE

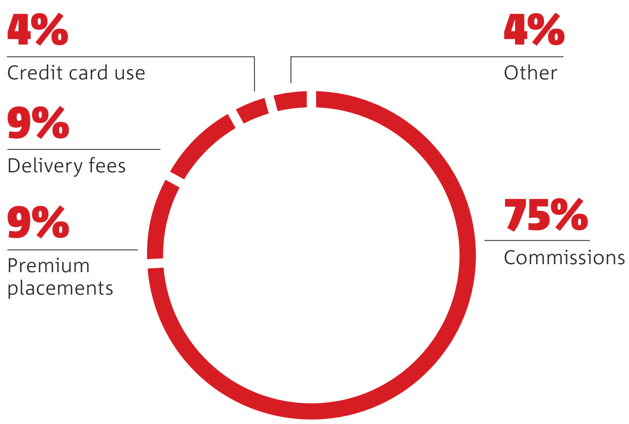
We measure the performance of our delivery capabilities by measuring the profit contribution margin per order, which deducts all costs associated with hiring, employing or contracting riders and dispatching riders.

Where we have scaled our delivery services, we are able to generate the same – if not a slightly higher – profit contribution when we provide delivery as when it is handled by the restaurant. This is the case in developed countries where there is a higher average order value and labor costs are higher, and in developing countries with a lower order value and lower labor costs.

We have been able to achieve this through the considerable technology investments we have made over the past five years. In 2017 we continued to increase our rider efficiency, reaching an average of more than two deliveries per hour in the three segments where we have scaled our delivery operations.

Operating a hybrid delivery platform – meaning operating as a marketplace as well as having own-delivery capabilities – has a number of advantages. We provide delivery services to increase our supply of high-demand restaurants which allows us to roll out delivery in neighborhoods with higher order density. Additionally, we can leverage the order volume that we already have, due to restaurants providing the delivery.

REVENUE COMPOSITION 2017 BY SOURCE



INTERNATIONAL APPROACH, LOCAL EXECUTION

Food delivery is a very localized business model. Within each region, country and neighborhood, the consumer preferences, restaurants, delivery and logistical environment is extremely complex and varied. This is why we have a central support infrastructure based in Berlin, with city, country and regional level teams that are responsible for the adaptation and execution of strategy in each area. We do customize to the needs of a local country or neighborhood where needed to support a better customer experience, although we centralize common functions wherever possible.

BUILDING A LEADING TECHNOLOGY TEAM IN BERLIN

Berlin is one of the world's leading technology hubs and is the ideal location for our central office. The city's broad appeal enables us to attract the best local and global talent, building a world-class team to help us build leading technology to disrupt the food delivery industry.

Our operations team is able to leverage our centralized data systems, enabling performance comparisons between each neighborhood, city and country across multiple KPIs, using the learnings to roll out best practices globally.

Our global technology team based in Berlin is responsible for developing cutting edge technology, including investments in search, discovery and personalization.

Having a Berlin-based central headquarters benefits us in many other areas of our business. In 2017 we have been able to further leverage the expertise of the central team, including the centralization of many performance marketing channels. This has given us increased visibility, optimized investment and results, and facilitated the sharing of best practices.

WE SUPPORT OUR LOCAL TEAMS BY PROVIDING ACCESS TO GLOBAL BEST PRACTICES

OUR TURKISH SUBSIDIARY YEMEKSEPETI IN ISTANBUL

OUR GLOBAL TECHNOLOGY TEAM BASED IN BERLIN IS BUILDING CUTTING EDGE TECHNOLOGY

HEADQUARTER IN BERLIN

OUR FOUNDERS, ENTREPRENEURS, CEOs, AND LOCAL TEAMS

Our business is also locally-focused and we need to adapt the product, marketing and operations to suit our local customers' preferences, the restaurant environment and logistical challenges.

We sometimes refer to ourselves as the "united nations of food delivery", as it is our local entrepreneurs, founders and leadership teams, and their deep knowledge of their local neighborhoods, cities and consumer trends that helps us to scale rapidly and disrupt the food delivery market at the local level.

We are fortunate to have retained most of the Group's original founders and entrepreneurs, who are still hungry to see their businesses grow and continue to contribute their knowledge to benefit the Group, appreciating the significant long-term growth opportunity.

Given the local nature of food delivery, we have seven main regional and country platforms with their own development teams, but leverage global infrastructure and common components. This ensures we are able to adapt global technology modules at a local level and keep pace with the evolving consumer and restaurant environment. In addition, we have number of people on the ground in each major city to increase our restaurant coverage or manage the logistical infrastructure.

WE ARE ABLE TO ADAPT GLOBAL TECHNOLOGY MODULES TO THE LOCAL MARKET NEEDS

OUR 2017 CEO WORLD MEETING IN ATHENS, HOSTED BY OUR GREEK BRAND, EFOOD

OUR LOCAL APPROACH GIVES US DEEP KNOWLEDGE OF EACH CITY WE OPERATE IN

OUR RIDERS DELIVERING FOOD IN A LOCAL NEIGHBORHOOD OF BUENOS AIRES, ARGENTINA

CREATING AN AMAZING TAKEAWAY EXPERIENCE

AMAZING FOOD

Ensuring we have the right **quantity, quality and variety** of restaurants in every neighborhood

READ MORE P. 20

AMAZING ORDERING

Ensuring that our **ordering experience** is convenient, inspirational, simple and personalized

READ MORE P. 23

AMAZING SERVICE

Ensuring that our food is delivered **quickly, reliably and can be tracked** in real-time

READ MORE P. 26

AMAZING FOOD

Ensuring we have the right quantity, quality and variety of restaurants in every neighborhood

QUANTITY, QUALITY AND VARIETY

Our customers crave variety, so we aim to ensure that we can offer multiple restaurants and cuisine types in every neighborhood – from international chains to local favorites – to cater to different individual preferences.

In order to meet the demands of our customers we first need to determine what they are looking for, and we focus on three key factors to do this: quantity, quality and variety. We analyze our cuisine type data in a given area and ensure that a sufficient number of restaurants of each type is available on our platform. We then take a data-driven approach to actively manage our restaurant offering to optimize our product on a local level, improving choice based on demographic characteristics and demand.

EXPANDING OUR RESTAURANT SELECTION

By the end of 2017 we had more than 150,000 active restaurants listed across our platforms. These restaurants offer our customers an amazing array of cuisine types to satisfy their tastes.

In any given area, there are popular restaurants without their own delivery infrastructure, and in these cases, we provide our own delivery service. In 2017 we provided delivery services in 31 of our countries.

In order to implement our strategy, we have a dedicated team of sales and account managers working across all of our countries to build strong relationships with our restaurant partners. We actively work with restaurants to maintain a high-performance benchmark and improve ratings scores.

MAKING RESTAURANTS MORE SUCCESSFUL

OUR RESTAURANT PARTNER SOLUTION TECHNOLOGY

Our restaurants are our most important partners and we aim to provide them with the most innovative technology possible to enable them to reach their full potential. In return, our restaurants partners receive significant advantages from working with Delivery Hero. We increase their order volumes, give them access to new customers, improve their efficiency, and add revenue at improved margins. Moreover, restaurants benefit from the data which Delivery Hero is aggregating, allowing them to take better decisions on customer offerings, pricing, location and menu items.

Our Restaurant Partner Solution is the technology we roll out to restaurants. It can be accessed online, via a tablet, or as a downloadable application which restaurants can install on their own device.

Included in our Restaurant Partner Solutions is our point-of-sale technology. This allows restaurants to enter in their over-the-counter or in-restaurant orders and helps them to better understand their business and drive further efficiencies in the restaurant.

OUR TECHNOLOGY SUPPORTS RESTAURANTS IN OPTIMIZING THEIR OPERATIONS

We provide restaurants with the freedom to manage their own online profile, including their hours of operation, their menu listings, and their deals and discounts. Restaurants can also manage their premium placement listings via the restaurant portal, giving business owners greater freedom to control their visibility on our product.

In addition, restaurants have access to our rider management systems, including automated dispatch. We can also provide restaurants with data to increase their efficiency and gain a better understanding of order volumes throughout the day.

Going forward we will continue to expand our restaurant services and build on the numerous early stage deployments we are running across our countries.

This includes our data analytics offering, our data-driven insights for new restaurants and cloud kitchens, our restaurants supplies offering with bulk ordering advantages, merchandising materials, delivery vehicles and safe, secure payment methods.

WHAT RESTAURANTS DO BEST

THEY COOK DELICICOUS FOOD

HOW WE MAKE RESTAURANTS (EVEN) MORE SUCCESSFUL

1. ORDER- AND DELIVERY TECHNOLOGY

2. COMMERCIAL RELATIONSHIP

– Profitable incremental orders
– Marketing and visibility tools
– Value chain optimization

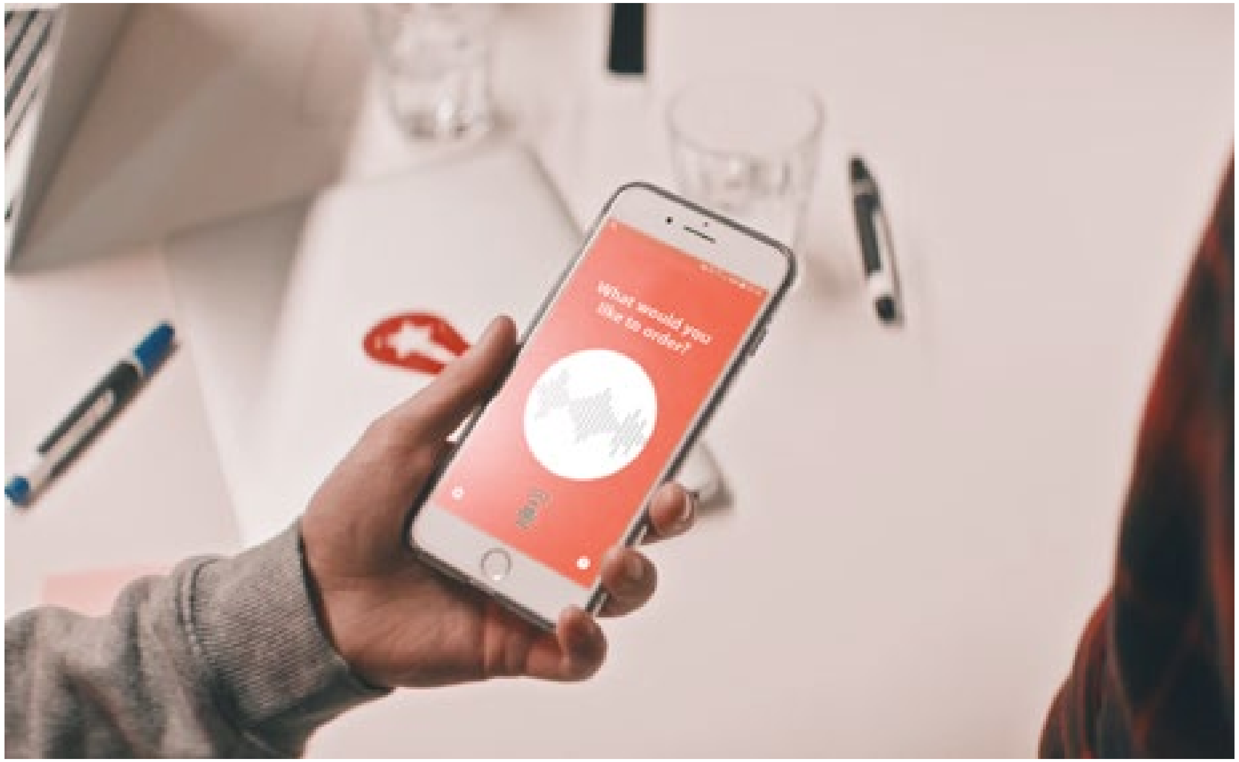
3. DEEP DATA-DRIVEN INSIGHTS

AMAZING ORDERING

Ensuring that our ordering experience is convenient, inspirational, simple and personalized

SIMPLE, SMART AND CONVENIENT

We are passionate about taking our customers' ordering experience to the next level. Each day we focus on simplifying and personalizing our product, so that we can continually move closer to the point where we know exactly what each customer wants, when they want it.



In 2017 we continued to focus on key product improvements. This included inspiring customers with a simple ordering process, more visualization during the discovery process by adding delicious food images, the ability to search at dish-level, increasingly personalized restaurant recommendations, a wide variety of payment options, and a convenient reorder facility. Subtle feature improvements that resulted in increased order frequency.

MORE DATA, SMOOTHER ORDERING

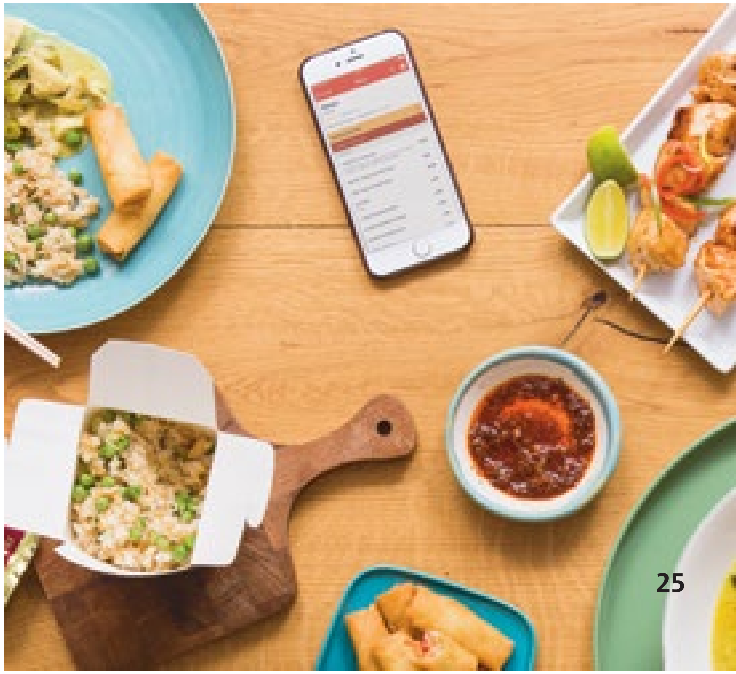
We constantly look to improve our product based on customer preferences and are able to utilize a vast amount data across our platforms, including analyzing ordering behavior, to continually iterate and optimize our service.

It is important that our consumers have access to our platform via their preferred ordering method. We provide an optimized experience across all channels, with the majority of orders placed through mobile devices, which was over 70% of total orders in 2017.

We want to make our customers' choices even easier by giving them a few, targeted recommendations. By making great order suggestions such as highlighting special dishes, gamifying search with selected offers via our "Joker" function and offering daily discounts based on search preferences, we can continually surprise and delight our customers, thus increasing frequency.

We monitor global trends to take advantage of opportunities, and in 2017 we have developed voice ordering, which has been integrated into virtual assistants, corporate platforms and our chat applications.

In 2017 our improvements to our ordering experience have resulted in a 31% increase in orders coming from customers acquired in 2016.



OVER 70% OF TOTAL ORDERS VIA MOBILE DEVICES

AMAZING SERVICE

Ensuring that our food is delivered quickly, reliably and can be tracked in real-time

FAST AND RELIABLE SERVICE

We strive to provide a fast and reliable service to our customers with real-time updates.

Delivery Hero tightly manages all steps in the food delivery lifecycle, including transmission, delivery and post-order services. We are deeply integrated with the operations of our restaurant partners, which allows us to learn the cooking times of their dishes and make sure the food is ready exactly at the time the delivery rider arrives at the restaurant, all to improve speed, reliability and food quality.

We work to improve the delivery experience to our customers by providing restaurant with our restaurant partner solution that allows for better management of their delivery process and with our proprietary technology that improves the efficiency of our own delivery operations. All with full transparency to our customers through live tracking or constant status updates.

While some of our services were in the early adoption phase in 2017, we envision a fast adoption of the technologies that provide a better customer experience by improving transparency and accuracy. We will continue to integrate even more tightly into the delivery process, regardless of whether we, or the restaurants, are responsible for the delivery.

OUR GLOBAL LOGISTIC TECHNOLOGY, SECOND TO NONE

By the end of 2017, our riders were delivering over 100,000 orders a day in an efficient and profitable way. This is the result of significant investment as well as numerous years building and refining our delivery technology and restaurant operations.

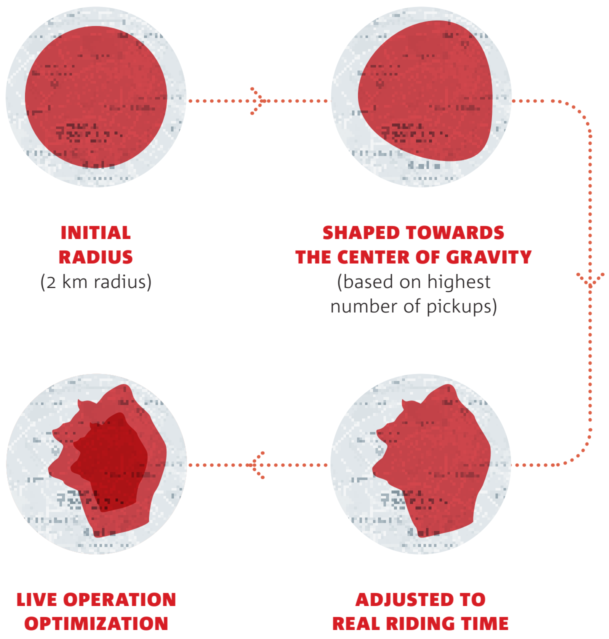
One particular area of significant investment has been our proprietary delivery area technology, which besides from defining the delivery areas also provides real-time optimization and detailed delivery time estimates:

— Firstly, we define the delivery area of our partner restaurants. The definition takes into consideration the area density to allow fast and reliable deliveries.
— Secondly, we shape delivery areas towards the centre of gravity to ensure that the rider will be more likely to have the next restaurant pick-up close to where they have delivered their previous order.
— Thirdly, we adjust to average rider times around each restaurant, taking into account any obstacles and adding the time we estimate each vehicle type would take.
— Fourthly, we adjust the delivery areas to real-time conditions such as fleet utilization, weather, and other local events which may result in time changes or delays.

We have also significantly invested in an optimized rider scheduling tool to continuously balance supply and demand while providing our riders the maximum possible flexibility.

Our proprietary algorithm estimates vendor preparation times based on the day of the week, the time of the day and the size of the order to match the time the food is ready with the time our riders gets to the restaurant in order to improve the food quality by reducing the time the food stays in the bag.

OUR GEOLOCATION TECHNOLOGY



DELIVERY GUYS ARE DELIVERY HEROES

INTERVIEW WITH EDUARDO GOES – CHIEF LOGISTICS OFFICER

IS OWN DELIVERY AN OPPORTUNITY OR A COST FACTOR?

E.G. Cooking at home is becoming more and more a selective and rather exclusive event, which most people from upcoming generations won't find time for. This is leading to an explosive growth in the number of people looking to have food prepared and delivered, requiring a reshape of the entire ecosystem.

Today, only a subset of restaurants have delivery capabilities, which limits the choices to our customers, by offering logistics services to restaurants we aim at expanding the options to our customers.

Additionally, the higher efficiency of a consolidate logistics network will allow for more affordable prices which will further accelerate the market growth. If we are only able to deliver one meal a week for all our customers, i.e. 52 a year, this is already an incredible step, but we aim even higher.

HOW DO DELIVERY HERO'S LOGISTIC OPERATIONS STAND OUT FROM THE REST?

E.G. We realized very early that developing a logistics infrastructure would widen the restaurant choices for our customers, as we could partner with restaurants that would otherwise not be accessible. We are pioneers, building the most advanced logistics technology in the industry. We have a fully automated system that selects optimal rider routes, estimates delivery times based on restaurant and rider workloads as well as weather and traffic conditions. We also provide our customers with full delivery tracking.

IN WHICH AREAS DO YOU PRIMARILY INVEST WHEN IT COMES TO LOGISTICS?

E.G. We aim to improve the experience of our customers, restaurants and riders by improving reliability, transparency and productivity. Productivity is quite important since it allows us to increase affordability to our customers. We have product teams dedicated to our rider and restaurant apps. We also have a top-notch data science team that works on defining optimal delivery areas, hourly order forecasting, restaurant preparation times and real-time delivery time estimates.

TOP-NOTCH DATA SCIENCE TEAM THAT WORKS TO REFINE OUR HOURLY ORDER FORECASTING

SPEAKING OF THE FUTURE, DO YOU THINK ROBOTS OR AUTONOMOUS VEHICLES WILL DO THE DELIVERIES IN THE NEAR FUTURE?

E.G. We strongly believe that such logistics technologies will complement our services, giving our customers increased flexibility – for example longer distance deliveries, or deliveries late at night and in extreme weather. We are working closely with the leading companies in the delivery technology area in order to find ways to further improve the experience for our customers.

OUR RIDER COMMUNITY

A key part of Delivery Hero success relies on our rider community. We currently have a large community of riders globally, and it is important that they feel engaged with our vision of delivering an amazing takeaway experience.

We promote many local events, competitions and social activities. Riders love the opportunity to join a leading global business with flexible working conditions and a transparent relationship.

TOMEK FROM OSLO

"I HAVE THE BEST OFFICE IN THE WORLD"

My favorite thing about the job: Being outdoors in such a breath-taking city, with stunning views across the sea. Cycling along the waterfront with yachts to the left and gleaming post- industrial apartments to the right, it's easy to think I have the best office in the world – with the North Sea as the company pool!

TOMEK'S SPECIAL FACTS

- **Rider since:** June 2016
- **Deliveries:** 4,998
- **Shifts done:** 348
- **Hours worked:** 2,177
- **Avr. speed:** 19.5 km/h
- **Biggest delivery to date:** 52 burritos and 24 sodas

MARIANA FROM MONTEVIDEO

"THIS JOB ALLOWS ME TO WORK OUT WHILE WORKING"

Reason for becoming a rider:
I'm a fitness fanatic preparing for my second 42km marathon, I keep fit by running half marathons, but this job gives me an extra excuse to train – it allows me to work out while working!"

MARIANA'S SPECIAL FACTS

- **Rider since:** October 2017
- **Deliveries:** 519
- **Shifts done:** 67
- **Hours worked:** 253
- **Avr. speed:** 24.1 km/h
- **Biggest delivery to date:** 10 big burgers

JEEVAN FROM DUBAI

"THE CUSTOMER TOLD ME HE WAS OUT ON HIS PRIVATE YACHT"

Funniest delivery location:
I had a delivery address which appeared to be at the edge of an island, but when I got there, there was no one in sight. I contacted the customer and he told me he was out on his private yacht, and he would send his security boat over to pick me up. I hopped in, cruised out to the yacht and handed the delivery over to my happy customer!

JEEVAN'S SPECIAL FACT

- **Rider since:** February 2017
- **Deliveries:** 1,977
- **Shifts done:** 189
- **Hours worked:** 1,952
- **Avr. speed:** 21.9 km/h
- **Biggest delivery to date:** € 200 worth of pizza

GLOBAL BUSINESS, LOCAL EXPERTISE

We sometimes call ourselves the “United Nations of food delivery” due to the fact that we operate in so many different markets with different local demands. This is particularly significant when it comes to logistics.

DID YOU KNOW THAT …

WE OFFER OWN DELIVERY SERVICE IN OVER **31** COUNTRIES

WE HAVE OVER **7,000** ACTIVE DRIVERS

IN 2017 RIDERS RODE **13.1** MILLION KM

GLOBALLY BIKES MAKE UP AROUND **52%** OF OUR DELIVERY FLEET

JUST IMAGINE THERE ARE …

–26°C IN TAMPERE/ FINLAND

NO STREET NAMES IN SAUDI ARABIA

STRONG DEMAND FOR **NIGHT DELIVERY** IN SOUTH KOREA

+54°C IN KUWAIT

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The financial year 2017 was an important and successful year for Delivery Hero AG. The company was able to sustain its growth trajectory while further strengthening and solidifying its position as an international online marketplace for food orders and food delivery – particularly with its change of legal form to that of a joint stock corporation, its subsequent initial public offering (IPO), and its recently approved and soon-to-be-effected adoption of the legal form of a European joint stock corporation (a Societas Europaea, or "SE").

Delivery Hero AG has been listed in the Prime Standard segment of the Frankfurt Stock Exchange since June 30, 2017. In September 2017, Deutsche Börse decided to include Delivery Hero AG in the SDAX of the Prime Standard of the German stock exchange. With its initial public offering (IPO), the Company has laid the groundwork for its next growth phase. Now that it is a listed company, it is subject to particularly stringent transparency and publicity requirements. These post-listing duties have also had an impact on the work of the Supervisory Board. There are numerous rules and provisions that apply directly to the Supervisory Board and its work with the Management Board. The Supervisory Board has been working with the Management Board to ensure that processes and structures are established within the Company that satisfy the requirements of the exchange.

OVERVIEW

The first Supervisory Board of Delivery Hero AG was constituted itself on May 29, 2017 with the Company's change of legal form to that of a joint stock company. It has properly and duly discharged the duties incumbent upon it according to the law, the Articles of Association, and its by-laws, diligently protecting the interests of all shareholders while bearing in mind the claims of other affected groups as well.

One of the Supervisory Board's primary duties is to advise and supervise the Management Board. The main points of focus of this activity during the reporting period were, in particular, the strategic direction of Delivery Hero AG for further growth, corporate planning as a whole, and corporate financing. The successful IPO was of particularly great importance for Delivery Hero AG and the work of the Supervisory Board. The Supervisory Board advised and supported the Management Board during the preparatory work ensuring that the legal and organizational duties arising from the IPO were being met. The Supervisory Board was at all times actively involved in all matters of central importance to the Company and in all decisions of the Management Board. The collaboration between Management Board and Supervisory Board was always trusting, constructive, appropriate, collegial and efficient.

The Management Board reported to the Supervisory Board regularly and extensively, both in writing and verbally, on the Company's position, strategic plans, and intended business policy along with important business transactions entered into by the Company or Group. It also commented on important questions concerning risk exposure, risk management, financial, investment and personnel planning, corporate governance and compliance, and the course of business. The Management Board always fulfilled its duties to keep the Supervisory Board informed.

In particular, the Management Board finalised the Company's further strategic direction in consultation with the Supervisory Board. The Management Board has always included the Supervisory Board fully and directly in all important decisions, particularly in regard to all measures and business transactions that are subject to Supervisory Board approval. Those transactions that were subject to approval were explained by and discussed with the Management Board before any resolution was passed by the Supervisory Board. The discussions took place in meetings – including ones – including via telephone – of the full Supervisory Board and its committees and in direct exchange with the Management Board outside of the meetings.

In regard to the organizational and legal measures pertaining to the IPO, the flow of information from the Management Board to the Supervisory Board was always reliable and regular. The same was true for the cash capital increase that was carried out in early December 2017 by way of an accelerated bookbuilding process. In that regard, too, the Management Board always kept the Supervisory Board informed in a timely and thorough manner, at all times keeping the Supervisory Board fully involved in the crucial deliberations and decisions. The Supervisory Board, and I in particular as Chairman of the Supervisory Board, have otherwise engaged at regular intervals in vigorous discussion with the Management Board in regard to current developments and important decisions.

The Supervisory Board has confirmed that the Management Board has installed a functioning risk management system and a functioning internal control system, which is capable of detecting early developments that might put the company's continued existence at risk; and which ensures that bookkeeping and accounting are done properly and that the financial reporting is reliable. The further expansion of the risk management system and the improvement of both systems remain a particular focus of the work of the Supervisory Board in view of the challenges of our still young and rapidly growing Company. In addition, the Supervisory Board has verified that the company has a functioning internal audit system that ensures independent and objective evaluation of the appropriateness and effectiveness of management and supervisory processes and of the risk management and internal control systems. Finally, the Supervisory Board has confirmed to its satisfaction the further development and effectiveness of the compliance management system that ensures observance of the law and internal guidelines. In this context, the Supervisory Board has also taken care of a further continued development of the internal organization and a faster implementation of the measures which have been developed by the Company for a further enhancement of the financial and accounting department, the compliance management system and the risk management system by way of further professional and personnel reinforcement.

Since the change of form was entered in the commercial register, the Management Board has consisted of consist of Mr Niklas Östberg (Chairman of the Management Board, CEO) and Mr Emmanuel Thomassin (CFO). Mr Östberg and Mr Thomassin have each been appointed members of the Management Board for terms through April 30, 2022.

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

In its regular discussions, the Supervisory Board has devoted its attention to the operational and strategic position of Delivery Hero AG and of the Group and apprised itself, through the Management Board's written and verbal reports, of the Company's economic and financial performance. As mentioned, one point of focus in discussions in the financial year 2017 was the preparation and realization of the Company's IPO.

Since being constituted in 2017 following entry of its change of form in the commercial register, the Supervisory Board has had a total of four face-to-face meetings in all. Whenever necessary, the Supervisory Board took its decisions by a written circulation procedure or in telephone conferences. The Supervisory Board met regularly in the presence of the Management Board, except when they met to discuss its remuneration.

To be able to discharge its duties properly and to increase the efficiency of the Supervisory Board's working methods, the Supervisory Board – in accordance with the recommendations of the German Corporate Governance Code – formed three committees in all, specifically an Audit Committee, a Remuneration Committee and a Nomination Committee.

The members of the Audit Committee are Mr Georg Graf von Waldersee and Dr Martin Enderle; the Chairman of the Audit Committee and financial expert on the Audit Committee is Mr Graf von Waldersee. The Remuneration Committee consists of the members Mr Jeffrey Lieberman and Dr Martin Enderle. The members of the Nomination Committee are Mr Lieberman and Dr Enderle.

In financial year 2017, the Audit Committee and the Remuneration Committee each held four meetings. The Nomination Committee did not convene any meetings. The Nomination Committee held no meeting.

Mr Jeffrey Lieberman was prevented from attending one face-to-face meeting and submitted his vote in writing. All other members of the Supervisory Board participated in all face-to-face meetings. All members of the Audit Committee and the Remuneration Committee also attended all meetings of the respective committee.

The subject matters of the meetings and resolutions of the Supervisory Board in plenary session were, in particular, the preparation and realisation of the Company's IPO in the summer of 2017, analysis and discussion of the Management Board's reports concerning the course of business and corporate strategy, preparation and execution of a cash capital increase for the Company in early December by way of an accelerated bookbuilding process, as well as the approval of the budget. Furthermore, there were resolutions in regard to various corporate governance topics, for example the approval of by-laws for the Management Board, the Supervisory Board and the Audit Committee after it was constituted, issuance of the annual Statement of Compliance pursuant to § 161 AktG, the setting of concrete targets for the composition of the Supervisory Board along with the creation of a profile of skills and expertise for the body as a whole and of guidelines for non-audit services by the auditor of Delivery Hero AG.

Certain transactions and measures by the Management Board are subject to prior approval by the Supervisory Board owing to legal requirements or requirements in the Management Board's by-laws. Matters for which the Supervisory Board reserves consent and to which it devoted its attention included the employment contracts of the Management Board members Niklas Östberg and Emmanuel Thomassin, the sale of the shares in Pisces Eservices Private Limited (foodpanda India) to ANI Technologies Private Limited (Ola), India's best-known mobility platform, for a stake in ANI Technologies Private Limited, the acquisition of all shares in Fly & Company Inc., which operates a food delivery platform under the Foodfly brand, and an investment in Rappi Inc., the holding company of a leading on-demand and multi vertical delivery service platform in Latin America.

The **Audit Committee** regularly dealt during the course of the year with the structures and processes in the areas of accounting, the internal control system, internal audit, risk management and the compliance organization and discussed measures with the Management Board to further strengthen these areas. In addition, it dealt in detail with the semi-annual financial reporting for the Company and the Group and the quarterly results for the third quarter of 2017. In addition, a detailed discussion was held with the auditor on the audit planning for the consolidated financial statements and the annual financial statements as well as on the focus of the audit.

The **Remuneration Committee** dealt in particular with the Management Board members' employment contracts, specifically with the setting of their remuneration, and with the introduction of various variable long-term remuneration programs in which, in addition to selected employees, the Management Board members are also included.

In the course of the Supervisory Board's and its committees' deliberations and resolutions, the following **conflicts of interest** have been reported, which were dealt with as follows:

— The member of the Supervisory Board Mr Lukasz Gadowski has reported a possible conflict of interest in connection with the resolution on the early repayment of a loan in June 2017. Mr Lukasz Gadowski is a shareholder of the company that granted the loan. Mr Lukasz Gadowski did not participate in the relevant discussions and abstained from voting.
— The member of the Supervisory Board Mr John Green reported a possible conflict of interest in connection with the capital increase against cash contributions in December 2017. Mr Jonathan Green is a partner in an investment firm that holds an interest in Delivery Hero AG through various funds and which took up further shares in connection with the capital increase. Mr Jonathan Green did not take part in the relevant discussions and abstained from the voting.
— The member of the Supervisory Board Mr Patrick Kolek has reported a potential conflict of interest in connection with the sale of the shares in Pisces Eservices Private Limited (foodpanda India) to ANI Technologies Private Limited (Ola) in exchange for an investment in ANI Technologies Private Limited. Mr Patrick Kolek is an employee of a company that holds shares in a competitor of the company which was the subject of the M&A transaction. Mr Patrick Kolek did not participate in the relevant discussions and abstained from voting.

No other conflicts of interest on the part of Supervisory Board members, which must be promptly disclosed, arose in the financial year 2017.

CORPORATE GOVERNANCE

In its meeting on June 6, 2017 the Supervisory Board discussed various questions relating to corporate governance. It subsequently issued its first Statement of Compliance jointly with the Management Board on December 28, 2017, pursuant to Section 161 AktG, and made it permanently publicly available to the shareholders on the Company's website. With the exceptions explained in the Statement of Compliance, Delivery Hero AG is in compliance with the recommendations of the German Corporate Governance Code in the version of February 7, 2017 and will continue to comply with them in future.

The entire text of the Statement of Compliance, along with further explanations relating to the company's corporate governance, are to be found on the Company's internet page at http://it.deliveryherom.com/websites/delivery/English/4500/declaration-of-compliance.html. Further corporate governance-related explanations, likewise with the text of the Statement of Compliance reproduced in full, are contained also in the Corporate Governance Statement and the Group Governance Statement, along with the Corporate Governance Report of the Management Board and Supervisory Board pursuant to §§ 289f, 315d HGB and Section 3.10 DCGK.

AUDIT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board submitted to the members of the Audit Committee, the yet unaudited annual financial statements and consolidated financial statements for the financial year 2017, the combined management report of Delivery Hero AG and the Group for the financial year 2017 as well as the non-financial statement for the Group immediately after they were prepared..

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, audited the Annual Financial Statements of Delivery Hero AG and the Consolidated Financial Statements, along with the Combined Management Report of Delivery Hero AG and the Group for the financial year 2017, and issued an unqualified audit opinion.

In their meeting on April 24, 2018 the members of the Audit Committee discussed in detail, in the auditor's presence, the Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Delivery Hero AG and the Group, the non-financial statement for the Group, and the results of the external audit. The auditor reported on the salient results of his audit. On this basis the Audit Committee proposed that the Supervisory Board approve the financial statements drawn up by the Management Board.

The Supervisory Board approved and took notice of the audit results and the Audit Committee's recommendation. The Supervisory Board then likewise reviewed the 2017 Annual and Consolidated Financial Statements in its meeting on April 24, 2018, along with the joint Management Report of Delivery Hero AG and the Group, and discussed them extensively with the auditor. The auditor reported on the salient results of his audit. The Supervisory Board likewise reviewed the nonfinancial statement for the Group.

The result of the preliminary review by the Audit Committee and the result of the Supervisory Board's own review were entirely consistent with the audit results. There were no objections to be raised after the final results of the Supervisory Board's review. The Supervisory Board therefore approved the Annual Financial Statements and the Consolidated Financial Statements for 2017 on April 25, 2019 via a phone conference and with the participation of the auditor; the 2017 Annual Financial Statements are therefore approved.

PERSONAL INFORMATION

Former Supervisory Board member Mr Kolja Hebenstreit resigned from his office as member of the Supervisory Board of Delivery Hero AG and left the Supervisory Board on June 3, 2017. The Supervisory Board thanks Mr Kolja Hebenstreit for his faithful service and his valuable contribution to the Board's work.

In connection with Mr Kolja Hebenstreit's resignation, the shareholder Naspers Ventures B.V. exercised the right of delegation to which it was entitled at that time under Section 8(1) of the Articles of Association and delegated Mr Patrick Kolek to the Supervisory Board until the end of the General Meeting ratifying the acts of management for the financial year in which the change in form of the former Delivery Hero GmbH into Delivery Hero AG took effect – that being the past, 2017 financial year.

Former Supervisory Board member Mr Lukasz Gadowski likewise resigned from his office as member of the Supervisory Board of Delivery Hero AG by letter of December 15, 2017 and has left the Supervisory Board. The Supervisory Board also thanks Mr Gadowski for his faithful service and his valuable contribution to the Board's work.

On March 20, 2018, the Management Board of Delivery Hero AG submitted an application to the Local Court Charlottenburg for the appointment of Janis Zech as member of the Supervisory Board of Delivery Hero AG by way of a judicial appointment until the end of the next Annual General Meeting. At the time of this report, the Local Court of Charlottenburg has not yet decided on the application.

The Supervisory Board thanks the Management Board and all employees of the Company for their tremendous personal dedication and outstanding accomplishments in financial year 2017. The financial year 2017 was marked by many important milestones and strong growth. These would not have been possible without the commitment, positive attitude, and quality-consciousness of all employees.

Berlin, on April 25, 2018

For the Supervisory Board

Dr Martin Enderle
Chairman of the Supervisory Board of Delivery Hero AG

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT, GROUP GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT (§§ 289f, 315d HGB, SECTION 3.10 DCGK)

As practised by Delivery Hero, “corporate governance” signifies responsible management and supervision of the Company with the underlying aim of long-term success. The Management Board and Supervisory Board of Delivery Hero AG are aware of how important the principles of responsible and good corporate governance are, and they are committed to upholding them. Accordingly, the Management Board and Supervisory Board attach the utmost value to good corporate governance, in regard to which they are guided by the recommendations of the German Corporate Governance Code (“DCGK”).

The Management Board and Supervisory Board of Delivery Hero AG make the following Corporate Governance Report (pursuant to Section 3.10 DCGK) together with the Corporate Governance Statement and Group Governance Statement pursuant to §§ 289f, 315d HGB owing to the closely-related content of and connection between these documents. The Corporate Governance Statement, the Group Governance Statement and the Corporate Governance Report may be retrieved from the Company’s website at https://ir.deliveryhero.com/websites/delivery/English/4100/corporate-governance-report.html.

STATEMENT OF COMPLIANCE PURSUANT TO § 161 AKTG

The shares of Delivery Hero AG have been traded on the Prime Standard segment of the Frankfurt Stock Exchange and elsewhere since June 30, 2017 (listing date: June 28, 2017). Delivery Hero AG is accordingly issuing its first Statement of Compliance pursuant to § 161 AktG (Aktiengesetz, German Stock Corporation Act). The Statement of Compliance will be made permanently available on the Company’s website.

The Management Board and Supervisory Board of Delivery Hero AG declare that, since its IPO on June 30, 2017, Delivery Hero AG has complied, and in future will remain in compliance, with the February 7, 2017 version of the recommendations of the “Regierungskommission Deutscher Corporate Governance Kodex” (Governmental Commission on the German Corporate Governance Code) that the German Federal Ministry of Justice and Consumer Protection published in the official section of the Federal Gazette on April 24, 2017, with the following exceptions:

DECLARATION OF COMPLIANCE 2017

DECLARATION BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF DELIVERY HERO AG REGARDING THE RECOMMENDATIONS OF THE “GOVERNMENT COMMISSION GERMAN CORPORATE GOVERNANCE CODE” PURSUANT TO SECTION 161 AKTG

Management Board and Supervisory Board declare:

Delivery Hero AG has complied since going public on June 30, 2017 and will continue to comply in the future with the recommendations of the “Government Commission German Corporate Governance Codex” in the version dated February 7, 2017 published by the Federal Gazette on April 24, 2017 (the “Code”), subject to the following deviations:

— Pursuant to Section 3.8 para. 3 of the Code, the D&O insurance covering the members of a supervisory board shall provide for a deductible in the amount of 10% of the loss up to at least the amount of one and a half times the fixed annual remuneration of the respective member of the supervisory board. Delivery Hero AG’s current D&O insurance for the members of the Supervisory Board does not include a deductible. The Management Board and the Supervisory Board are of the opinion that a deductible for the members of the Supervisory Board does not have any influence on the awareness of responsibility and loyalty of the members of the Supervisory Board with regard to their tasks and functions. Moreover, it would reduce Delivery Hero AG’s possibilities to compete for competent and qualified members of the Supervisory Board.
— Pursuant to Section 4.2.3 para. 2 sentence 6 of the Code, the amount of remuneration for a member of a Management Board shall be capped with maximum levels, both as regards variable components and in the aggregate. The Long-Term Incentive Plan which has been adopted by the Supervisory Board as part of the future compensation system for the Management Board consists of a Stock Option Plan as well as of a Restricted Stock Plan. Both under the Stock Option Plan and the Restricted Stock Plan, the number of shares to be allocated to the Management Board members is capped. However, both plans do not provide for a cap on the achievable amount upon the exercise of the stock options (regarding the Stock Option Plan) and on the value of the stocks to be transferred to the beneficiary after the expiry of the blocking period (regarding the Restricted Stock Plan). In the opinion of the Supervisory Board, such caps would not be appropriate as they would contradict the alignment of the interests of the Management Board members with those of the shareholders. The purpose of both instruments under the Long-Term

Incentive Plan is to ensure an adequate and balanced participation of the Management Board members in the economic risks and chances of Delivery Hero AG. In the opinion of the Supervisory Board, a cap on the value of stocks would not be in line with such participation. As no cap on the achievable amount of the variable components of the compensation exists, also no cap on the remuneration in the aggregate is in place. Therefore the Company declares a deviation from sec. 4.2.3 para. 2 sentence 6 of the Code.

— Pursuant to Section 5.1.2 sentence 4 of the Code, the Supervisory Board together with the Management Board shall ensure a long-term succession planning. As the members of the Management Board have only recently been appointed, it is declared that the Supervisory Board has not yet developed any succession guidelines with regard to the members of the Management Board. However, the Supervisory Board will, together with the Management Board, develop a long-term succession planning in the near future, in order to ensure a sustainable corporate development.
— Pursuant to Section 7.1.2 sentence 3 (alternative 1 and alternative 2) of the Code, the Consolidated Financial Statements and the Group Management Report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period. In order to ensure a high quality of the financial reporting, the recommended publication periods may not in all cases be complied with. As a consequence, Delivery Hero AG hereby declares a deviation from the respective recommendation. However, Delivery Hero AG is constantly seeking to improve its reporting system and intends to comply with this recommendation of the Code in the near future.

Berlin, in December 2017

On behalf of the Supervisory Board of Delivery Hero AG:

Dr Martin Enderle
Chairman of the Supervisory Board

On behalf of the Management Board of Delivery Hero AG:

Niklas Östberg
Chairman of the
Management Board, CEO

Emmanuel Thomassin
Member of the
Management Board, CFO

CORPORATE GOVERNANCE AND RELEVANT DISCLOSURES PERTAINING TO CORPORATE GOVERNANCE PRACTICES

Corporate governance – standards of good and responsible corporate governance

The Management Board and Supervisory Board of Delivery Hero AG interpret “corporate governance” as a comprehensive concept for responsible, transparent, and value-oriented corporate management. Good corporate governance according to the “reputable businessman” model serves to increase on a lasting basis a company’s value as a going concern, and it fosters trust in our company’s management and supervision among national and international investors, the financial markets, business partners, employees, and the public. Accordingly, the Company’s Management Board, Supervisory Board, and management see to it that our corporate governance policies are actively realised in practice and continually refined in all areas of the Company. Implementation and observance of good corporate governance is understood to be a central management task; for Delivery Hero AG as an internationally positioned company with worldwide operations, good and sustainable corporate governance is of special importance.

Corporate governance at Delivery Hero AG is determined in particular by the applicable laws, the recommendations of the DCGK, and internal by-laws and guidelines. Delivery Hero AG observes all legal requirements for good corporate governance and follows, with the exceptions stated in the Statement of Compliance, the recommendations of the DCGK. In the course of the Company’s IPO during the previous financial year, the Management Board and Supervisory Board apprised the Company’s employees of the pertinent issues relating to the law of capital markets, particularly issues relating to insider trading law, in accordance with the legal requirements, creating informational materials to that end and disseminating them throughout the Company.

The Management Board and Supervisory Board attach great value to cultivating an open corporate and management culture. Positive interpersonal relations within the Company are of paramount importance for the Company's economic success and the satisfaction of its customers, employees, partners, and shareholders. Such a climate of collective responsibility and open communication promotes the awareness necessary for compliance with laws, ethical standards, and economic and social requirements. A detailed description of our corporate social responsibility is to be found in the non-financial statement of the Group.

Internal control system

To ensure the reliability of its bookkeeping and accounting, Delivery Hero AG has set up an accounting-related internal control system. The internal control system's effectiveness is monitored by the Audit Committee and the Supervisory Board. The internal control system is constantly adapted to the requirements of the rapidly growing Delivery Hero Group.

The internal control system comprises the necessary organisational measures and controls within the Company and ensures compliance with internal guidelines, protection of company assets, and achievement of corporate goals. It comprises in addition an information system designed to assist both management and employees in the performance of their work.

The internal control system serves in particular to achieve the following objectives:

— Efficiency and effectiveness of corporate operational processes;
— Accuracy and reliability of (internal and external) reports;
— Integrity of financial and accounting data;
— On-time preparation of financial reports;
— Prevention and detection of fraud and irregularities; and
— Compliance with provisions of law and internal guidelines.

The internal control system makes it possible to counter the risks arising from business activity, to monitor them continuously, and to manage them accordingly.

Risk management system

The purpose of the risk management system at Delivery Hero AG is to manage the group-wide processes involved in the operation of a proactive and effective risk management regime. This guarantees a full overview of significant risks. Review is the responsibility of the "Governance, Risk and Compliance" department under a standardised and comprehensive regime for managing all significant risks. The "Governance, Risk and Compliance" department reports directly to the Management Board and the Audit Committee in regard to significant risks.

The risk management system at Delivery Hero AG is based on the following standards in particular:

— IDW PS 340: Audit standard of the IDW (Institut der Wirtschaftsprüfer, Institute of Public Auditors in Germany) for auditing early risk detection systems pursuant to § 317(4) HGB
— ISO 31000 standard: International standard of the ISO (International Organization for Standardization) for risk management
— COSO ERM (Enterprise Risk Management): standard of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) for group-wide risk management

Internal auditing system

The central task of the Internal Audit department of Delivery Hero AG is to assist the Management Board and Supervisory Board in achieving corporate goals. To that end the Internal Audit department is responsible for independently and objectively evaluating the appropriateness and effectiveness of management and monitoring processes and of the internal control and risk management systems.

Internal Audit is an independent department that reports to the Supervisory Board's Audit Committee or to the full Supervisory Board and is organizationally subordinate to the CFO, Mr Emmanuel Thomassin. It is separate from the Controlling and Compliance departments and independent of the auditor and group auditor. Internal Audit serves to promote responsible corporate management in observance of the relevant applicable provisions of law and subject to the standards of the Deutsches Institut für Interne Revision (DIIR) along with the standards and principles of the Code of Ethics of the Institute of Internal Auditors (IIA).

The Internal Audit department draws up an audit plan annually. Included in this plan are risks that the risk management system has previously identified and assessed accordingly. There currently exists a risk-based audit plan on the basis of which the appropriateness and efficacy of the internal control system is evaluated in regard to strategic, operational, and financial risks along with IT- and compliance-related risks. The director of Internal Audit provides the Supervisory Board's Audit Committee with an audit report on a quarterly basis. This report contains, inter alia, an account of the current status of the various audits under the annual audit plan, significant findings of completed audits, and any still outstanding issues relating to the implementation of measures.

Compliance, compliance management, and Code of Conduct of Delivery Hero AG

For Delivery Hero, compliance signifies the fostering of a sustainable corporate culture of integrity and responsibility. To accomplish this mission, we are committed to conducting our business operations throughout the world in an honest and ethically and legally irreproachable manner, and we expect the same of all of our employees, directors, executives, and business partners all over the world.

Delivery Hero has developed and implemented a compliance management system that aims to prevent violations of regulations against corruption, conflicts of interest, and other violations of law committed within Delivery Hero or by Delivery Hero, its employees, directors, or executives. Our compliance management system comprises a system of measures intended to ensure that our business is conducted at all times in full compliance with the law and with our internal rules and principles. The compliance efforts of Delivery Hero focus on preventing, detecting, and reacting appropriately to every type of misconduct.

For early detection, control, and monitoring of risks, Delivery Hero has set up a "Governance, Risk and Compliance" department. By its continual development of the instruments of its compliance management system, the Compliance department ensures that risks are identified and managed throughout the Company according to a specific method. Potential compliance risks are considered as well. The Compliance department is a part of the Legal department and is therefore subordinate to the Company's General Counsel, who is directly subordinate to the CFO, Mr Emmanuel Thomassin. In performing its tasks, the Compliance department works closely with the other sectors of the Legal department and of Internal Audit. This ensures a uniform, cross-functional approach to appropriately assessing and reducing risks. All employees of Delivery Hero are obliged to be mindful of existing risks in their actions and to avoid risks that pose an existential threat.

The Code of Conduct of Delivery Hero AG is an integral part of our compliance organisation. It is a compilation of our principles, values, standards, and rules of conduct, and it serves as a guide for our employees to the behaviour required for decision-making. The Code has been distributed to all employees of the Delivery Hero Group worldwide and can be viewed on our website at www.deliveryhero.com, under "Investor Relations/Corporate Governance/Compliance", as well as on our intranet. We have developed, as a supplement to the Code of Conduct, further corporate guidelines which provide detailed rules for particular subject areas and which are likewise available to our employees through our intranet.

Reporting of compliance violations

Every employee of Delivery Hero is responsible for reporting violations, or potential violations, of law, our Code of Conduct, or internal guidelines. Delivery Hero offers employees and third parties – i.e., other internal and external stakeholders – three means of reporting compliance violations under our whistle-blower system: online through a special communication platform, by means of an e-mail address set up specifically for that purpose, or by mail.

The Internet-based communication platform that the whistleblower system provides enables anonymous and protected exchange of information and dialogue with the Compliance department of Delivery Hero through a separate mailbox. The system is confidential and protected. Tip givers may decide on their own whether they wish to come forward under their own names or prefer to remain anonymous.

All cases reported through the whistle-blower system are carefully assessed by Delivery Hero; when necessary, cases are managed in accordance with the rules and procedures for dealing with reported compliance violations. The confidentiality of information received through individual reporting of violations is protected in so far as legally possible. The responsible recipient at Delivery Hero will share such information with third persons, in compliance with applicable law, only if he considers doing so necessary to eliminate the violation. Delivery Hero respects the wish for confidentiality and anonymous reporting.

Constant review and further development of the compliance management system

The existing compliance management system is subject to continuous review and is under continuous development by the Management Board in cooperation with the competent departments. Such continuous development ensures that the structures required for a functioning compliance management system are always present. The Management Board bears overall responsibility for the proper functioning of the compliance management system; the Supervisory Board monitors the system's effectiveness. The compliance management system is actively realised in practice by the Management Board and by the Supervisory Board.

DUTIES, COMPOSITION, AND WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND OF THE SUPERVISORY BOARD'S COMMITTEES

Dualistic management and control structure

Delivery Hero AG is a joint-stock company under German law. It is therefore subject to the rules of the German Stock Corporation Act and possesses a dualistic management and control structure consisting of a Management Board and a Supervisory Board. The Management Board and Supervisory Board work closely together for the good of the Company and are in regular contact with one another. The Management Board is the management body; it is responsible for the Company's direction and business management. The Supervisory Board is the Company's control and monitoring body that advises and oversees the Management Board in its management of the Company's business.

Duties, lines of authority, and composition of the Management Board

The Management Board of Delivery Hero AG manages the Company's business operations on its own responsibility. It is duty-bound to act in the Company's interest and obliged to increase on a lasting basis the Company's value as a going concern. It develops the Company's strategic direction, finalises it in consultation with the Supervisory Board, and sees to its implementation.

The Management Board members perform their duties in accordance with the provisions of law, the Company's articles of association, the resolutions of the General Meeting and of the Supervisory Board, their contracts of service, and the by-laws of the Management Board. They manage the Company's business with the diligence of a proper and conscientious business manager.

The Management Board works with the Company's other bodies, in particular the Supervisory Board, on a basis of mutual trust for the good of the Company. It sees to it that the provisions of law and the Company's internal guidelines are complied with and works to ensure that they are observed by the group companies. The recommendations of the DCGK concerning the Management Board – and specifically its composition – are observed except as otherwise stated in the Management Board's and Supervisory Board's Statement of Compliance pursuant to § 161 AktG, which is published on the Company's website.

The Management Board discusses the current state of strategy implementation with the Supervisory Board at regular intervals. It informs the Supervisory Board regularly, promptly, and comprehensively in regard to all questions of strategy, planning, business development, risk exposure, risk management, and compliance that are of relevance to the Company. The Management Board's reports to the Supervisory Board are regularly made in writing, in some cases even orally. The members of the Supervisory Board are supplied with the documents necessary for decision-making in a timely manner before they meet. Between meetings, the Management Board briefs the Supervisory Board monthly on current business performance. In addition, the Management Board provides for the appropriate risk management and risk controlling.

The Management Board currently consists – since Delivery Hero AG was entered in the competent commercial register in connection with a change of legal form – of two people, Mr Niklas Östberg (Chairman of the Management Board, CEO) and Mr Emmanuel Thomassin (CFO). The profiles of Mr Östberg and Mr Thomassin can be viewed on the Company's website (under "Team/Management" at www.deliveryhero.com). Mr Östberg and Mr Thomassin manage the Company in partnership with each other and, as members of the Management Board, are jointly responsible for corporate strategy and its day-to-day implementation.

The Management Board currently has no female members. The two Management Board members' terms of office run until April 30, 2022. Owing to the durations of their contracts of employment as Management Board members and the terms to which they have been appointed, the Supervisory Board has set as the quota for women on the Management Board a five-year target of 0% . The Supervisory Board is, however, well aware of the special importance of diversity in the Company's management. A diverse make-up of management and supervisory bodies can bring new perspectives to decision-making processes and discussions and help bring about a lasting improvement in performance. As far as the make-up of the Management Board is concerned, the Supervisory Board attempts – even though professional and technical qualifications are always the deciding criterion – to take the international character and various core sectors of our business model into consideration as appropriately as possible while at the same time honouring the principle of diversity, particularly in regard to professional experience and the know-how of the candidates, and it endeavours also to give appropriate consideration to women. Even though the performance and qualifications weigh more heavily than age as deciding factors in the selection of Management Board members, those members must not be more than 65 years old when they are appointed.

The Management Board itself seeks diversity when filling management positions in the Company and endeavours to give appropriate consideration to women in particular. The Management Board has set targets for the quota of women in the two management levels below the Management Board.

Working methods of the Management Board

The Management Board members' lines of authority and their work together are governed by rules of procedure established by the Supervisory Board. The rules of procedure of the Management Board were last updated and adopted by the Supervisory Board on May 30, 2017. They contain in particular provisions for the Management Board's working methods and for its work with the Supervisory Board; it contains in addition, inter alia, a catalogue of transactions that are subject to the Supervisory Board's approval, defines the majorities required for Management Board resolutions, and specifies the matters that are reserved to the full Management Board.

Each Management Board member manages the division assigned to him on his own responsibility. The management of all divisions is uniformly aligned with the goals set by resolutions of the Management Board. Notwithstanding the allocation of their duties, the members of the Management Board jointly bear responsibility for management as a whole. They work together in a collegial manner and regularly notify one another of important measures and happenings in their areas of responsibility.

The schedule of responsibilities identifies as follows the duties and areas of authority of the individual Management Board members as of December 31, 2017 (and continuing thereafter):

Management Board member	Departments
Mr Niklas Östberg (Chairman of the Management Board, CEO)	– Business Development and Strategy – Operating Business – Personnel/HR – Marketing – Technology – Product Development – Corporate Communications – Investor Relations
Mr Emmanuel Thomassin (Member of the Management Board, CFO)	– Finances/Taxes/Group Accounting – Internal Audit – Procurement – Controlling – Law and Compliance – Wages and Salaries – Payment Processing

Meetings of the Management Board take place regularly, as a rule weekly. In addition, the members of the Management Board are always in close contact with one another between meetings. The Management Board, in particular its Chairman, likewise maintains regular contact with the Chairman of the Supervisory Board, briefs him on the course of business and the position of the Company and of its Group companies, and advises him in regard to questions of strategy, planning, business development, risk exposure, risk management, and compliance. The Management Board reports to the Chairman of the Supervisory Board promptly in the event of important events or business matters that may have a substantial impact on an assessment of the Company's position, performance, or management.

Members of the Management Board are obliged to act in the Company's interest. They may not pursue personal interests in their decisions, are subject to a comprehensive prohibition against competition during their employment, and may not take advantage of the Delivery Hero Group's business opportunities for their own benefit. Each Management Board member must promptly disclose conflicts of interest to the Supervisory Board and inform the other Management Board member thereof. All transactions between Delivery Hero AG or group companies, on the one hand, and the Management Board members, persons close to them, or enterprises closely associated with them, on the other hand, must conform to customary industry standards. Significant transactions with persons or enterprises closely associated with a Management Board member may be entered into only with the Supervisory Board's consent. Management Board members may engage in secondary employment, particularly service on supervisory boards outside of the Delivery Hero Group, only with the Supervisory Board's consent.

Duties, lines of authority, and composition of the Supervisory Board

The Supervisory Board regularly advises and monitors the Management Board in its management of the Company. It appoints and dismisses the members of the Management Board. Together with the Management Board, the Supervisory Board provides long-term succession planning. Because the members of the Management Board were appointed only in the last, financial year 2017 – and each to a term that ends on April 30, 2022 – the Supervisory Board has not yet developed any guidelines for the succession of Management Board members. The Supervisory Board will, however, develop in the near future, jointly with the Management Board, a long-term succession plan to ensure continuous development of the Company.

The Supervisory Board performs its work in accordance with the provisions of law, the Company's articles of association, and its rules of procedure. It is involved in decisions of fundamental importance for the Company. It works closely and on a basis of mutual trust with the Company's other bodies, in particular the Management Board, for the good of the Company. The recommendations of the DCGK concerning the Supervisory Board – and specifically its composition – are observed except as otherwise stated in the Management Board's and Supervisory Board's Statement of Compliance pursuant to § 161 AktG, which is published on the Company's website.

The articles of association of Delivery Hero AG provide, that the Supervisory Board consist of six members. At the time of drafting this report, the Supervisory Board of Delivery Hero AG consists of five members. They are:

- Dr Martin Enderle,
  Chairman of the Supervisory Board;
- Mr Jeffrey Lieberman,
  Deputy Chairman of the Supervisory Board;
- Mr Jonathan Green;
- Mr Georg Graf von Waldersee; and
- Mr Patrick Kolek (member of the Supervisory Board since June 3, 2017 as successor to Mr Kolja Hebenstreit)

Former Supervisory Board member Mr Kolja Hebenstreit resigned from his office as member of the Supervisory Board of Delivery Hero AG and left the Supervisory Board on June 3, 2017. In connection with Mr Hebenstreit's resignation, the shareholder Naspers Ventures B.V. exercised the right of delegation to which it is entitled under § 8(1) of the Articles of Association and delegated Mr Patrick Kolek to the Supervisory Board until the end of the General Meeting ratifying the acts of management for the financial year in which the change in form of the former Delivery Hero GmbH to Delivery Hero AG took effect – that being the past, financial year 2017.

Former Supervisory Board member Mr Lukasz Gadowski likewise resigned, by letter of December 15, 2017, from his office as member of the Supervisory Board of Delivery Hero AG and has left the Supervisory Board.

On March 20, 2018, the Management Board of Delivery Hero AG has submitted an application to the Local Court of Charlottenburg for the appointment of Janis Zech as member to the Supervisory Board of Delivery Hero AG by way of a judicial appointment until the end of the next Annual General Meeting. At the time of this report, the Local Court of Charlottenburg has not yet decided on the application.

The profiles of the Supervisory Board members can be viewed on the Company's website (under "Team/Supervisory Board" at www.deliveryhero.com). The term of office of Dr Enderle, Mr Lieberman, Mr Green, Mr Graf von Waldersee and Mr Kolek ends at the end of the General Meeting ratifying the acts of the members of the Supervisory Board for financial year 2019, which is expected to be the regular General Meeting in 2020.

The Supervisory Board is made up exclusively of representatives of the shareholders.

The Supervisory Board of Delivery Hero AG has set targets for its own make-up, and it has drafted a profile of skills and expertise for the body as a whole by which the Supervisory Board aims for a composition that will ensure that the Management Board is optimally supervised and competently advised. The Supervisory Board is, accordingly, to be constituted such that its members collectively possess the knowledge, abilities, and technical experience necessary for proper discharge of their duties – supervising and advising the Management Board. That notwithstanding, each member of the Supervisory Board has the knowledge, abilities, and professional qualifications and experience he needs to properly fulfil his duties and responsibilities. At least one member of the Supervisory Board must have expertise in the fields of accounting or auditing; the members of the Supervisory Board must as a whole be also familiar with the sector in which Delivery Hero AG operates. In addition, each member of the Supervisory Board must ensure that he has sufficient time in which to discharge the duties of his office. A maximum of two former members of the Management Board are permitted to be members of the Supervisory Board.

Each member of the Supervisory Board is obliged to act in the Company's interest. He may neither pursue personal interests in his decisions nor exploit for his own benefit business opportunities to which the Company is entitled. No candidates for election to membership on the Supervisory Board are to be proposed to the General Meeting who are simultaneously serving in positions on bodies of, or performing advisory duties for, significant competitors. Nor are any candidates to be proposed to the General Meeting who (potentially) are permanently or frequently subject to a conflict of interest. A Supervisory Board member must disclose possible conflicts of interest to the Supervisory Board. Conflicts of interest that occur must be handled appropriately; the Supervisory Board will provide information about them in its report to the General Meeting. Significant, and not merely temporary, conflicts of interest in the person of a Supervisory Board member are to result in termination of his tenure.

It is the avowed aim of the Supervisory Board that its members possess the expertise and diversity necessary to discharge as well as possible the supervisory and advisory duties that are incumbent upon the Supervisory Board. Accordingly, the most important criteria for appointment to membership on the Supervisory Board of Delivery Hero AG are a candidate's professional qualifications and experience and his or her existing technical knowledge and expertise. At the same time, the greatest possible diversity of experience and special know-how from the most diverse fields are to be represented on the Supervisory Board. To that end the Supervisory Board is to reflect well-balanced measure of diversity particularly in respect of the internationality of its members, their experience and disparate professional histories and backgrounds. The Supervisory Board has set a target for the quota of women on the Supervisory Board.

Bearing in mind the Delivery Hero Group's international operations, at least three members of the Supervisory Board are to have entrepreneurial experience in the Company's core markets, specifically in Europe, South America, the Near East (MENA), and the Asia-Pacific region. The appropriate entrepreneurial experience may be acquired in particular through management duties in a globally-operating company or by working as an advisor.

At least three members of the Supervisory Board – which currently is made up exclusively of shareholders, see above – are to be independent as defined in Section 5.4.2 sentence 2 DCGK. According to that definition, a Supervisory Board member is not to be regarded as independent if he or she is in a personal or business relationship with Delivery Hero AG, its bodies, a controlling shareholder, or a company affiliated therewith that may create a significant, and not merely temporary, conflict of interest. At present there is an age limit of 70 years for Supervisory Board members, from which there may be an exemption in certain justified cases, since the most important factor for appointment to membership on the Supervisory Board is a candidate's professional and technical qualifications, which are not dependent on age. As a rule, a Supervisory Board member must not belong to the Supervisory Board for longer than 15 continuous years; from this, too, there may be an exemption in certain justified cases.

The members of the Supervisory Board must comply with the limit on the number of seats they are permitted to hold according to Section 5.4.5 sentence 2 DCGK. Accordingly, a member of the Supervisory Board who belongs to the board of management of a listed company may not hold more than a total of three Supervisory Board seats in listed companies outside the Group, or in supervisory bodies of companies outside the Group, that impose comparable requirements.

It is the conviction of the Supervisory Board that the composition described ensures independent and efficient advising and supervising of the Management Board. In regard to the current state of implementation for the composition of the Supervisory Board, the following should be noted: The concrete objectives specified by the Supervisory Board for its composition and the desired realisation of the profile of skills and expertise were achieved in full in financial year 2017. The shareholders' representatives on the Supervisory Board who are independent within the meaning of section 5.4.2 DCGK are Dr Martin Enderle, Georg Graf von Walderse, Patrick Kolek, Jonathan Green and Jeffrey Lieberman. The Supervisory Board verifies at regular intervals that the goals for the composition of the Supervisory Board and realisation of the profile of skills and expertise continue to be achieved.

Proposals submitted by the Supervisory Board to the General Meeting for the election of Supervisory Board members take these goals into account while aiming at the same time for continuous realisation of the profile of skills and expertise for the body as a whole. In its election proposals to the General Meeting, the Supervisory Board discloses every single candidate's personal and business relationships with the Company, the bodies of Delivery Hero AG, and any shareholder with a significant interest in the Company.

Working methods of the Supervisory Board

The Supervisory Board has given itself rules of procedures. These provide for, in particular, the working methods of the Supervisory Board and its committees and their division of duties. The rules of procedure of the Supervisory Board were last updated and adopted by the Supervisory Board on May 30, 2017. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and presides over its meetings; he looks after the interests of the Supervisory Board externally. Resolutions of the Supervisory Board are normally taken in meetings. The Supervisory Board holds at least two meetings per calendar half-year. Further meetings are convened as required. Resolutions may be taken outside of meetings as well, for example in writing or by fax or e-mail.

The Supervisory Board regularly reviews the efficiency of its activities. The subject matter of its efficiency reviews is in particular, besides certain qualitative criteria, the procedures followed by the Supervisory Board along with the timeliness of the information it receives and the adequacy of the content thereof. The review is conducted as a self-evaluation on the basis of extensive questionnaires along with a subsequent intensive consideration and discussion of the results in a plenary session of the Supervisory Board. At present no significant efficiency deficits are known to exist. The members of the Supervisory Board independently take part in the training and continuing education programs required for their duties, and their participation therein is appropriately supported by the Company.

The Supervisory Board has set up three committees in accordance with the recommendations of the DCGK: an audit committee, a remuneration committee, and a nominating committee. The Committee Chairmen report regularly and comprehensively to the full Supervisory Board on the work of the committees.

Composition and working methods of the Audit Committee

The Audit Committee prepares, inter alia, the proceedings and resolutions of the Supervisory Board relating to the audit and approval of the Annual Financial Statements and approval of the Consolidated Financial Statements, as well as those relating to the Management Board's draft proposal for the use of net retained profits and to the Supervisory Board's proposal to the General Meeting for the selection of an auditor. In addition, the Audit Committee devotes particular attention to monitoring the accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the final audit – particularly the selection and independence of the auditor and the additional services performed by the auditor – and compliance. The Audit Committee also discusses the audit reports with the auditor along with the auditor's findings and makes recommendations to the Supervisory Board in respect thereof.

The members of the Audit Committee are:

— Mr Georg Graf von Waldersee (Chairman) and
— Dr Martin Enderle.

The Chairman of the Audit Committee, Mr Graf von Waldersee, possesses the expertise required according to §§ 100(5), 107(4) AktG in the fields of accounting or auditing along with special knowledge and experience in the application of accounting standards and internal control procedures. In addition, Mr Graf von Waldersee is independent and not a former member of the Company's Management Board. The members of the Audit Committee are as a whole familiar with the sector in which Delivery Hero AG operates.

The working methods of the Audit Committee are provided for in the rules of procedure of the Supervisory Board and in the Audit Committee's own rules of procedure.

Composition and working methods of the Remuneration Committee

The Remuneration Committee concerns itself in particular with the system for remunerating the Management Board, with the amount of remuneration to be paid to the individual Management Board members – in each case in relation to the duties and services of the Management Board member and to the position of the Company – and with all other remuneration-related issues that are subject to the Supervisory Board's approval. In this connection the Remuneration Committee supports the activities of the full Supervisory Board and prepares appropriate resolutions for its plenary sessions.

The members of the Remuneration Committee are:

— Mr Jeffrey Lieberman and
— Dr Martin Enderle.

The working methods of the Remuneration Committee follow the rules of procedure of the Supervisory Board.

Composition and working methods of the Nominating Committee

The Nominating Committee is made up exclusively of representatives of the shareholders and gives the Supervisory Board the names of suitable candidates for the Supervisory Board to propose to the General Meeting for election to membership on the Supervisory Board. In doing so it considers the Supervisory Board's concrete targets for its own composition while at the same time endeavouring to realise the profile of skills and expertise for the body as a whole.

The members of the Nominating Committee are:

- Mr Jeffrey Lieberman and
- Dr Martin Enderle.

The working methods of the Nominating Committee follow the rules of procedure of the Supervisory Board.

Remuneration of the members of the Management Board and Supervisory Board and of the members of the committees

In regard to the remuneration paid to members of the Management Board and Supervisory Board and to members of the committees, reference is made to the detailed remuneration report that constitutes a part of the Combined Management Report. The remuneration report contains also concrete particulars of the Company's existing stock option program and similar securities-oriented incentive systems.

TARGETS PURSUANT TO § 76(4) AND § 111(5) AKTG

According to § 76(4) sentence 1 AktG, the Management Board must set targets for the quota of women in the two management levels below the Management Board. According to § 111(5) sentence 1 AktG, the Supervisory Board must likewise set targets for the quota of women on the Supervisory Board and on the Management Board.

Delivery Hero attaches great importance to diversity throughout the Company and regards the participation of women at the managerial levels as a key aspect of a diverse employment structure. That being so, the Management Board intends to continue – as before – pursuing a suitable policy of promoting women to continually increase the proportion of women in management positions. For the first level below the Management Board, the Management Board has set a five-year target of 0%, which has been achieved. For the second level below the Management Board, the Management Board has set a five-year target of 18%, which also has been achieved.

Owing to the duration of their contracts of employment as Management Board members and the terms to which the two Management Board members have been appointed, which end on April, 30 2022, the Supervisory Board has set a five-year target of 0% for the quota of women on the Management Board. The Supervisory Board is of the opinion that, for an appointment to membership on the Management Board of Delivery Hero AG, the best possible professional and technical qualifications are the paramount consideration, not gender. In view of the fact that the Management Board is currently constituted exclusively of men, the target of 0% has been achieved.

The same applies to the setting of a target for the quota of women on the Supervisory Board; this the Supervisory Board has likewise set at 0% in five years. In this regard, too, the Supervisory Board is of the opinion that the best possible qualification of a candidate for a seat on the Supervisory Board must be evaluated according to many different criteria and not exclusively according to gender. In view of the fact that the Supervisory Board is currently constituted exclusively of men, the target of 0% has been achieved.

The Supervisory Board is aware, however, of the importance of diversity, and specifically of the special importance of the participation of women in management and supervisory positions. Accordingly, the Supervisory Board aims to give women appropriate consideration in future when filling positions on the Management Board and the Supervisory Board.

GENDER QUOTA COMPLIANCE IN RESPECT OF APPOINTMENTS TO THE SUPERVISORY BOARD

The fixed gender quota does not apply to the Supervisory Board of Delivery Hero AG, which currently only consists of shareholder representatives. According to § 96(2) sentence 1 AktG, the fixed gender quota is applicable only to listed companies to which the German Employee Co-Determination Act (Mitbestimmungsgesetz) (MitbestG) actually applies, the crucial factor always being the Company's actual state of compliance with co-determination law. Any deviating normative target state is irrelevant until the legally effective conclusion of the current status procedure (Delivery Hero AG ./. Dr Konrad Erzberger). Given the decision that Delivery Hero AG has already taken to change its legal form to that of a European stock corporation (Societas Europaea, "SE"), the Company will observe the requirements pertinent to this change of legal form for the gender quota for new appointments of one or more seats at the Supervisory Board in the (future) Delivery Hero SE.

DIVERSITY PLAN

Diversity is firmly embedded in the corporate culture of Delivery Hero AG and its Group companies. All dimensions of diversity exist on an equal footing at Delivery Hero, be they, for example, age, gender, educational background or profession, origin or religion, or sexual orientation or identity. The Management and Supervisory Board of Delivery Hero AG regard it as their duty to further increase – beyond setting targets for the quota of women on the Management Board and Supervisory Board and in management positions – the various aspects of diversity and to use them productively.

To date the Company has not pursued a diversity concept of its own in respect of the composition of the Management Board and Supervisory Board. However, the inner manifestation and further development of an open and integrative corporate culture occupies a position of major importance in the daily work of the Management Board and Supervisory Board. In this connection the Management Board and Supervisory Board intend to work out a diversity plan for their own composition, one that addresses key aspects of diversity, defines specific targets for them, and contains provisions for the manner in which they are to be implemented and achieved.

CORPORATE GOVERNANCE PRACTICE AND TRANSPARENCY

Shareholders and the General Meeting

The shareholders exercise their co-management and control rights in the General Meeting, where they also exercise their voting rights. The General Meeting is chaired, in accordance with the articles of association, by the Chairman of the Supervisory Board or by another Supervisory Board member designated by him. Each share confers one vote. On the basis of its statutory duties, the General Meeting decides, inter alia, on the use of net retained profits, ratification of the acts of the Management Board and Supervisory Board, appointment of the auditor, election of Supervisory Board members, and capital or structural measures.

We wish to support the shareholders as much as possible in the exercise of their rights in the General Meeting. All documents and information relating to the General Meeting are quickly made available – normally in German and English – to any interested party on the Company's website www.deliveryhero.com after the General Meeting is convened.

Shareholders have the option of exercising their voting rights in the General Meeting themselves or having it exercised by an authorised agent of their choice. The Management Board also takes care of appointing a representative for the exercise of a shareholder's voting rights according to the shareholder's instructions (voting rights representatives appointed by the Company); this representative will be available during the General Meeting.

Reportable transactions with financial instruments ("managers' transactions")

Persons who discharge managerial duties, along with persons closely related to them, report to the Company and to the German Federal Financial Supervisory Authority ("BaFin") every transaction on their own account with shares or – if they exist – any debt instruments of the Company, or derivatives linked to them, or other financial instruments linked to them no later than three business days after the date of the transaction. This applies from the date on which the total amount resulting from the transactions reaches a total volume of € 5,000.00 within one calendar year. The company has made certain that the notifications it receives are promptly, but likewise no later than within the three-day limit, published and sent to the register of companies. The company also notifies the BaFin of their publication.

We have published notices of such transactions under "Investor Relations/News/Managers' Transactions" on our website at www.deliveryhero.com.

Directors and officers liability insurance (D&O insurance)

The Company has taken out consequential loss liability insurance (known as "D&O insurance") for the members of the Management Board and Supervisory Board. The insurance covers personal liability risk in the event that Management Board or Supervisory Board members are held liable for financial losses in performing their services. Pursuant to the statutory provision in § 93(2) sentence 3 AktG, a deductible of 10% of the loss, up to one-and-a-half times the fixed annual remuneration, is stipulated in the D&O

policy for the Management Board. No similar deductible has been stipulated for the Supervisory Board since the Management Board and Supervisory Board are of the opinion that a deductible has no effect on Supervisory Board members' sense of responsibility or loyalty in regard to their duties and positions. Moreover, the Company's ability to recruit competent and qualified Supervisory Board members would be limited by the stipulation of a deductible.

Transparent corporate governance

The shares of Delivery Hero AG are listed on the Prime Standard segment of the Frankfurt Stock Exchange. The company is therefore subject to the most stringent transparency requirements according to statute and stock exchange law. Delivery Hero AG reports in German and English on the position and performance of the Company and Group in the form of:

— Annual Financial Reports, Management Reports, balance sheet press conferences, semi-annual financial reports;
— quarterly bulletins for the first and third quarters;
— company presentations, road shows and telephone conferences;
— ad hoc, company and IR releases:
— annual statements of compliance with the DCGK; and
— as occasioned by the annual financial calendar.

The relevant information is available in German and English on the Company's website at www.deliveryhero.com. In this framework all new facts of material importance that have been reported to the financial analysts and comparable recipients are always quickly made available to the shareholders.

The company's Management Board must, according to German law, take a "balance sheet oath". Confirmation of the statements required for it is given to the Management Board by individual executives of the group in an internal proceeding.

Accounting and auditing

The unaudited semi-annual financial report as of June 30, 2017 and the Consolidated Financial Statements as of December 31, 2017 were or are drawn up according to the International Financial Reporting Standards (IFRS) as applicable in the EU. The Consolidated Financial Statements contain in addition the disclosures that are required according to § 315a(1) HGB. The Annual Financial Statements of Delivery Hero AG for financial year 2017 were drawn up according to the provisions of the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG).

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin ("KPMG") was chosen for financial year 2017 as auditor of the Annual Financial Statements and Consolidated Financial Statements. The undersigning auditors for the 2017 Annual and Consolidated Financial Statements of Delivery Hero AG are Marius Sternberg and Björn Knorr.

The semi-annual financial report and the quarterly bulletin for the third quarter were initially discussed, before publication, by the Audit Committee with the Company's CFO, Mr Emmanuel Thomassin. Both the semi-annual financial report and the quarterly bulletin for the third quarter were then discussed by the Management Board jointly with the Supervisory Board prior to their publication.

KPMG will promptly report any possible grounds for exclusion or reasons for bias that arise during the audit if they are not promptly eliminated. The auditor is also to report promptly on all findings and happenings of material importance for the duties of the Supervisory Board that come to the auditor's knowledge as the audit is being performed. It is likewise agreed that the auditor will inform the Supervisory Board, or so note in the audit report, if, when auditing the financial statements, he ascertains facts that reveal inaccuracy in the statement of compliance issued by the Management Board and Supervisory Board pursuant to § 161AktG.

TAKEOVER-RELATED DISCLOSURES AND EXPLANATORY NOTES BY THE MANAGEMENT BOARD

These Takeover-related disclosures and explanatory notes by the Management Board constitutes part of the Combined Management Report 2017

COMPOSITION OF SUBSCRIBED CAPITAL

At the end of the reporting period, the Company's subscribed capital amounts to € 182,498,900.00, which is subdivided into 182,498,900 no-par value bearer shares.

There are no different share classes. The same rights and obligations are associated with all shares. Each share grants one vote and determines the shareholder's share in the profits. Shares held by the Company itself, which do not grant the Company any rights in accordance with Section 71b of the German Stock Corporation Act (Aktiengesetz – AktG), are excluded from this.

RESTRICTIONS THAT CONCERN VOTING RIGHTS OR THE TRANSFER OF SHARES

Restrictions on transfer

According to the understanding of the Management Board of the Company, the restrictions on transfer as stated by the law on obligations are as follows:

- In the context of the Company's IPO, a vesting period of twelve months from the first trading day has been agreed with the members of the Management Board and their associated companies regarding a total of approximately one million shares in the Company in a lock-up agreement dated June 5, 2017. The vesting period ends at the conclusion of June 30, 2018.
- Lock-up agreements and corresponding supplementary agreements mean that a total of 2,326,797 shares are subject to a (extended) vesting period of a total of 270 days from the first day of company shares being traded on the stock exchange. The vesting period ended at the conclusion of March 27, 2018.

Restrictions on voting rights

According to the understanding of the Management Board of the Company, the restrictions on voting rights as stated by the law on obligations are as follows:

- Pursuant to Sections 71b and 71d AktG, there are no voting rights with respect to 20,300 shares in the Company.
- In accordance with Section 136 AktG, members of the Management Board are restricted in exercising their voting rights with respect to the approximately 947,512 shares in the Company held by them, or which are held in trust on their behalf.
- There is an agreement between the shareholders who had invested in the Company before the IPO to the effect that they may exercise their voting rights at the first General Meeting following the IPO at which the Supervisory Board will be newly elected in such a way as to determine the composition and term of office of the Supervisory Board, provided that this General Meeting takes place before the end of 2019. Specifically, the period of office agreed by the shareholders will end when the Supervisory Board is discharged for the second complete financial year following the IPO.

There may be voting right restrictions that go beyond this arising from the Stock Corporation Act, such as Section 136 AktG or capital market law provisions, in particular Sections 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

SHAREHOLDINGS EXCEEDING 10% OF VOTING RIGHTS

At the end of the financial year 2017, the following direct and indirect holdings in Delivery Hero AG exceeded the 10% voting rights threshold:

- Naspers Ventures B.V. (direct);
- Naspers Limited (indirect) with registered seat in Cape Town, South Africa;
- Global Online Takeaway Group S.A. (direct);
- Rocket Internet SE (indirect) with registered seat in Berlin, Germany.

The stated shareholdings with regard to Naspers Ventures B.V. and Naspers Limited are not yet considering the publication of the Company for the total voting rights announcement pursuant to § 41 WpHG of December 7, 2017.

Further information on the amount of the holdings listed above can be found in the disclosures on voting right notifications (in the notes to the Delivery Hero AG 2017 Annual Financial Statements as well as the "Voting Rights Notifications" item on the Company's website at https://ir.deliveryhero.com/websites/delivery/English/6400/voting-rights-notifications.html.

Before the end of the reporting period, the total number of voting rights changed due to a capital increase implemented in December 2017. Following a newly issued voting rights notification, the capital shares stated on the Company's website only include the changes with respect to the holdings by Global Online Takeaway Group S.A./Rocket Internet SE.

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares with special rights conferring powers of control.

STATUTORY REQUIREMENTS AND PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING NOMINATION AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD, AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In accordance with Section 6(1) of the Articles of Association, the Management Board consists of one or more individuals. The number of individuals is determined by the Supervisory Board. The Management Board of Delivery Hero AG currently consists of two individuals. In accordance with Sections 84 and 85 AktG, and Section 6(3) of the Articles of Association, the Supervisory Board appoints the members of the Management Board for a maximum term of five years. Individuals may be reappointed. If multiple individuals are appointed to the Management Board, the Supervisory Board may designate a Chair as well as a Deputy Chair, pursuant to Section 6(2) of the Articles of Association. If an essential member of the Management Board is absent, the court must, in urgent cases and at the request of an involved party, appoint another member; see Section 85(1), s. 1 AktG. If there is cause to do so, the Supervisory Board may revoke the appointment of the member of the Management Board as well as the designation as Chair of the Management Board, see Section 84,(3), ss. 1 and 2 AktG.

Amendments to the Articles of Association are made by resolution of the General Meeting in accordance with Section 18(2) of the Articles of Association, requiring a simple majority of the capital represented when the resolution is voted upon. Changes to the purpose of the Company require a majority where at least three quarters of the share capital is represented when the resolution is voted upon.

In accordance with Section 10(4) of the Articles of Association, the Supervisory Board is authorized to make editorial changes to the Articles of Association by resolution.

POWERS OF THE MANAGEMENT BOARD IN PARTICULAR WITH RESPECT TO THE POSSIBILITY OF ISSUING OR BUYING BACK SHARES

The Management Board of the Company is authorized to increase the registered capital of the Company until June 8, 2022 with the consent of the Supervisory Board once or repeatedly, by up to a total of € 882,300.00 by the issuance of up to 882,300 new no-par value registered shares against contributions in cash (Authorized Capital/II). The subscription rights of the shareholders are excluded. The Authorized Capital/II serves as security for subscription rights for shares that are issued in the course of the financing of the Company to the lenders or their successors, respectively, under the so called Loan and Escrow Agreement entered into on August 7, 2014, as amended from time to time, on the basis of such Loan and Escrow Agreement and under the so called Second Loan Agreement entered into on August 31/September 1, 2015, as amended from time to time, on the basis of such Second Loan Agreement.

The Management Board of the Company is authorized to increase the registered capital of the Company until June 8, 2022, with the consent of the Supervisory Board once or repeatedly, by up to a total of € 8,158,550.00 by the issuance of up to 8,158,550 new no-par value registered shares against contributions in cash (Authorized Capital/III). The subscription rights of the shareholders are excluded.

The Management Board of the Company is authorized to increase the registered capital of the Company until June 8, 2022, with the consent of the Supervisory Board once or repeatedly, by up to a total of € 10,918,200.00 by the issuance of up to 10,918,200 new no-par value registered shares against contributions in cash (Authorized Capital/IV). The subscription rights of the shareholders are excluded. The Authorized Capital/IV serves the fulfilment of acquisition rights (option rights) which have been granted or promised by the Company to current or former employees and managing directors of the Company and its affiliated companies, members of the Supervisory Board of the Company and further beneficiaries who are or were acting for the Company or its affiliated companies, in order to replace the hitherto existing virtual share program (VSP) of the Company with effect as of April 21, 2017; shares out of the Authorized Capital/IV may only be issued for this purpose.

The Management Board of the Company is authorized to increase the registered capital of the Company until June 8, 2022, with the consent of the Supervisory Board once or repeatedly, by up to a total of € 18,675,300.00 by the issuance of up to 18,675,300 new no-par value registered shares against contributions in cash (Authorized Capital/V). The subscription rights of the shareholders are excluded. The Authorized Capital/V serves the fulfilment of contractual claims, already agreed upon prior to January 1, 2017, of those shareholders who have subscribed for new shares in Delivery Hero GmbH (prior to the conversion into Delivery Hero AG) based on the resolution dated December 4 to 9, 2016 for an increase of the nominal share capital; shares out of the Authorized Capital/V may only be issued for this purpose.

The Management Board of the Company is authorized to increase the registered capital of the Company until June 8, 2022, with the consent of the Supervisory Board once or repeatedly, by up to a total of € 12,890,100.00 by the issuance of up to 12,890,100 new no-par value registered shares against contributions in cash (Authorized Capital/VI). The subscription rights of the shareholders are excluded. The Authorized Capital/VI serves the fulfilment of contractual claims of those shareholders who have subscribed for new shares in Delivery Hero AG based on the resolution of the General Meeting dated May 29, 2017 for an increase of the registered share capital; shares out of the Authorized Capital/VI may only be issued for this purpose.

The Management Board was originally authorized to increase the share capital of the Company until June 8, 2022, with the consent of the Supervisory Board once or repeatedly, by up to a total of € 25,000,000.00 by the issuance of up to 25,000,000 new no-par value registered shares against contributions in cash and/or non-cash contributions (Authorized Capital/VII). The subscription rights of the shareholders are only excluded in certain cases or can only be excluded by the Management Board with the consent of the Supervisory Board.

On December 5, 2017, the Management Board resolved to use Authorized Capital VII under Section 4(8) of the Articles of Association to increase the Company's share capital by up to € 10,500,000.00 from € 171,998,900.00 to a maximum of € 182,498,900.00 by the issuance of up to 10,500,000 new no-par value registered shares against contributions of cash. The final number of new shares to be issued was set at 10,500,000 units by resolution of the Management Board on December 6, 2017. The capital increase and its implementation were entered in the commercial register on December 6, 2017. Following partial use, authorized capital amounting to € 14,500,000.00 remained at the end of the reporting period.

The share capital of the Company is conditionally increased by up to € 61,219,560.00 by issuing up to 61,219,560 new no-par value registered shares of the Company with a fractional amount of the registered share capital of € 1.00 per share (Conditional Capital 2017/I). The conditional capital increase serves the granting of shares on the exercise of conversion or option rights or the fulfilment of conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or income bonds (or a combination of these instruments), issued on the basis of the authorizing resolution of the General Meeting of June 13, 2017.

In accordance with authorization by the General Meeting of June 13, 2017 under agenda item 4, lit. a), the share capital of the Company is conditionally increased by € 3,485,000.00 by issuing up to 3,485,000 new no-par value registered shares of the Company with a fractional amount of the registered share capital of € 1.00 per share (Conditional Capital 2017/II). The conditional capital 2017/II serves to secure subscription rights from stock options issued by the Company under the authorization of the General Meeting of June 13, 2017, under agenda intem 4, lit. a) as part of the Stock Option Program 2017/II from the date of the registration of Conditional Capital 2017/II until June 30, 2020 to members of the Management Board of the Company, members of managing corporate bodies of affiliated companies as well as selected executives and employees of the Company or affiliated companies in Germany and abroad.

The complete version of these authorizations is set out in the Company's Articles of Association in the version of December 6, 2017. The current version of the Articles of Association of the Company is available in the sub-section "Articles of Association" on the Company's website at https://ir.deliveryhero.com/websites/delivery/German/4400/satzung.html.

Subject to approval by the Supervisory Board and whilst upholding the principle of equality (Section 53a, AktG), the Management Board is (or respectively – regarding the authorization to take their own shares as security – was), authorized, through June 12, 2022, to acquire shares to be held by the Company itself up to a total of 10% of the Company share capital existing at the time of the resolution or – if this value is smaller – of the share capital existing at the time that the authorization is exercised, or – subject to the time limit to June 30, 2017 – to take the same as security. Together with other shares held by the Company itself and which the Company has already acquired or taken as security and still owns, or which are attributed to it in accordance with Section 71a et seq. AktG, the shares acquired under the above-mentioned authorization and taken as security must not exceed 10% of the respective share capital in the Company at any time. This authorization may be exercised by the Company once or multiple times, fully or in partial amounts, for a single or multiple purposes, but also by Group companies or third parties for the account of the Company or Group companies. The authorization must not be exercised for the purpose of trading the Company's own shares.

MATERIAL COMPANY AGREEMENTS THAT ARE SUBJECT TO THE CONDITION OF A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID AND SUBSEQUENT EFFECTS

There are no material Company agreements that are subject to the condition of a change of control resulting from a takeover bid.

COMPENSATION AGREEMENTS CONCLUDED BY THE COMPANY WITH MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES FOR THE EVENT OF A TAKEOVER BID

In the event of a change of control, members of the Management Board are entitled to resign from their position within three months of the date of the change of control, subject to a notice period of three months to the end of a calendar month. Resignation from the Management Board becoming effective results in termination of the respective Board member's contract of employment.

In the case of resignation from office following a change of control, Management Board member Mr Emmanuel Thomassin is entitled to compensation in the amount of 150% of the severance cap, which may not exceed the remaining term of the Service Agreement (CoC-Cap). In the case of resignation from office following a change of control, the incentive instruments held by Management Board members Mr Niklas Östberg and Mr Emmanuel Thomassin (such as convertible bonds and stock options) become vested or are immediately allocated. In the case of Mr Thomassin, the CoC-Cap is also applicable in this respect. The employment contracts for each of the Management Board members provide for payments in lieu of vacation in the event of resignation from office following a change of control.

The employment contracts for members of the Management Board do not provide for any other compensation in the event of the termination of the employment due to a change of control. There are no similar compensation agreements with other Company employees.

COMPENSATION REPORT PURSUANT TO §§ 289a(2), 315a(2) HGB

This Compensation report pursuant to §§ 289a(2), 315a(2) HGB constitutes part of the combined Management Report 2017 and also forms a component of the Corporate Governance Report with the declaration of compliance.

The following compensation report complies with the accounting standards for capital market-oriented companies (German Commercial Code, German accounting standards, and International Financial Reporting Standards) along with the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex) in the version of February 7, 2017 (hereinafter the "DCGK"). The basic features of the compensation system for Management and Supervisory Board members are described, and information is provided on the remuneration granted and paid out to the members of the Management Board and the Supervisory Board of Delivery Hero AG during the 2017 financial year. Because the system for compensating the Management Board was revised in connection with the IPO in 2017, a look ahead is taken to the new compensation system that has taken effect in the financial year 2018.

BASIC FEATURES AND OBJECTIVES OF THE COMPENSATION SYSTEM FOR MEMBERS OF THE MANAGEMENT BOARD

The Supervisory Board adopts the system for compensating Management Board members as proposed by the Compensation Committee. The compensation system and the appropriateness of the total compensation, along with the individual compensation components, are regularly reviewed and adjusted as necessary. In particular, the provisions of § 87 AktG (Aktiengesetz, German Stock Corporation Act) and the recommendations and suggestions made in section 4.2.2 and 4.2.3 of the DCGK have been taken into account. In its review of the appropriateness of the compensation level and system, the Supervisory Board of Delivery Hero AG was assisted by an independent external compensation expert.

THE STRUCTURE OF THE COMPENSATION SYSTEM

The compensation system for Management Board members consists of two main components: the non-performance-based base salary and a long-term performance-based compensation component. This means that variable compensation is provided for on a multi-year basis as recommended by the DCGK.

NON-PERFORMANCE-BASED COMPENSATION

Base salary

The base salary of the Management Board members is paid in twelve monthly instalments.

Fringe benefits

In addition to reimbursement of their travel costs and other business-related expenses, the Management Board members receive monthly contributions to their health and nursing care insurance as provided by law.

The Company also grants the Management Board members accident insurance with cover in the amount of € 350,000 in the case of death and € 800,000 in the case of disability. Additionally, the Company assumes the costs of a preventive medical examination every two years.

In addition, Mr Östberg has been granted a personal budget amounting to € 25,000 annually, which he may use, subject to presentation of receipts, to cover the costs he incurs by regularly commuting between his place of residence and place of work. In connection with his service agreement as Manager of the Delivery Hero GmbH the costs incurred by commuting where covered without limitation.

PERFORMANCE-BASED COMPENSATION

Share-based compensation

Until the time of the IPO, the performance-based compensation consisted of a VSP. The Management Board members received virtual shares from the Company's VSP. In connection with the IPO, all of the Company's VSP were consolidated, and the outstanding virtual shares were converted into option rights. The Stock Option Program 2017 (SOP 2017) was launched in its stead. For the conversion into option rights and the grant of new option rights under the SOP 2017, the General Meeting-authorised Share Capital IV was used[1].

Under the SOP 2017 the beneficiaries receive stock option rights that have an individual exercise price that depends on the date on which those rights are granted. The vesting period of the granted options is four years. In part, the granted stock options can be exercised after the first two years of the vesting period ("cliff"). All other options vest during the further two years of the vesting period. The latest point in time for exercising any options is two years after the end of the four-year vesting period ("exercise period"). Such exercise is possible only if the share price is higher than the exercise price at the time of exercise. In lieu of issuing new shares in the event that option rights are exercised, the Company reserves the right of making a cash payment to the beneficiaries, the Company regularly aims at an equity settlement of the vested options. The beneficiary then receives for each option right a cash settlement amounting to the difference between the share price at the time of exercise and the exercise price. Only during the exercise periods specified by the Company it is possible to exercise the option rights. It is not possible to exercise them during the first year after the IPO.

Special compensation

During the financial year Mr Thomassin was granted a special bonus in the amount of € 200,000 to reward his extraordinary efforts in connection with the IPO process. This IPO bonus is being paid in two tranches: 25% paid in the month following the IPO, the remaining 75% only after a year has passed since the IPO and in case Mr Thomassin's service agreement with Delivery Hero AG is still active at that point in time. Furthermore, in the first quarter of 2017, Mr Thomassin was granted a one-time special payment in the amount of € 10,000.

[1] Detailed information about SOP 2017 and as yet outstanding option rights are contained in the section H.01. of the Consolidated Financial Statements.

PENSION COMMITMENTS

No arrangement has been made with the Management Board Members for a company pension.

PAYMENTS AT THE END OF THE MANAGEMENT BOARD SERVICE

In the event that a Management Board member dies before the term of his service contract ends, the spouse of the deceased is entitled to a grant of the unreduced remuneration for the month of death and the six months following it, but for no longer than until the end of the original term of the service contract.

If the service relationship ends early owing to dismissal or resignation from office, because the Company's legal form is changed to that of a Societas Europaea, or as a result of a termination agreement, then the Management Board members are entitled to severance pay. This does not apply in the event that, in accordance with § 626 BGB, the Company terminates the employment agreement for good cause for which the Management Board member is responsible, respectively, in the event that the Management Board Member terminates the employment agreement without good cause (§ 626 BGB) for which the Company is responsible. The severance pay may not exceed the value of two years' total compensation and may equate at a maximum to the compensation for the remaining term of contract (severance pay cap). The severance provision thus accords with the recommendation of the DCGK.

In the event of a change of control, the Management Board member has the right to resign from his office with three months' notice. His employment agreement also will end at that time. A change of control is present if:

— the Company is de-listed;
— the Management Board member's appointment is terminated by a change in the Company's form or by a merger of the Company with another company, unless an appointment as member of the Management Board of the new company on equal economic terms as before is offered to the Management Board member;
— an inter-company agreement according to §§ 291 et seqq. AktG is made with the Company as a dependent company, or the Company is absorbed according to §§ 319 et seqq. AktG;
— a shareholder or third party directly or indirectly acquires at least 30% of the voting rights in the Company, including the voting rights that are attributable to the shareholder or third party according to § 30 WpÜG (Wertpapiererwerbs- und Übernahmegesetz, German Securities Acquisition and Takeover Act).

In the event of a resignation from office or dismissal owing to a change of control, Mr Thomassin is entitled to a remuneration in the amount of 150% of the severance cap, which may not under any circumstances remunerate more than the remaining term of the employment agreement. This provision is likewise devised in accordance with the relevant recommendation of the DCGK.

The Management Board members' contracts provide a post-contractual non-competition clause for two years. For the duration of this prohibition , a waiting allowance is provided in the amount of 50% of the remuneration last received by the Management Board member concerned. Other remuneration earned during the term of the competition ban is applied against the waiting allowance as far as the waiting allowance would exceed the remuneration last received according to contract once the income from other sources is added to them.

LOANS AND ADVANCES

The Management Board members received no advances or loans in financial year 2017.

DISCLOSURES PURSUANT TO THE REQUIREMENTS OF THE DCGK

The following tables follow the recommendations of the DCGK and show each Management Board members' individual compensation. The table "Granted Benefits" does not show the compensation that was actually paid but rather the target values (the value of the compensation at 100% target achievement) of the compensation components that were granted in financial year 2017. The value of the performance-based, share-based compensation components equates to the fair value at the time of their granting. Besides the target values, minimum and maximum compensation figures are also shown. The table "Payout" shows the compensation actually paid (and hence accruing) in financial year 2017. The values "Base salary" and "Fringe benefits" correspond to the values in the "Granted Benefits" table, as they are paid irrespective of whether the performance targets are achieved.

GRANTED BENEFITS FOR THE REPORTING YEAR

	Niklas Östberg CEO			Emmanuel Thomassin CFO		
K EUR	**2017**	2017 (min)	2017 (max)	**2017**	2017 (min)	2017 (max)
Base salary	**181.2**	181.2	181.2	**222.5**	222.5	222.5
Fringe benefits	**31.3**	0.0	n.a.	**0.0**	0.0	0.0
Total	**212.5**	**181.2**	**181.2**	**222.5**	**222.5**	**222.5**
Special bonus	**0.0**	0.0	0.0	**210.0**[1]	0.0	210.0
Multi-year variable compensation	**0.0**	0.0	0.0	**1,344.8**	0.0	n.a.
VSP 2016	**0.0**	0.0	0.0	**482.3**	0.0	n.a.
SOP 2017	**0.0**	0.0	0.0	**862.5**	0.0	n.a.
Total compensation	**212.5**	**181.2**	**181.2**	**1,777.3**	**222.5**	**n.a.**

PAYOUT FOR THE REPORTING YEAR

	Niklas Östberg CEO	Emmanuel Thomassin CFO
K EUR	**2017**	**2017**
Base salary	**181.2**	**222.5**
Fringe benefits	**31.3**[2]	**0.0**
Total	**212.5**	**222.5**
Special bonus	**0.0**	**60.0**[1]
Multi-year variable compensation	**0.0**	**0.0**
VSP 2016	**0.0**	**0.0**
SOP 2017	**0.0**	**0.0**
Total compensation	**212.5**	**282.5**

[1] Mr Tomassin was granted a special bonus of € 200,000 to reward his extraordinary efforts in the IPO process. The special bonus is paid in two tranches: 25% were paid in the month following the IPO, the remaining 75% one year after the IPO. In addition, Mr Thomassin was granted a one-time special payment in the amount of € 10,000 in the first quarter of 2017.
[2] Prior to May 2017, the personal budget of Mr Östberg was not limited to € 25,000.

Mr Östberg was not granted any virtual shares or stock options during the financial year 2017, as he still holds stock options from former grants which have not fully vested yet. Furthermore, no previously granted compensation components were exercised during the financial year. There are still outstanding options, which have been granted in previous years but have not yet been exercised and may be exercised during the financial year 2018 or the following years. Mr Thomassin holds options, which have not yet been exercised, as well.

DISCLOSURES PURSUANT TO THE HBG

According to the applicable international accounting standards, compensation for the Management Board members in financial year 2017 came to € 1.8 million, of which non-performance-based components account for € 0.4 million and performance-based components account for € 1.4 million.

The individualised total compensation received by the Management Board members in accordance with the HGB, broken down by non-performance-based and performance-based compensation components, can be seen in the following table. For the IPO bonus the amount that was actually paid is shown, while for the multi-year components the fair value at the time of their granting is shown.

K EUR	Non-performance-based components		Performance-based components				
				VSP/SOP[1]			
Acting Board members	Base salary	Fringe benefits	Special Bonus	Allocation value	Number of shares/ options[2]	Fair value[3]	**Total**
Niklas Östberg	181.2	31.3[4]	0.0	0.0	0.0	0.0	**212.5**
Emmanuel Thomassin	222.5	0	60.0	1.344.8	120.000	1.344.8	**1.627.3**
Total	**403.7**	**31.3**	**60.0**	**1.344.8**	**120.000**	**1.344.8**	**1.839.8**

[1] D1In 2016, the members of the Executive Board received virtual shares under the Virtual Share Program (VSP).
In 2017, under the Stock Option Program (SOP 2017), the outstanding shares were converted into option rights and new options were granted.
[2] Number of options granted, subject to the achievement of the performance target.
[3] Fair value at the grant date (date of the legally binding commitment).
Information on the valuation model can be found in the notes to the consolidated financial statements.
[4] Prior to May 2017, the personal budget of Mr Östberg was not limited to € 25,000.

The expense from share-based compensation expenses recognized in 2017 amounted to € 7.0 million for Mr Östberg and € 2.2 million for Mr Thomassin.

In 2017 Mr Thomassin were granted in total, 120,000 new stock option rights with a value of € 1.3 million. The issue date was March 1, 2017 (60,000) and May 1, 2017 (60,000), so that the option rights can be exercised in financial year 2019 at the earliest. The option rights granted by the Executive Board and outstanding are shown below:

Stock options

	Niklas Östberg		Emmanuel Thomassin	
	Weighted average exercise price 2017 in EUR	Number of options 2017	Weighted average exercise price 2017 in EUR	Number of options 2017
Outstanding stock options as of Jan. 1	**5.71**	**846,600**	**9.00**	**300,000**
Granted in the reporting period	n.a.	–	16.67	120,000
Forfeited in the reporting period	n.a.	–	n.a.	–
Exercised in the reporting period	n.a.	–	n.a.	–
Expired in the reporting period	n.a.	–	n.a.	–
Outstanding stock options as of Dec. 31	**5.71**	**846,600**	**11.19**	**420,000**
Exercisable on Dec. 31	n.a.	–	n.a.	–

FORMER MANAGEMENT BOARD MEMBERS' EMOLUMENTS

As of the balance sheet date, Delivery Hero AG has no pension recipients or future beneficiaries among its former Management Board members or Management Board members. Total remuneration for former Management Board members and their survivors, along with pension liabilities to former Management Board members and their survivors, therefore amount to € 0.00.

OTHER PROVISIONS

In the event of a temporary incapacity to work occurring because of illness, an accident, or other reason for which the Management Board member is not at fault, Management Board members continue to receive their unreduced remuneration for six months, but no longer than until the term of their employment agreements ends. Mr Thomassin is to receive for another six months, no longer than until the term of his employment agreement ends, a payment in the amount of 80% of his remuneration.

Both Management Board members are secured by the Company through a directors' and officers' liability insurance with an insured sum within the usual market range. The insurance provides a deductible in the minimum amount of 10% of the claim up to a maximum of 150% of the fixed annual salary, as prescribed by the German Stock Corporation Act.

OUTLOOK FOR FINANCIAL YEAR 2018

In conjunction with the change of the Company's structure to that of a stock corporation (an "AG") and the public offering in June 2017, the Supervisory Board adopted on March 25, 2018 a new compensation system for the Management Board as proposed by the Compensation Committee. The provisions of the German Stock Corporation Act, the recommendations and suggestions of the DCGK, and the demands of major investors were taken into account as the Management Board compensation system was further developed.

The compensation system for the Management Board is aligned with the Company's corporate strategy and is conducive to sustainable corporate development. Because of the marked degree to which the variable compensation is linked to shares under the new compensation system, a broad alignment with the interests of the investors is aimed for. A further increase in trust after the public offering in 2017 is to be brought about thereby as well. The internal performance target used in addition accords with the Company's development and growth phase. Owing to the risk of total loss under the new stock option plan in the event of a stagnating or falling share price, an upper limit (cap) has been dispensed with to ensure a balanced opportunity/risk profile for the Management Board and to bring its interests as much as possible into harmony with the interests of the shareholders.

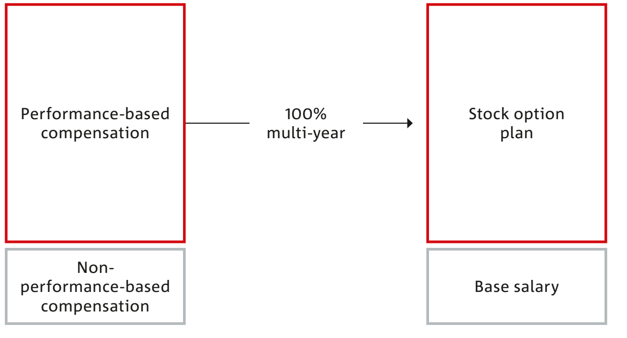
The Supervisory Board will regularly review and adjust the compensation system whenever necessary to allow for the Company's further development.

The new compensation system applies to all Management Board members equally beginning on January 1, 2018. Below is a look forward to the components of the compensation system, which has been revised with effect from the year 2018.

Performance-based compensation

In future the performance-based compensation will consist of a stock option plan. This means that the compensation structure is multi-annual and meets the requirements of the German Stock Corporation Act and the corresponding recommendation of the DCGK. The strong share orientation brings the interests of the management into harmony with those of the shareholders. The contractual promise of an annual grant of the stock options is made initially for four years.

The new compensation system consists of the following components (in addition to fringe benefits):

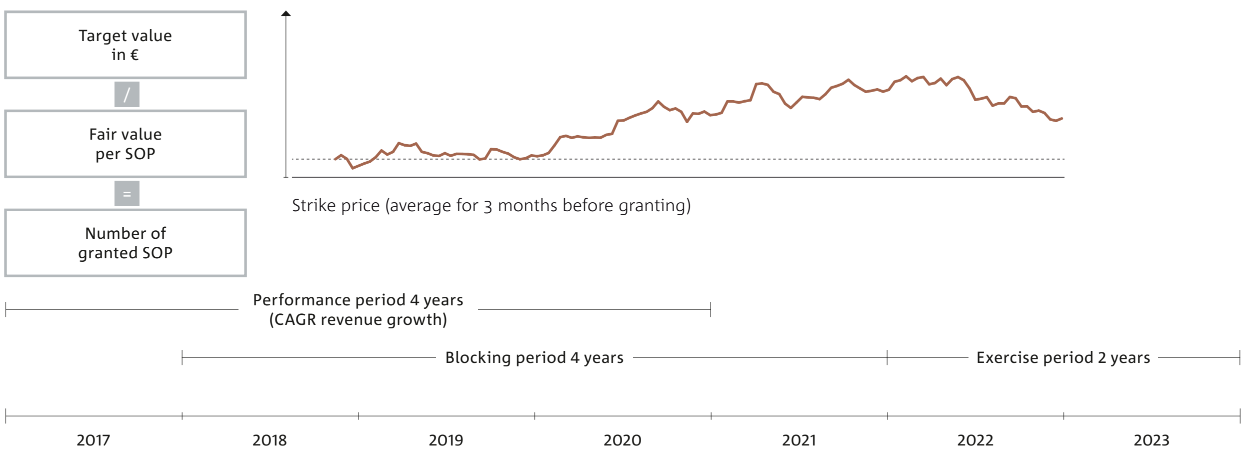


Share-based compensation

The performance-based compensation is granted in the form of a stock option plan that is settled in shares. To calculate the number of stock options (SOP) that are granted in a financial year, the annual target value in euros set by the Supervisory Board and granted to the Management Board members is divided by the fair value of one SOP at the time of grant. The number of SOP thus calculated is blocked for a period of four years from the date on which they are granted. Subsequently, an exercise period of two years is provided.

The performance period, which begins one year before the granting date and runs for three more years from the granting date, amounts in total to four years. This satisfies the requirements of the German Stock Corporate Act and complies with the DCGK's recommendation of a fundamentally multi-year, mainly future-related component.

The exercisability of the SOP once the blocking period ends depends on the achievement of a revenue growth target. The performance target is derived from the Company's corporate strategy. Exercise of the SOP is conditional on achievement of a compound annual revenue growth rate (CAGR) of at least 20%, i.e. an average revenue growth of 20% annually, at the end of the performance period. This ambitious performance parameter is consistent with the Company's strong growth strategy and constitutes a challenging performance target. Should this hurdle not be reached, all SOP expire without substitute or compensation.



There are two exercise windows in each year of the two-year exercise period. The exercise price is equivalent to Delivery Hero's average share price over three months before the granting date. The share price at which the option rights may be exercised remains unlimited in order to support a strong alignment with the interests of the shareholders. This takes into account the situation of the Company, which is still under the influence of the IPO in 2017, its growth strategy, and the strong share-orientation of the variable compensation. Because of the settlement in shares, the lack of a limit on the share price imposes no additional risks or costs on the Company. Hence no maximum value is provided for the SOP. In the event of extraordinary events, however, the Supervisory Board can, as called for in § 87 (1) sent. 3 AktG, set a limit to ensure the appropriateness of the compensation.

Payments at the end of the Management Board service

In the event that service on the Management Board is terminated early before the applicable performance period of a current SOP tranche ends, the SOP expires without substitute or compensation in the following cases:

— Revocation of the appointment for good cause;
— Revocation of the appointment without good cause in the first year of the first contractual four-year commitment;
— The Management Board member's resignation from office in the first two years of any contractual commitment.

Otherwise the Management Board members are entitled to the already non-forfeitable SOP at the normal end of the blocking period.

COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD OF DELIVERY HERO AG

The compensation received by the members of the Supervisory Board is specified in § 13 of the Articles of Association of Delivery Hero AG. The Chairman of the Supervisory Board receives an annual fixed salary in the amount of € 50,000, while the Deputy Chairman receives a fixed salary in the amount of € 20,000. The Chairman of the Audit Committee receives a fixed annual salary of € 30,000. The other members of the Supervisory Board receive a fixed annual salary of € 15,000. In addition, all out-of-pocket expenses incurred in the performance of the duties as Supervisory Board member as well as the value added tax on the Supervisory Board compensation are reimbursed.

For service in a committee of the Supervisory Board an annual salary of € 2,000 is granted in addition. The Chairman of the Audit Committee receives no additional committee salary.

The individual values for the financial year are shown in the following table.

€	Fixed salary	Committee compensation	Total compensation
Martin Enderle	26,821.92	2,739.73	29,561.64
Georg Graf von Waldersee	3,821.92	10,126.03	13,947.95
Pat Kolek	–	–	–
Jeff Liebermann	11,369.86	1,808.22	13,178.08
Jonathan Green	8,876.71	0	8,876.71
Lukasz Gadowski	8,219.18	0	8,219.18
Kolja Hebenstreit	–	–	–
Total	**59,109.59**	**14,673.98**	**73,783.57**

Both Supervisory Board members, Pat Kolek and Kolja Hebenstreit, have waived their compensation. In the financial year of 2017, a total of € 3,701.16 has been reimbursed for expenses.

NONFINANCIAL STATEMENT FOR THE GROUP

SUSTAINABILITY AT DELIVERY HERO

Sustainable thinking and action based on fixed values and principles – these are essential foundations of Delivery Hero's success. The Company assumes responsibility towards society as a whole and follows the principle of sustainable development. It thus contributes to creating stable economic, social, and ecological conditions for the present and future generations. In pursuing economic interests in day-to-day business, the globally operating delivery service also pays attention to ecological, social, and ethical aspects.

BASIS OF PREPARATION

This nonfinancial statement for the Group (NFS) of the Delivery Hero Group (hereinafter referred to as Delivery Hero) has been prepared in accordance with the information required under Sections 315c and 289b to e of the German Commercial Code (HGB) with regard to material, environmental, employee, social, and human rights, and the fight against corruption and bribery. The NFS was prepared in accordance with the GRI standards of the Global Reporting Initiative.

Within the individual aspects, the underlying concepts and due diligence processes are discussed and existing results are reported. In accordance with Section 315b (1) sentence 3 HGB, reference is also made to non-financial information in the Combined Management Report on individual aspects. In addition, the NFS reports significant risks in accordance with Section 289c (3) Nos. 3 and 4 HGB if the information is necessary for an understanding of the course of business, the business result, the position of the Group, and its effects on non-financial matters.

Delivery Hero has not yet defined any nonfinancial performance indicators relevant to management in accordance with Section 289c (3) No. 5 HGB. Furthermore, there is no direct connection between the amounts reported in the Annual Financial Statements pursuant to Section 289c (3) No. 6 HGB and non-financial concerns.

DESCRIPTION OF THE BUSINESS MODEL

Delivery Hero AG was founded in Berlin in 2011 and is the parent company of the Delivery Hero Group. This comprises a total of 137 companies worldwide. In addition to managing the Group, Delivery Hero AG provides a range of IT, marketing, and other services, in particular commercial and technical consulting services. Delivery Hero AG also performs central functions as the Group holding company, such as Group controlling and controlling.

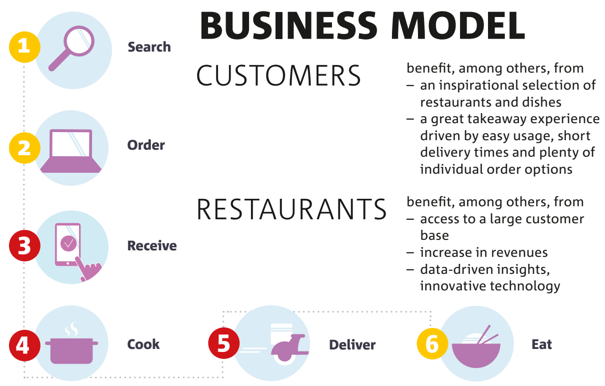
The Company's accounting, public relations, investor relations, risk management, and human resources management activities are all in place.

The Delivery Hero Group offers online food ordering services in over 40 countries on six continents. It operates in various European countries, Latin and South America, but also in Asia, Africa, North America, and Australia with its online food ordering and online food delivery services.

The Delivery Hero Internet platforms are tailored to the needs of local customers, who can choose from a variety of delivery services in their region and view or order food from their menus. In addition to online food ordering, the Group also offers food delivery to its customers via a number of platforms such as foodora, foodpanda and other brands. The coordination of the driver/rider fleet is carried out by a self-developed dispatch software.

Delivery Hero generates a large part of its revenue from commissions on orders placed. These commissions are based on a contractually agreed percentage of the order value. The percentage varies depending on the country, the type of restaurant and the services provided, such as the use of a point of sale system, last mile delivery and marketing support.

For further information on Delivery Hero's business model, please refer to the Management Report.

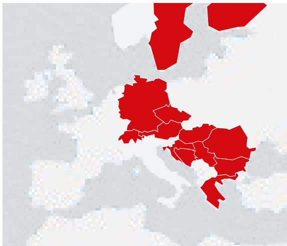


STRATEGY AND MANAGEMENT

CORPORATE GOVERNANCE AND SUSTAINABILITY

The corporate governance practiced by Delivery Hero AG stands for responsible, transparent management and control, geared to long-term success. The sustainable corporate culture of integrity and responsibility is based fundamentally on the trust that customers, shareholders, and business partners place in the Group. For Delivery Hero, responsible corporate governance also includes promoting the principle of sustainable development, integrating it into decision-making processes and taking it into account in day-to-day business.

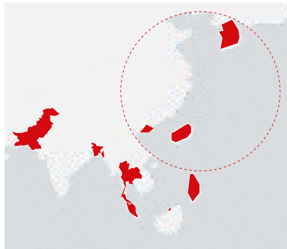
EUROPE



MENA

AMERICAS

ASIA



Delivery Hero is active in more than 40 countires.

Excluding foodora own-delivery only countries (Australia, Canada, France, Italy, Netherlands, Norway) as well as Costa Rica and Paraguay.

Delivery Hero's geographical diversity brings a variety of cultural, economic, and environmental opportunities and challenges. It is therefore our goal to ensure that our business partners, service providers, and suppliers follow the same high ethical principles to which Delivery Hero is committed.

Delivery Hero AG is a stock corporation under German law. It is therefore subject to the provisions of the German Stock Corporation Act and has a dualistic management and control structure consisting of the Management Board and the Supervisory Board.

As a management body, the Management Board is responsible for managing the Company. In doing so, it is bound to the interests of the Company and is committed to a sustained increase in the value of the Company. The Management Board of Delivery Hero AG is responsible for managing the Company's business. It develops the strategic orientation of the Company, coordinates it with the Supervisory Board and ensures its implementation.

The Supervisory Board is the Company's controlling and supervisory body. It appoints, monitors, and advises the members of the Management Board in the management of the business and is directly involved in decisions of fundamental importance to the Company. The members of the shareholders' Supervisory Board are elected by the shareholders at the Company's Annual General Meeting.

The Management Board and Supervisory Board of Delivery Hero AG attach great importance to good corporate governance and are guided by the recommendations of the German Corporate Governance Code, applicable laws and the internal rules of procedure and guidelines.

For further information on corporate governance at Delivery Hero, please refer to the Corporate Governance Report.

Delivery Hero uses its organizational structure and governance processes to promote and develop responsibility in daily actions and to directly manage sustainability. Overall responsibility for sustainability management at Delivery Hero lies with the Board of Management, which aligns the Company's business policy with the requirements of socially and ecologically responsible management.

The adoption of sustainability strategies, programs and related goals and measures of the Company are decided and reviewed by the Management Board. Delivery Hero has a decentralized structure, so that most of the sustainability activities are implemented in the various subsidiaries and divisions against the background of their respective core business.

Delivery Hero's sustainability management aims to reconcile the Company's business activities with ecological, social and ethical aspects. We integrate sustainability into our decision-making processes through clearly defined goals and concrete measures, taking into account the interests of our stakeholders. In this context, customers, employees, service providers, suppliers and investors are of particular importance. We regularly exchange views with them in an open and transparent dialogue.

The globally applicable Code of Conduct is of paramount importance for Delivery Hero. The Code of Conduct provides the ethical framework for daily business activities and defines binding standards for a responsible corporate policy. In addition to the Code of Conduct, Delivery Hero has developed further company guidelines that provide detailed rules for individual subject areas and support sustainable business activities.

MATERIALITY

Delivery Hero's nonfinancial reporting is based on the principle of materiality in accordance with the CSR Directive Implementation Act. This report therefore focuses primarily on those areas of action that are necessary for understanding the course of business, the business results, the situation of the Company and the effects of Delivery Hero on non-financial concerns.

In addition, the GRI standards of the Global Reporting Initiative (GRI) were used as a guideline for materiality analysis in the nonfinancial statement of Delivery Hero.

The key issues for Delivery Hero in accordance with the CSR Directive Implementation Act result from a two-stage materiality process that was carried out in the 2017 reporting period.

Based on established management systems and an internal workshop, a selection of key topics were initially discussed with the responsible specialist departments. In cooperation with an external partner, these topics were condensed and validated, particularly with regard to industry-relevant findings from the aspects and findings from the competition analysis.

Delivery Hero has identified the following eleven key areas of action, which are assigned below to the non-financial issues defined by law in accordance with the CSR Directive Implementation Act:

Non-Financial Aspect	Material Facts	Page
Cross-cutting issue, affects all non-financial aspects	Compliance	64
	Product stewardship	66
Environmental concerns	Environmental energy consumption and energy efficiency	66
	Reduction of greenhouse gas emissions	67
	Packaging and recycling	67
Employee concerns	Employee satisfaction	68
	Staff development	69
	Diversity and equal opportunities	69
Social concerns	Data protection[1]	65
	Social commitment	69
Combating corruption and bribery	Combating corruption and bribery	65

[1] This issue concerns both social issues and combating corruption and bribery.

Delivery Hero is committed to the worldwide observance of human rights and, as a globally active company, reports accordingly. By including this aspect in this nonfinancial statement, we go beyond the reporting requirements of the CSR Directive Implementation Act, as this issue is not material, according to § 289c HGB.

MATERIAL RISKS AND RISK MANAGEMENT

In order to ensure sustainable business success, it is crucial that Delivery Hero recognizes significant risks and opportunities that can influence the business at an early stage. For this reason, Delivery Hero has established a risk management system that is designed to manage future challenges. The risk management function is performed by the Governance, Risk & Compliance (GRC) department.

Further information on risk management at Delivery Hero can be found in the risk and opportunities report 2017.

In accordance with the requirements of the CSR Directive Implementation Act, Delivery Hero considers not only the factors that relate directly to the Company, but also those risks that arise directly or indirectly from Delivery Hero's business activities.

This responsible risk management approach is anchored in Delivery Hero's organizational structures and processes and is closely integrated with compliance management to minimize negative and social implications. In this way, we seek to ensure that potential positive and negative effects on the environment and society are just as effectively identified, controlled, and taken into account in corporate decision-making processes.

Delivery Hero generally assesses risks from a net perspective after taking risk-mitigating measures into account. In connection with the effects on the five non-financial issues, no material risks were identified that are associated with the Company's own business activities or with its business relationships, products, and services that have serious negative effects on non-financial issues.

KEY AREAS OF ACTION

COMPLIANCE

Delivery Hero's success is largely determined by integrity, trust and responsibility. These values can only be maintained and actively lived if we act in accordance with applicable law and internalize our high ethical and moral standards in our daily work. That is why we are committed to conducting our business in a fair, respectful, and legally correct manner worldwide. In addition to issues such as the prevention of corruption and money laundering, as well as data protection, our compliance requirements also include respect for human rights and legal regulations in the social and ecological areas. We expect the same from our employees and business partners.

Delivery Hero has established a compliance management system aimed at preventing violations of corruption regulations, conflicts of interest, and other legal violations. Our compliance system includes a system of measures designed to ensure that our business is always conducted in full compliance with the law and our internal policies and rules. Delivery Hero's compliance efforts focus on prevention and detection of, and appropriately responding to, any type of misconduct.

The Code of Conduct is an essential part of Delivery Hero's compliance organization. The Code of Conduct summarizes our principles, values, standards, and rules of conduct and serves our employees as a guideline for their conduct and day-to-day decision-making situations. The Code of Conduct covers all areas of responsible corporate governance – from respect for universal human rights, corruption and bribery prevention, the selection of suppliers and service providers to the handling of data and confidential information.

Local companies are responsible for signing and communicating the Code of Conduct. In some of our subsidiaries, employees are required to sign the Code of Conduct. At the other companies, the Code of Conduct is communicated to our employees via the intranet or by e-mail from the respective management.

In cases of ethical questions, or cases with a potential impact in regard to compliance, our employees contact first their direct superior. In cases where this approach does not appear possible or is inappropriate, it is also possible to contact the decentralized Compliance Officer or the Global Compliance Officer of Delivery Hero directly.

In addition, each Delivery Hero employee is responsible for reporting real or potential violations of the law, the Delivery Hero Code of Conduct or internal policies. To report compliance violations, we offer employees and other internal and external stakeholders three reporting options:

— Online via a communication platform (whistleblower system)
— By e-mail via an email address set up specifically for this purpose
— By mail

The internet-based communication platform is available for messages (whistleblower system). It enables an anonymous and protected exchange of information as well as a dialogue with Delivery Hero's Compliance department via a separate mailbox. The system is confidential and protected. Whistleblowers can decide for themselves whether they want to report by name or prefer to remain anonymous.

All reported cases are carefully evaluated by Delivery Hero. Where necessary, the case will be managed in accordance with the rules and procedures for dealing with reported compliance violations. The confidentiality of the informant reporting the violation is protected as far as legally possible. The responsible recipient at Delivery Hero will only share this information with third parties, in compliance with applicable law, if he deems this necessary to eliminate the violation.

In addition, we hold regular employee training courses on compliance issues at the respective local companies. We plan to establish a uniform and group-wide online training tool for 2018, which will be offered to all employees.

Objectives and Measures: Compliance	Status
Regular employee training on compliance issues	Ongoing

Combating corruption and bribery

We ensure the highest standards of morality and integrity at Delivery Hero. For this reason, we do not tolerate bribery, corruption, or any other form of improper conduct by our employees, business partners, or other parties involved.

Corruption is a criminal offence in the countries where Delivery Hero operates and may therefore result in fines or sanctions for Delivery Hero under applicable law. Criminal offences include either direct or indirect accepting or offering of funds. Our anti-corruption policy, available on the Delivery Hero intranet, sets the standards for Delivery Hero's worldwide business.

All employees are prohibited from making or authorizing donations or other payments on behalf of, or by Delivery Hero to other organizations, such as non-profit organizations, in which they or close family members are employed or volunteer as directors or employees.

Any kind of financial support and donations exceeding a certain amount must be approved by a representative of the management. Similarly, political parties, their candidates, lobby organizations, or similar Delivery Hero communities will not receive any donations, gifts, or other payments without the prior consent of the CEO.

Delivery Hero is firmly opposed to the acceptance, promotion or support of money laundering. In the event of any suspicion, dubious transactions must be reported to the internally responsible Finance, Legal or Compliance departments for review.

Objectives and Measures: Combating corruption and bribery	Status
Employee training on anti-corruption and bribery issues	Ongoing
Integration of anti-corruption and bribery issues into the online training tool	Planned

Further information on compliance management at Delivery Hero can be found in the Corporate Governance Report.

Data protection

Data protection is our top priority. We are aware that we collect, process and store a considerable amount of personal data. Any misconduct in this area would have a potentially significant negative impact on the privacy and business relationships of our customers, employees, shareholders or suppliers. We also know that misconduct in this highly sensitive area can have an impact on our Company's business success and image. Against this background, we have initiated appropriate measures to ensure data protection compliance.

We respect the comprehensive rights of the persons whose data we collect, process, and use. We employ a variety of technical means and organizational measures to ensure the confidentiality of personal data. These data protection requirements are integrated into a data protection management system. Essential data protection requirements are bindingly regulated by means of our internal data protection guideline. Any violations are reported to the external supervisory authority in Berlin.

The EU data protection regulation DSGVO will enter into force in May 2018, replacing the current EU/national data protection law. We have reviewed these implications for the whole EU in 2017 and introduced corresponding measures in regard to our data protection.

The aim of the measures described above was to protect Delivery Hero's data from unauthorized access, misappropriation, loss or theft protect premature deletion.

Objectives and Measures: Data protection	Status
Employee training on data protection in regard to the EU-Data Protection Regulation (DSGVO)	Ongoing
Employee training on data protection issues	Planned

In 2017, our Legal department received 30 customer complaints in connection with unwanted handling of customer data. These were all complaints about sending of unwanted newsletters.

In addition, ten other cases of this kind were reported to the Berlin Commissioner for Data Protection and Information Security. There were no significant complaints due to violations of the customer's privacy or the loss of customer data. No cases of data theft or data leaks have come to light.

Respect for human rights

Delivery Hero respects and protects human rights worldwide. Our global structures make us aware of our resulting social responsibility. That is why we report on a voluntary basis on the aspect of respect for human rights, even if this is not defined as essential in accordance with the CSR Directive Implementation Act.

We understand human rights to be essential as fundamental and universal guidelines that define the dignity and individual rights of our employees, customers, and business partners.

We actively oppose forced or compulsory labor of any kind, all other forms of modern slavery, child labor, and human trafficking. Discrimination and inequality in employment and occupation have no place at Delivery Hero either. We also respect the right to collective bargaining and freedom of association within the framework of applicable law.

PRODUCT STEWARDSHIP

At Delivery Hero we know a lot about food, it's an integral part of our competency: This knowledge helps us to create an amazing takeaway experience for our customers. At the same time, we are aware that nutrition has a great impact on well-being and health. Food production, food ingredients and food consumption all influence our environment and society in different ways.

Although Delivery Hero exerts only indirect influence on the products offered by our partners, we are convinced that we can indirectly contribute to transparent and sustainable food consumption through our online marketplaces.

Therefore, the proper and comprehensive labelling of the goods offered on our platforms by the restaurants is naturally an important concern to us. We work closely with the cooperating restaurants to ensure that the necessary information (e.g. ingredients that can cause allergies) is correct and consumer-friendly. It goes without saying that we comply with all legal regulations and hygiene standards when selecting our delivery services. In addition, our business partners commit to the fact that the products they offer are of high quality and are stored, processed and manufactured according to food law regulations, restaurant laws, and other relevant regulations. Compliance with these standards is also independently checked by the respective restaurant at least once every six months.

In order to ensure the high quality standards of Delivery Hero, we focus on partnership-based cooperation in order to recognize possible grievances at an early stage and eliminate them efficiently. In principle, we reserve the right to terminate contracts with our restaurant partners if they continue to violate our criteria even after appropriate training measures.

Objectives and Measures: Product stewardship	Status
Regularly informing our restaurant partners about applicable legal regulations and, if necessary, carrying out training measures	Ongoing

The logistics provider, foodora, selects its restaurant partners according to comprehensive criteria, with a particular focus on trend kitchens and new culinary experiences. Food is delivered for the most popular restaurants that do not have their own delivery service. In these restaurants, other sustainability factors, such as the ecological quality of the processed products, play an increasingly important role in addition to the pure taste component. Thus, foodora offers a healthy and high-quality alternative to conventional food suppliers and contributes – not least because of the mostly CO_2-neutral delivery by bicycle – to a sustainable diet.

CLIMATE PROTECTION AND USE OF RESOURCES

As one of the world's largest service providers for online food ordering and food delivery, we bear responsibility for our environment and climate protection.

At Delivery Hero, we see environmental impacts and the associated challenges and opportunities for environmental protection mainly in energy efficiency at our main sites, CO_2 reduction in our food deliveries, and the use of environmentally friendly food packaging.

Energy consumption and energy efficiency

Delivery Hero pursues the long-term goal of continuously improving energy consumption through appropriate energy efficiency measures. The reduced energy consumption achieved in this way also results in an improved site-dependent CO_2 balance.

In order to make our contribution to climate protection, we concentrate on keeping energy consumption as low as possible and reducing our energy intensity through various measures in our sphere of influence. In addition to the implementation and monitoring of concrete energy efficiency measures and energy audits, the sensitization of employees to the resource-conserving use of energy also counts. Energy efficiency measures can be implemented particularly at Delivery Hero's head office, where we have direct responsibility for the operation of the buildings, the technical infrastructure, and IT.

Objectives and Measures: Energy consumption and energy efficiency	Status
Systematic recording of energy consumption	Planned
Raising awareness of energy efficiency measures among employees at the main sites	Planned
Implementation of energy efficiency measures: – Increasing the room temperature of all data centers to reduce cooling power consumption	Planned
Procurement of renewable energies at our main German locations	Planned

In 2016, Delivery Hero carried out an energy audit of its former headquarters in Berlin. Total energy consumption amounted to 904,472 kWh. Electricity consumption (44%) and district heating consumption (51%) accounted for the majority of our energy consumption. In accordance with the legally required periodic energy audits, Delivery Hero will also conduct an energy audit of its new headquarters.

Reduction of greenhouse gas emissions

A large part of our total energy consumption is not generated directly at our main location, but through our delivery services in the form of fuel. This is why ecological effects in the form of CO_2 and other pollutant emissions are particularly relevant for Delivery Hero.

In order to reduce the resulting greenhouse gas emissions, we are concentrating significantly on environmentally-friendly and climate-friendly fleet management of our delivery drivers/riders. At present, we are aiming to make our mobility concept in Germany and Europe more climate-friendly and are testing out alternative transport concepts. In addition to measures relating to the use of ecological forms of transport, we also support our partners in the logistical optimization of the routes in order to realize additional savings potentials in this way.

Individual companies outside Europe maintain their own vehicle fleets in their respective national markets. However, many of our drivers or contractual partners are in charge for their individual mobility concepts.

Objectives and Measures: Reduction of greenhouse gas emissions	Status
Raising our restaurant partners' awareness of alternative and optimized transport options for continuously reducing the greenhouse gas intensity of our driver fleets	Ongoing
Expansion of pilot projects for environmentally friendly transport logistics	Ongoing

An example of the choice of a particularly environmentally friendly means of transport is provided by our logistics provider foodora: Around 90% of all orders in Germany are delivered to customers by bicycle. The riders receive a credit of € 0.25 per hour ridden and have access to a mobile repair service.

Foodora's logistics concept is currently being further expanded. As part of a pilot program launched in 2017, autonomous robots support the existing range of emission-free deliveries. The delivery robots currently in use in Hamburg are designed to reduce traffic and air pollution in the cities and thus contribute to achieving our climate protection target.

Packaging and recycling

More than 291 million food orders were placed in 2017 – and each of them needs the right packaging. In times of scarce raw materials and finite resources, it is therefore not only essential for manufacturing companies to use necessary materials efficiently, but also in as environmentally-friendly a way as possible. While material consumption in our office buildings is comparatively low and has only limited ecological effects, we see the use of sustainable packaging materials as a central opportunity to have a positive impact on resource conservation and climate protection within our sphere of influence.

Objectives and Measures: Packaging and recycling	Status
Sensitization of restaurant partners for environment-friendly packaging materials	Planned
Expansion of proprietary range of environment-friendly packaging	Ongoing

Together with its business partners, foodora takes care to use food packaging with a positive environmental impact. To conserve resources and promote the sustainable use of materials, a selection of environment-friendly, recyclable packaging is offered to restaurant partners in our web shop. Most of these products are made of paper and therefore differ from conventional, resource-intensive plastic packaging.

Foodora's packaging is made of environment-friendly materials and is of very high quality. Foodora promotes sustainability through the use and explicit recommendation of packaging products made of paper or bioplastics. For this purpose, a packaging guideline was communicated to our restaurant partners in December 2017. Foodora underlines its commitment to the use of sustainable packaging alternatives and recommends the use of the following materials:

— Paper/cardboard (environment-friendly and recyclable)
— CPLA ("bioplastics") as a substitute for oil-based plastics
— Bagasse (biodegradable, compostable)

Our business partners are encouraged by our packaging guidelines to avoid packaging made of aluminium, polystyrene or cling film. In 2017, foodora also acquired around 25,000 FastPac packaging units from Sabert for our logistics. The polypropylene shells have a 30% share of so-called "mineral fillers" and are recyclable. The mineral fillers also improve the formability and stability of plastic packaging. As a result, many of our end users do not dispose of FastPac articles, but use them several times after cleaning.

In 2017, around 8,136,510 paper bags were shipped worldwide. Of these, around 1,870,750 (approx. 23%) were made from recycled paper. Foodora's restaurant partners are not contractually obliged to use the paper bags. However, not least because of the ecological properties of this packaging option, we recommend their use.

EMPLOYER ATTRACTIVENESS

The employees of Delivery Hero are a fundamental pillar of our business success. Offering them an attractive job and the opportunity for professional development is an essential part of our corporate identity. In addition, we want to maintain and improve employee satisfaction in the long term. We also address critical voices by conducting an active and open dialogue. In everyday life, we live fair, equal, and respectful relationships between equals. In this way, we want to ensure that Delivery Hero is a responsible employer and keeps a close eye on the needs of its employees. We currently employ 455 people in Delivery Hero AG. There are 14,631 employees throughout the Group.

Employee satisfaction

Delivery Hero wants to maintain the satisfaction of its employees and use their potential for improvement in order to strengthen identification with the Company in the long term. We always pay attention to the needs of our employees and observe trends and developments in order to maintain a good competitive position in the hard-fought market for qualified employees in the long term. Concrete measures have been developed for this purpose, which are currently either in the planning stage or will be continued on an ongoing basis.

In the long term, we increasingly want to present ourselves as an attractive employer to the outside world and use employer branding measures more and more. To this end, we will continue our presence on social media platforms such as Xing and LinkedIn in order to communicate our advantages as an employer and the values and corporate philosophy of our Company.

For qualified personnel, flexible working hours are increasingly become a decisive reason to choose an employer. Delivery Hero therefore wants to further develop different working time models. In this way, we can give our employees the opportunity to reconcile their professional and private lives even better in the future. In order to provide for our employees in old age, we offer them a company pension scheme which they can take out voluntarily. As a responsible employer, Delivery Hero supports its employees by paying part of the contribution.

To enable us to respond to the needs of our employees, we conduct ongoing employee surveys. In this way we determine the general level of satisfaction and get a direct picture of our working atmosphere. From the results, we derive concrete measures that should contribute to maintaining or even improving employee satisfaction at a high level in the long term.

Objectives and Measures: Employee satisfaction	Status
Increasing employer attractiveness through employer branding measures	Ongoing
Increasing the work-life balance of employees through the expansion of flexible working time models	Ongoing
Monitoring of employee satisfaction by means of a company-wide survey	Ongoing

With the help of these individual measures, we can make a direct contribution to the satisfaction of our employees and offer them a job tailored to their own needs.

We also ensure fair working conditions at our logistics provider foodora and maintain an open and transparent dialogue with both our drivers/riders and the trade unions. This led to the conclusion that all employees were given a permanent contract of employment irrespective of the contractual model. All drivers/riders – whether full-time, midi or mini jobbers, or working students – are automatically covered by social security and pension contributions when signing employment contracts and receive hourly wages between € 9 and € 12. Furthermore, foodora riders in Germany are, of course, legally entitled to regular paid holidays and continued payment in the event of illness. Overtime is also charged and paid by the minute.

Staff development

As a modern and dynamic company with flat hierarchies, it is of particular concern to us to involve our employees in the further development of Delivery Hero and to support them individually with suitable offers.

With various professional development opportunities, we contribute to constantly expanding the knowledge and skills of our employees and to maintaining their motivation and commitment. In total, Delivery Hero AG employees received 661 hours of training and CPD training (excluding webinars or other online training) in 2017. Delivery Hero supports its employees in their personal career development with the help of these training courses. The appraisal interviews also contribute to this. During these interviews, employees receive individual feedback and further professional interests and development potential are identified. Currently 69% of Delivery Hero AG employees receive such feedback and career development meetings. Over the next two years, we want to ensure that 100% of our employees have the opportunity to take part in such meetings and thus develop their career further with us.

Objectives and Measures: Staff development	Status
Further development of the professional competence of employees	Ongoing
Performance reviews are conducted on an ongoing basis	Ongoing
Career development meetings 100%	2020

Diversity and equal opportunities

Cultural diversity is a top priority at Delivery Hero. This is reflected in the positioning of our international Group. Throughout Germany we currently employ more than 1,000 people from over 60 countries. Cultural diversity is therefore firmly anchored in our daily business activities. We see them as a great asset to our Company and promote such diversity accordingly.

In addition, we are committed to an equal opportunity policy for all applicants and employees regardless of race, color, gender, religion, age, nationality or descent, potential disability or other legally protected status. We are committed to creating a workplace free from harassment, intimidation or abuse.

Equal opportunity is a prerequisite for Delivery Hero to be perceived as a responsible employer. We oppose all forms of discrimination and unequal treatment and encourage our business partners and service providers to meet our high ethical standards.

Objectives and Measures: Diversity and equal opportunities	Status
Raising employee awareness of anti-discrimination and equal opportunities and, where appropriate, training	Ongoing

SOCIAL RESPONSIBILITY

Social responsibility is at the heart of Delivery Hero being a “good corporate citizen”. For this reason, we supported the Caritas initiative and the Berliner Tafel food pantry in 2017 with donations in kind and in cash. Furthermore, we participated in the “Give & Help Day” of Woloho and Young-Caritas. Delivery Hero has provided food for this purpose.

In 2017, Delivery Hero also presented the “Hero Award for Social Entrepreneurship” for the first time, which is endowed with € 15,000. The winner was ResQ Club, a company headquartered in Helsinki. ResQ Club is present in Finland, Sweden, and Germany and has set itself the task of reducing food waste. To this end, the Company cooperates with restaurants and hotels that pass on their food surpluses to consumers at reduced prices. We also supported ResQ Club with a mentoring program. Within this program, experts and executives from Delivery Hero passed on their expertise in relevant areas to ResQ Club, thereby strengthening the Company’s know-how.

In addition to our existing activities, we plan to introduce a “Corporate Volunteering Day” in 2018. On this day, our employees can commit to an initiative of their choice in accordance with our policy and offer their support without having to take a day off.

In order to act as an exemplary company and ensure that our commitment reaches the right places, we have developed concrete guidelines that must be complied with by everyone. For more information on the individual provisions, see the Compliance chapter. In addition, we are currently drawing up a donations and sponsorship guideline, which in future will contain even more precise guidelines on the framework within which donations and sponsorships may be made. After completion, this will be made available to all our employees and anchored in the compliance training courses.

Objectives and Measures: Social responsibility	Status
Introduction of a Corporate Volunteering Day	Planned
Development of a donation sponsorship guideline and sensitization of employees	In implementation

THE DELIVERY HERO SHARE

— Successful IPO in June with a placement volume of € 996 million
— Share price gained 23% in 2017
— SDAX listing in September
— Coverage by 14 analysts

POSITIVE STOCK MARKET ENVIRONMENT

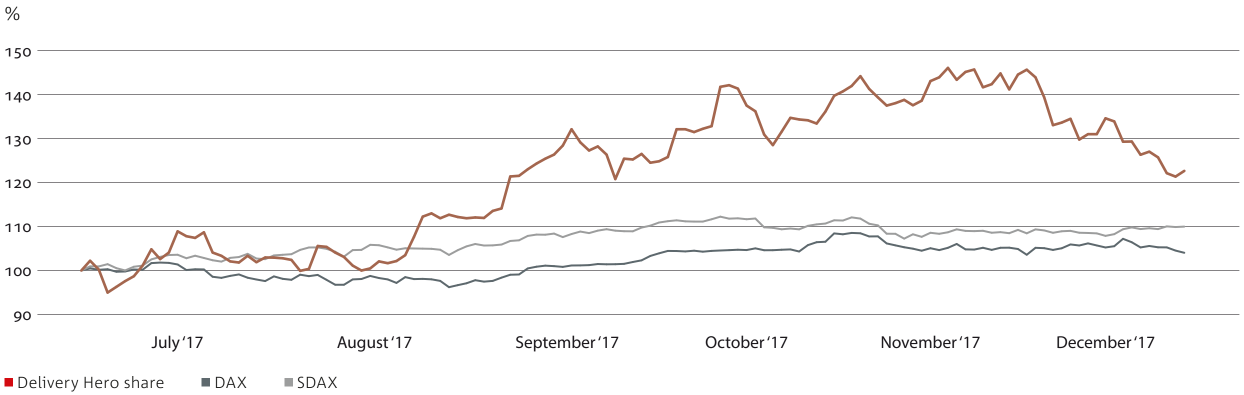
In 2017 the international equity capital markets remained an attractive asset class given the continued low interest rate environment. This positive environment has been reflected in the German benchmark index DAX which closed at 12,917 points at the end of 2017, a 12.5% gain on the year. The steady growth trajectory in the Eurozone, a temporarily weakening Euro, and investors' positive expectations of corporate profits contributed to this positive trend.

THE DELIVERY HERO SHARE PRICE INCREASED POST IPO

The shares of Delivery Hero were first listed at the Prime Standard of the Frankfurt Stock Exchange on June 30, 2017. The total placement volume of the IPO was € 996 million.

The Delivery Hero share price had a positive performance since the IPO. The performance was driven by a number of factors including higher than expected results and the prompt inclusion in the SDAX. The share price reached its high for the year, at € 39.31, on November, 20. The share price dipped at the end of the year in line with the general trend in the stock markets. Delivery Hero ended the year with a share price of € 33.00, a gain of 23% since its initial listing.

Performance of the Delivery Hero share price since its IPO



Key performance indicators for the Delivery Hero share

	Unit	2017
Issue price	EUR	**25.50**
First listing on Jun. 6, 2017	EUR	**26.90**
Year-end price	EUR	**33.00**
Yearly high	EUR	**39.31**
Yearly low	EUR	**25.53**
Number of shares on Dec. 31, 2017	Share	**182,498,900**
Market capitalization on Dec. 31, 2017	EUR million	**6,022.5**
Average trading volume per day	Shares	**176,805**
Dividend	EUR	**0.00**

Key share data

Class of shares	Registered shares
Ticker symbol	DHER
WKN	A2E4K4
ISIN	DE000A2E4K43
Reuters and Bloomberg symbol	Reuters: DHER.DE Bloomberg: DHER:GR
Market segment	SDAX, Prime Standard

COMMUNICATION WITH THE CAPITAL MARKET

The Delivery Hero share has attracted a great deal of attention in the capital market since it was first listed on the exchange. Currently 14 financial analysts cover our share and regularly publish research studies. A the time of the IPO, our share was covered by seven analysts.

Since the IPO, our management and investor relations teams have engaged in a total of 19 roadshows in the most important financial centres in the U.S. and in Europe. In addition, we have participated in several international capital market conferences since the IPO.

Comprehensive information for shareholders is available in the Investor Relations section of our company website at https://ir.deliveryhero.com/. In addition to investor relations news, you will also find presentations, analysts covering the Company and recorded audio webcasts concerning our quarterly and Annual Financial Statements as well as all important dates along with our Investor Relations team's contact information.

COMBINED MANAGEMENT REPORT

Try out our interactive table of contents.
You will be directed to the selected page.

COMBINED MANAGEMENT REPORT

A. GROUP PROFILE

01. BUSINESS MODEL

The Delivery Hero AG and its consolidated subsidiaries, together Delivery Hero Group (also DH, DH Group, Delivery Hero or Group), provide online and food delivery services in over 40 countries and four geographical segments, comprising Europe, Middle East and North Africa (MENA), Asia and the Americas.

Following the change in legal form from a limited liability company (GmbH) to a German stock company (AG), the Company has been operating since May 29, 2017 as Delivery Hero AG, Berlin, Germany. The change of the legal form became effective with the entry in the commercial register of the district court of Berlin-Charlottenburg on May 29, 2017. Further information on the Group structure and segments can be found in the chapters “Group structure” and “Segments”. Since June 30, 2017 the shares of Delivery Hero AG are listed in the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange.

The subsidiaries of the Group operate internet platforms under various brand names, where users of the platform are referred to restaurants and provided with food delivery services. The Delivery Hero internet platforms are aligned to the local requirements of the end customers who can choose from a wide range of menu items from restaurants in their neighborhood. Orders can be made by app or via website and are subsequently paid either in cash or via online payment methods. As an option, Delivery Hero offers its partner restaurants a delivery and point of sale system in order for them to immediately view as well as accept orders made on the platform. Furthermore, Delivery Hero offers products and services for restaurants, such as food packaging, advertising and printing services. In addition to the online food ordering platforms, the Group also offers own delivery services to restaurants without this capability. The own delivery fleet is coordinated using proprietary dispatch software.

Delivery Hero generates a large portion of its revenue on the basis of orders placed. These commission revenues are based on a contractually specified percentage of the order value. The percentage varies depending on the country, type of restaurant and services provided, such as the use of a point of sale system, last mile delivery and marketing support.

In addition to commissions, Delivery Hero generates revenue, e.g. with premium placements. Premium placement means that, for a fee, restaurants are ranked on top among all the listed restaurants in their relevant delivery area displayed in a specific manner. Furthermore, Delivery Hero generates revenue from delivery fees.

The Delivery Hero Group’s business model is based on the vision of the management team to provide platform users with an amazing takeaway experience. This includes an appealing and seamless handling of the order as well as a first-class quality of food and a top delivery service.

02. CORPORATE STRATEGY

Delivery Hero’s success is constantly improving each single detail of the customer experience, always focusing on the overall aim of creating an amazing takeaway experience. We describe key aspects of our corporate strategy below.

Creating an amazing takeaway experience around food, ordering and service

Delivery Hero Group strives to offer amazing food and to increase the order frequency by constantly optimizing restaurant quantity, quality and variety. Delivery Hero seeks to expand its delivery operations to be able to include restaurants on its platforms that do not offer delivery themselves. Own-delivery services for restaurant without delivery fleet was rolled-out even further in 2017 in MENA and the Americas. In the financial year 2017 Delivery Hero also cross-listed a number of restaurants that were originally only listed under our own delivery brands, on other marketplaces.

The Group also intends to continue improving the fulfillment processes. Through a proprietary algorithm, which is continuously refined, Delivery Hero seeks to reduce delivery times and further increase the accuracy of the forecast time of arrival. Further, with respect to the own delivery operations, the Group intends to increase the utilization rate of its drivers/riders to reduce their churn rate. In 2017, Delivery Hero increased focus and investment in its logistics services technology, including driver/rider scheduling and staffing, fleet management, route optimization and real-time delivery estimates.

Delivery Hero further increases personalization by using the large amounts of data processed on a daily basis. The Company expects that increasing personalization will lead to higher conversion rates (i.e. the percentage of people visiting our websites that actually place an order), customer satisfaction, loyalty and a higher share of organic traffic. The Group's ultimate goal is to perfectly know the food preferences of the end customers and therefore have them outsource their food decision to Delivery Hero. In this matter the Group increased focus in 2017 on inspirational content, next generation browsing experience and recommendations based on consumer experience and machine learning, and will continue to do so in 2018. Increasing personalization will generate more orders from our existing user base. Delivery Hero also seeks to enlarge its user base by attracting new users. The Group believes that its focus on customer satisfaction has positive collateral effects, as there is a high correlation between customer satisfaction and recommendations between user friends.

Following a return-driven approach to refine the brand strategy

In some countries, Delivery Hero currently operates on the basis of a multi-brand strategy. This strategy allows Delivery Hero to target different customer demographics and ensures that relevant restaurant content is shown to that consumer group to increase conversion. We constantly evaluate and track the success of a brand strategy based on the indicators return on investment, costs per acquisition ("CPA") and the expected customer lifetime value ("CLTV"). In some markets Delivery Hero merges its different brands into a single-branded online marketplace, depending on the best strategy to adopt in a particular country. Overall, Delivery Hero tailors its brand strategy and restaurant offering on a country-by-country basis.

Improving revenue streams

Commissions have historically accounted for about three quarters of Group revenues. This is still the case in the financial year 2017, with commissions accounting for 75% of the total segment revenue. Commissions are set as a percentage of the Gross Merchandise Value ordered via our platforms. The percentage depends on the selection of restaurants, the maturity of the market and the services we perform for the relevant restaurant. As the Group enters new markets, it typically seeks to attract restaurants with lower commission rates to its platforms in order to build restaurant supply quickly. As the gross food sales increases on the Delivery Hero marketplaces the Group is able to charge a higher commission rates, provide additional services and value to restaurants. We have also seen a significant increase in orders from 197 million orders (on an aggregated like-for-like basis) in 2016 to 292 million orders in 2017.

We intend to further develop our monetization model by tapping into additional income streams to improve the take rate, for example through rolling out of restaurant promotion programs with discounted offerings and offering premium listing options in all of our markets.

Seeking to improve margins and reach adjusted EBITDA[1] break-even

On segment level Delivery Hero reached break-even on an adjusted EBITDA basis in one segment, MENA, in 2016. In a few countries in Europe and MENA, we even reached EBITDA margins before central cost allocation of around or exceeding 50%. The Management Board focuses on improving the Group's profitability by divesting operations without significant potential to increase our margins, such as countries in which Delivery Hero does not have a market leader role. In the financial year 2017 we sold our operations in Gerorgia, Slovakia, Kazakhstan and India. In Poland, we entered into a joint venture with a local partner that invested in our former Polish subsidiary and now holds a 51% stake in this entity, with a view to accelerating the growth of our operations.

We aim to steadily improve our group-wide margin. Delivery Hero's strategic goal remains to reach total segment adjusted EBITDA break-even for the Group by end of 2018 on a monthly basis, and in 2019 for the full year.

[1] 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, (iii) expenses for reorganization measures, (iv) expenses for the implementation of information technology, (v) expenses for the achievement of capital market capability, and (vi) 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.

03. GROUP STRUCTURE

The parent company Delivery Hero AG (previously Delivery Hero GmbH) (the “Company”) was founded with its headquarters in Berlin in 2011 and has since expanded its presence in local markets worldwide with various brands. After various acquisitions between 2014 and 2017, the global scope of consolidation of the Delivery Hero Group comprises 137 companies as of reporting date (previous year: 136 companies). For further details, refer to section B. 02. – Business Performance. Delivery Hero exercises either direct or indirect control over all subsidiaries.

The Delivery Hero Group is managed by Delivery Hero AG. Alongside the management of the Group, Delivery Hero AG assumes a range of IT, marketing and other services, in particular commercial and technical consultancy services. In addition, as a holding Group, Delivery Hero AG assumes functions such as Group controlling and accounting, public relations, investor relations, risk management and human resources management.

Delivery Hero AG’s Management Board consists of two members. The Management Board is responsible for the strategy and management of the Group. The CEO Niklas Östberg is responsible for the areas Strategy, Operations, Technology, Personnel, Marketing, Public Relations and Investor Relations. Emmanuel Thomassin is responsible for the areas Finance, Purchasing, Legal, Internal Audit, as well as Governance, Risk and Compliance. The Supervisory Board advises and supervises the Management Board. The Supervisory Board is involved in transactions of fundamental importance to the Company.

04. SEGMENTS

The business of Delivery Hero is divided into four geographical segments. The services and order platforms are aligned to local market circumstances and the respective competitive situation.

The Group distinguishes between four geographically structured segments:

— Europe
— MENA (Middle East & North Africa)
— Asia
— Americas

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

As a result of the foodpanda acquisition in 2016, 20 geographical markets in Europe, MENA and Asia were added.

Europe

Aside from commissions, Delivery Hero generates additional revenue in Europe, e.g. with premium placements.

In 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 families and young professionals who appreciate a wide range with different options. Foodora operates in the premium food segment.

The Group is further represented in Norway, Sweden, Finland, France, the Netherlands, Austria, the Czech Republic, Italy, Switzerland and Greece and on a local basis with individual local brands. The foodora brand is represented in a large number of large European cities, particularly in Germany, Austria, Finland, France, Italy, the Netherlands, Norway and Sweden.

In 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 Restaurant Partner Polska Sp. z.o.o. to 49% (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, Hungary, Montenegro, Romania and Serbia with the brands foodpanda, NetPincér, Donesi and Pauza.

In line with Delivery Hero's strategy to further build its leadership positions and consolidate markets, DH Group received approval by the United Kingdom Competition and Markets Authority (CMA) to sell its hungryhouse business, which operates an online food ordering portal for the British market to Just Eat plc in November 2017. This divestiture was completed on January 31, 2018. Further European divestments in 2017 relate to our businesses in Georgia and Kazakhstan.

In order to further strengthen our market leader position in Greece, Delivery Hero made a strategic investment in the Greek market by acquiring Deliveras in January 2018 (refer to section I. of the Consolidated Financial Statements).

MENA

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

Delivery Hero has a strong position in many countries of the MENA region, among them Turkey, KSA, Kuwait and Egypt. In Turkey, the largest food delivery market in the MENA segment, the Group is represented with the Yemeksepeti brand which was founded in 2001 and has been part of the Delivery Hero Group since 2015.

In 2017, the MENA businesses of the foodpanda group, with its popular brands Hungerstation and Otlob, which was acquired in December 2016, are reflected in this segment for a 12 months period. In June 2017, Delivery Hero made another strategic investment into the region by acquiring the Carriage group, a Kuwait based innovative food ordering portal which is active in several countries in the Middle East (refer to section D. 02. a) of the Consolidated Financial Statements).

Asia

The Group has a significant presence in South Korea where the Group operates the Yogiyo, Baedaltong and Foodfly brands. While Yogiyo is a classic website for online food ordering, Baedaltong operates a click-to-call business. This is designed like an industry directory for restaurants that connect users directly with the restaurant via a website. Foodfly is a food delivery marketplace with its own delivery service that was added to the portfolio in October 2017 as part of the acquisition of Fly & Company, Inc.

The acquisition of foodpanda in 2016 significantly expanded 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, Malaysia, Pakistan, the Philippines, Singapore, Taiwan and Thailand.

DH Group operates under its foodora brand in Australia.

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, which also includes the online food market.

05. MANAGEMENT SYSTEM

The Management Board steers the Company both at a segment level (i.e. Europe, MENA, Asia and the Americas) and consolidated Group level. The key financial performance indicators monitored are Group Revenues and Adjusted EBITDA.

Delivery Hero also uses various non-financial performance indicators to manage the Group:

- **Orders**[2] is a key performance indicator that drives revenue performance and growth. Orders grew in 2017 year-on-year by 47.9%, like-for-like[3] to 291.5 million.
- **Gross Merchandise Value**[4] (GMV) is directly influenced by orders and has a direct impact on revenues. It is one of the key elements controlled by our Management. GMV grew in 2017 year-on-year by 46.1%, like-for-like to € 3,824.3 million.

[2] Orders represent orders made by end consumers in the period indicated. Orders for our click-to-call operations (similar to a restaurant-specific business directory where customers click on a button that will connect them directly with the restaurant via telephone) have been estimated based on the number of phone calls made by users to restaurants through these click-to-call platforms in the relevant period that lasted 25 seconds or longer multiplied by 60%.

[3] "Like-for-like" presents Delivery Hero's comparative 2016 results as if the acquisition of foodpanda had occurred on January 1, 2016 and excludes contributions from operations reported in discontinued operations. Furthermore Asia KPIs exclude our former operations in China, which were sold in May 2016.

[4] GMV refers to Gross Merchandise Value, which means the total value of orders (including VAT) transmitted to restaurants. GMV for our click-to-call operations (similar to a restaurant-specific business directory where customers click on a button that will connect them directly with the restaurant via telephone) have been estimated based on the number of phone calls made by users to restaurants through these click-to-call platforms in the relevant period that lasted 25 seconds or longer multiplied by 60% and by the average basket size for the orders placed through our Korean non-click-to-call online marketplaces during the same period.

	FY 2017	FY 2016 (LfL)[1]	Change (LfL)[1]
Group			
Orders (million)	**291.5**	197.1	48%
GMV (EUR million)	**3,824.3**	2,617.8	46%

[1] LfL – Like-for-like

06. RESEARCH AND DEVELOPMENT (R&D)

Our vision of creating an amazing takeaway experience is contingent on constant innovation and technological development in all areas of the customer experience, including discovery and placing the order, restaurant integration, delivery experience and managing customer relations. Innovation and technology is focusing on the enhancement of the value for the platform users by providing more personalized offers, order tracking and visibility, as well as facilitating discovering of new restaurants and dishes. Innovation and technology is further aiming to enhance the value of our restaurant partners by improving the forecast of demand and supply, inventory management and enabling a faster and better delivery and offering-tailored marketing solutions.

The R&D activities of Delivery Hero are focusing on the challenges providing an exceptional takeaway experience today and in the future. These challenges include the processing millions of orders in near real-time without glitch, responsible collection of a staggering amount of data and coping with widely different local requirements across our markets.

Delivery Hero's R&D activities concentrate on the development of local technology and platforms in order to provide highly localized solutions on the one side. On the other side, the focus is on the design of a central support function with innovations in:

- data and analytics
- logistics, including fleet management and driver/rider scheduling
- marketing, CRM and campaign automation
- restaurant order transmission, driver tracking and POS integration; and
- consumer experience.

In order to provide local solutions but also leveraging from our global platform we follow a flexible approach with strong and agile regional tech teams in all our segments. The largest team is situated in Berlin.

In 2017, R&D expenses amounted to about € 29.0 million (2016: € 16.5 million). This corresponds to 5.3% (2016: 5.7%) of revenue. Development costs of € 1.8 million were capitalized (previous year: € 1.5 million). Third party R&D services are used only to a minor extend.

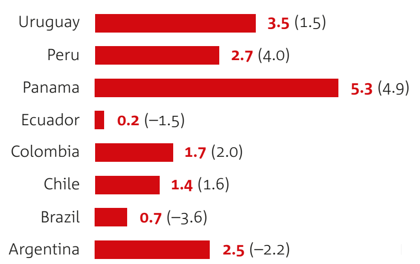
At the end of the financial year, 635 people were employed in our R&D activities. This represents 4.3% of total employees.

B. ECONOMIC REPORT

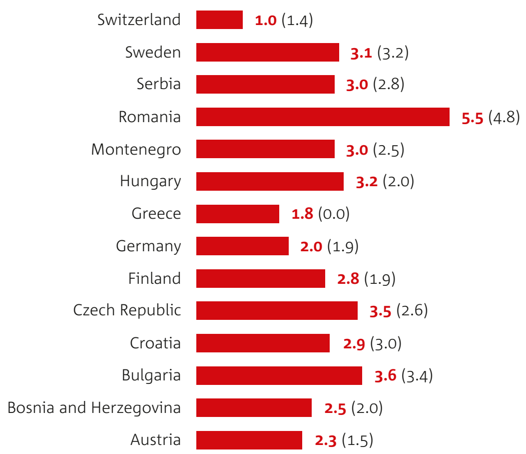
01. MARKET AND INDUSTRY ENVIRONMENT

a) Macroeconomic situation

GDP Development 2017 Americas
% (2016)

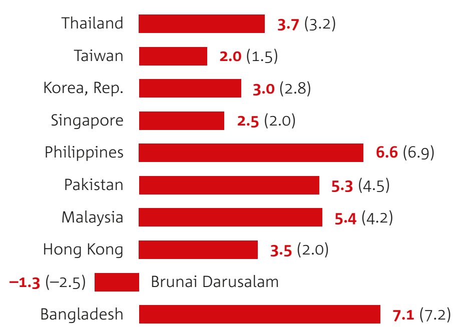


GDP Development 2017 Europe
% (2016)

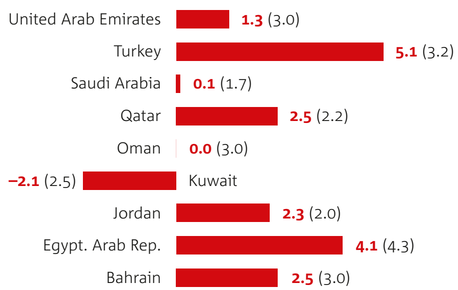


Source: International Monetary Fund, World Economic Outlook, October 2017

GDP Development 2017 Asia
% (2016)



GDP Development 2017 MENA
% (2016)



Source: International Monetary Fund, World Economic Outlook, October 2017

Global economic growth increased from 3.2% in 2016 to 3.7% in 2017 according to latest forecasts of the International Monetary Fund (IMF). For 2018, the institution expects a growth of 3.9%[5].

We are seeing a positive development in almost all of our 41 markets[6]. IMF forecasts positive GDP growth for every market in Europe and the Americas, where Delivery Hero Group operates. For almost all of our markets in MENA and Asia[7], a positive development is expected as well.

Compared to the GDP growth rates of 2016, Ecuador, Brazil and Argentina have returned to economic growth after slight declines in 2016.

Regarding the foreign exchange rates, the euro appreciated against the five other currencies to which Delivery Hero had the highest exposure in 2017: South Korean Won (KRW), Turkish Lira (TRY), United States Dollar (USD), Kuwaiti Dinar (KWD) and Saudi Riyal (SAR). Please refer to the following calculated foreign currency variations of these currencies against the euro between January 2017 and December 2017[8]:

— USD –10.2%
— KRW –2.4%
— TRY –12.6%
— KWD –9.1%
— SAR –10.1%

[5] International Monetary Fund, World Economic Outlook, October 2017: Brighter Prospects, Optimistic Markets, Challenges Ahead.
[6] Including Panama, excluding Costa Rica and divested countries: India, Kazakhstan, Georgia and Slovakia.
[7] Excluding Kuwait and Brunei.
[8] Variations are calculated based on vwd (Vereinigte Wirschaftsdienste GmbH) foreign exchange rates.

b) Sector development

We have a large geographic footprint with operations in attractive markets in Europe, MENA, Asia and the Americas. According to recent market studies, the global food market amounted to € 7.5 trillion in 2016[9]. Based on internal market analyses, we estimate that the food delivery market in the Delivery Hero countries accounted for roughly € 72.2 billion in 2016. The food delivery market is highly fragmented with approximately 20 million restaurants globally[10]. We therefore believe that we provide a valuable service to restaurants and customers alike by aggregating restaurants in a certain local market in one online marketplace.

We believe that our markets have grown since 2016 driven by several fundamental tailwinds: increasing online and mobile customer engagement and last-mile logistics capabilities, as well as shifts in customer behavior due to changes in life-style, urbanization and convenience[11]:

— Increasing online and mobile engagement means that potential customers are increasingly using online platforms for shopping purposes. We estimate that approximately 11% of the food delivery market transactions in the Delivery Hero countries took place online in 2016. In our Europe segment, we estimate that 14% of food delivery transactions in 2016 took place online, in MENA 6%, in the Americas 4% and in Asia 15%. We believe that these low online delivery penetration rates provide more potential for growth than significantly higher rates in mature markets, such as the UK which has online penetration of 49% in 2016.
— We estimate that the online delivery market in all the countries where Delivery Hero operated in 2016 accounted for only € 7.6 billion of a total € 72.2 billion food delivery market in the Delivery Hero countries in 2016 (online marketplaces and platforms for ordering food accounted for only € 4.6 billion).
— Increasing migration towards urban centers, changing overall customer lifestyles towards fast pace and convenience, as well as growing spending power mean that the countries in which we operate have significant penetration upside potential. We therefore see a large potential for food delivery services that provide their own last-mile delivery services.

02. BUSINESS PERFORMANCE

a) Performance

Delivery Hero recorded a significant increase in sales revenue (87.6%) and 60.0% on a like-for-like basis between 2017 and 2016. Organic revenue growth was strengthened by the acquisitions of the foodpanda group in December 2016 and the Carriage group in June 2017. The negative adjusted € 94.2 million EBITDA of the segments (previous year: € 71.2 million) was slightly above expected range of € 79.5 million to € 93.0 million, due to higher investments, primarily marketing related, that resulted in revenue growth above expectation. The negative adjusted EBITDA margin of the segments for 2017 improved significantly from 25% to 17% in line with the 15% to 17% targeted band.

b) Financing measures

Major financing measures during 2017 primarily relate to the financing round from May 2017 of € 301.4 million with Naspers Ventures B.V. (Naspers), the initial public offering (IPO) of € 467.9 million (net of transaction costs) in June 2017 and the capital increase of € 360.1 million (net of transaction costs) in December 2017. The funds were used for repayment of bank and shareholder loans. Beside in 2017, the Group agreed an unsecured Revolver Credit Facility of € 75.0 million.

c) Acquisitions

In May 2017 Delivery Hero acquired 100% of the shares in Carriage Logistics General Trading Company LLC (Kuwait), parent company of the Carriage group, which operates an innovative and fast-growing food ordering portal in several countries in the Middle East, for a total consideration of € 84.8 million (refer to section D. 02. a) of the Consolidated Financial Statements).

In October 2017, we increased our share in Fly & Company Inc., Korea, from 21.0% to 100%. Fly & Company Inc. operates the food delivery platform Foodfly. In addition, we acquired 100% of the shares in the Panama based Appetito24 group. Appetito24, also an online food delivery platform, is the market leader in Panama. The acquisition costs of both transactions amount to a total of € 11.0 million in cash and € 2.4 million of previously held interest in the acquiree (refer to section D. 02. b) of the Consolidated Financial Statements).

[9] Source: Euromonitor International; Economies and Consumers; Global Food Market represents Consumer Expenditure on Food and Catering, value at fixed 2016 exchange rates; data as of 2016.
[10] Euromonitor International; Consumer Foodservice; data as of 2016.
[11] Estimations based on internal company market analysis; data as of 2016.

d) Discontinued operations and divestments

In line with Delivery Hero's strategy to further build up its leadership positions and consolidate markets, the Company announced its intent to sell its hungryhouse group, which operates an online food ordering portal for the British market on December 15, 2016. The buyer of the shares is Just Eat plc (Just Eat). The divestment was subject to the approval of the United Kingdom's Competition and Markets Authority (CMA), which was received on November 17, 2017 and was executed on January 31, 2018 (refer to section D. 03. e) of the Consolidated Financial Statements).

In December 2017, the DH Group sold a 95.0% stake of its foodpanda India business to ANI Technologies Private Limited (ANI), India, holding company of the Ola group in return for a minority stake in the Ola group. The resulting disposal gain (€ 20.3 million) is recognized in other operating income. DH Group's subsidiaries in Georgia and Kazakhstan were sold in 2017.

03. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

a) Financial performance of the Group

Delivery Hero sold its hungryhouse business activities in the United Kingdom on January 31, 2018. Accordingly, this business is presented as discontinued operations and not subject to the following discussion of net assets, financial positions and result of operations (unless otherwise stated).

Consolidated statement of profit or loss and other comprehensive income

The 2017 Group result from continuing operations developed as follows:

Continuing operations

EUR million	2017	2016	Change EUR million	Change %
Revenue	**543.7**	289.9	253.8	87.6
Cost of sales	**−197.9**	−77.2	−120.7	> 100
Gross profit	**345.8**	**212.7**	**133.1**	**62.6**
Marketing expenses	**−327.1**	−222.6	−104.5	46.9
IT expenses	**−45.1**	−31.3	−13.8	43.9
General administrative expenses	**−221.5**	−100.9	−120.6	> 100
Other operating income	**25.3**	2.2	23.2	> 100
Other operating expenses	**−22.7**	−19.9	−2.7	13.7
Operating result	**−245.1**	**−159.8**	**−85.3**	**53.3**
Net interest cost	**−17.9**	−33.1	15.2	−45.9
Other financial result	**−73.4**	−9.3	−64.1	> 100
Earnings before income taxes	**−336.4**	**−202.3**	**−134.1**	**66.3**

Adjusted EBITDA of the segments reconciles to earnings before income taxes as follows:

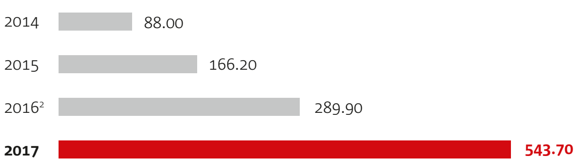
Continuing operations

EUR million	2017	2016	Change EUR million	Change %
Adjusted EBITDA of the segments	**−94.2**	**−71.2**	**−23.0**	**32.3**
Consolidation adjusments	−2.1	−0.6	−1.5	> 100
Management adjustments	−32.9	−11.2	−21.7	> 100
Expenses for share-based compensation	−69.5	−15.8	−53.8	> 100
Other reconciliation items	8.3	−8.1	16.4	> 100
Amortization and depreciation	−54.7	−52.9	−1.8	3.3
Net interest and other financial result	−91.3	−42.5	−48.9	> 100
Earnings before income taxes	**−336.4**	**−202.3**	**−134.1**	**66.3**

Development of revenue (2014–2017):

Annual revenue growth[1]

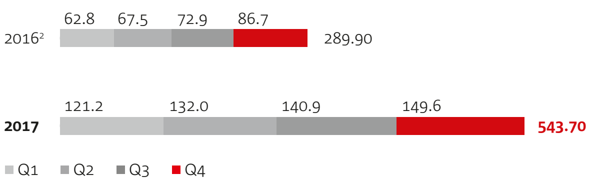
EUR million



[2] Refer to note E. 02. a) of the Consolidated Financial Statements.

Revenue by quarter[1]

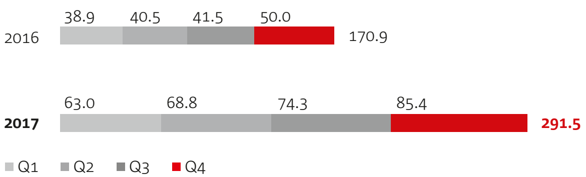
EUR million



[2] Refer to note E. 02. a) of the Consolidated Financial Stetements.

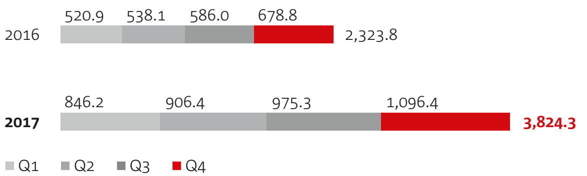
Orders by quarter[1]

million



GMV by quarter[1]

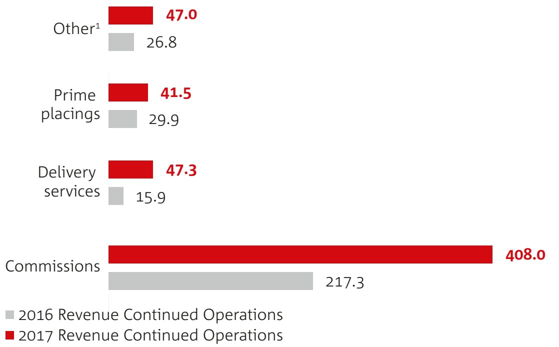
EUR million



The Delivery Hero Group increased its revenue in 2017 by € 253.8 million (87.6%) to € 543.7 million. Besides strong organic revenue growth due to continuing investments primarily in marketing, the acquisition of the entities of the foodpanda group in December 2016 contributed to this increase. On a like-for-like basis, revenue increased by 59.8% between 2016 and 2017. This increase is due to the increased number of orders. The number of orders in the reporting period increased by 70.6% in comparison to the financial year 2016, to 291.5 million. On a like-for-like basis orders increased by 47.9%. Besides commission and delivery revenue, revenue from premium placements also increased significantly in the reporting period.

Group revenue by type[1]

EUR million



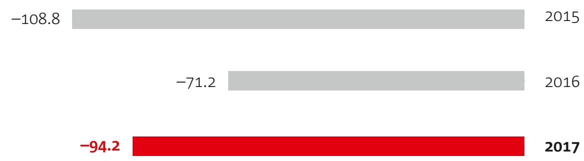
[2] Adjusted, refer to section E. 02. a) of the Consolidated Financial Statements.

Commissions revenues increased by 87.6% to € 408.0 million (previous year: € 217.3 million) representing 75.0% of total revenue. Delivery revenues increased by 201.3% to € 47.3 million (previous year: € 15.9 million).

Development of adjusted EBITDA

Adjusted EBITDA of the segments[1]

EUR million

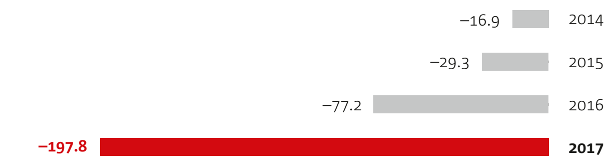


[1] Continuing operations.

In 2017 the negative adjusted EBITDA increase to € 94.2 million (2016: negative € 71.2 million). On like-for-like basis, the negative adjusted EBITDA improved by € 18.4 million, from € 112.6 million to € 94.2 million. The negative adjusted EBITDA margin improved from 24% (or 34% on like-for-like) to 17%. Although the investment in further growth of the Group caused the adjusted EBITDA to increase, the adjusted negative EBITDA margin improved as a result of scaling effects in marketing, IT and general administrative expenses. In contrast, cost of sales increased in proportion to revenue due to the addition of more own delivery businesses from the acquired foodpanda group as well as the roll out of own delivery in many more markets in 2017.

Cost of sales

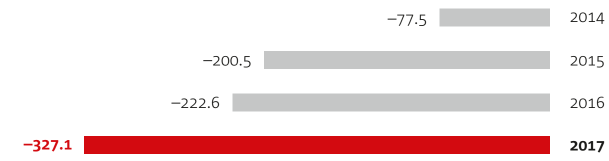
EUR million



Delivery expenses (€ 144.0 million, previous year: € 50.8 million) represent 72.8% (previous year: 65.8%) of cost of sales in 2017 (€ 197.8 million, previous year: € 77.2 million) resulting in a disproportional increase of cost of sales (156.2%) to the increase of revenue (87.5%) year-on-year. This development is due to the expansion of the delivery business in 2017, especially in MENA and the Americas. Delivery expenses comprise own driver/rider personnel (2017: € 66.0 million, previous year: € 29.2 million) and external riders and other operating delivery personnel (2017: € 78.0 million, previous year: € 21.9 million). In addition, fees for payment services increased by € 12.2 million due to a higher online payment share.

Marketing expenses

EUR million



Marketing expenses increased by € 104.5 million year-on-year to € 327.1 million. They mainly include expenses for customer acquisition of € 180.0 million (previous year: € 108.3 million) and expenses relating to restaurant acquisition of € 73.6 million (previous year: € 56.2 million). This increase reflects the organic growth, the acquisition of the foodpanda group and increased competition in certain markets.

IT expenses increased by € 13.8 million to € 45.1 million. They mainly comprise personnel expenses. Most of our IT expenses are invested in R&D of our local platforms and central support functions to enhance the value for our partner restaurants and to further improve the customer experience (2017: about € 29.0 million; 2016: about € 16.5 million).

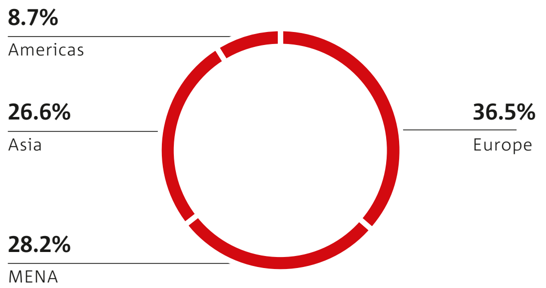
General administrative expenses amount to € 221.5 million in 2017 (previous year: € 100.9 million). This is mainly due to a € 53.8 million increase in share-based compensation expenses to € 69.5 million and a € 37.5 million increase in other personnel expenses to € 63.7 million. Share-based payment expenses in 2017 increased due to an increased number of awards granted following the roll-over of minorities preceding the IPO as well as valuation effects. The increase in general administrative expenses is further affected by the acquisition of the foodpanda group in December 2016.

Other operating income increased in 2017 to € 25.3 million (previous year: € 2.2 million). The increase is due to the disposal gain of € 20.3 million for the divestment of foodpanda India in December 2017. Other operating expenses amount to € 22.6 million in 2017 (previous year: € 19.9 million). The evolution is mainly due to a € 9.3 million increase in expenses for bad debt allowances to € 15.3 million in 2017 that reflects the increased business activities. In addition, the other operating expenses comprise impairments of goodwill relating to the CGU Croatia and CGU 9Cookies amounting to a total of € 4.0 million.

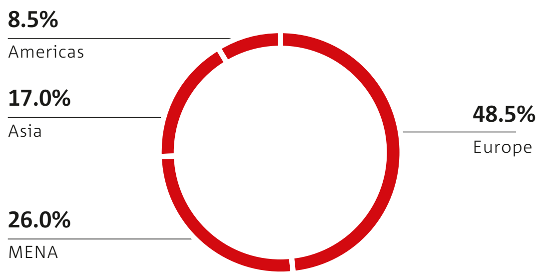
b) Business development by segment

Delivery Hero has divided its operating activities into the operating segments Europe, MENA, Asia and the Americas. The key financial performance indicators for managing the Group are revenue and adjusted EBITDA. While revenue is indicative of the Group's ability to grow and to provide attractive service offerings to its customers, adjusted EBITDA indicates the Group's ability to become profitable.

Group revenue by segments 2017



Group revenue by segments 2016



The performance of our segments is summarized based on the main KPIs below:

EUR million	2017	2016	Change EUR million	Change %
Europe	**198.8**	140.6	58.2	41.4
MENA	**153.3**	75.5	77.7	> 100
Asia	**144.8**	49.3	95.5	> 100
Americas	**47.4**	24.8	22.5	90.8
Segment revenue	**544.2**	**290.3**	**253.9**	**87.5**
Consolidation	**–**	–	–	–
Reconciliation effects	**–0.5**	–0.4[1]	–0.1[1]	17.0[1]
Group revenue	**543.7**	**289.9[1]**	**253.9[1]**	**87.6[1]**

[1] The 2016 comparative Group revenue and reconciliation effects are adjusted. Contractual provisions have been misinterpreted by assuming the DH Group to act as principal for certain food sales to end customers with the result of recognizing revenue and cost of sales on a gross basis. 2016 Group revenues and reconciliation effects are adjusted (by € –7.1 million). Cost of sales are adjusted correspondingly by this amount.

EUR million	2017	2016	Change EUR million	Change %
Europe	**–45.5**	–47.5	2.1	–4.4
MENA	**23.9**	21.2	2.7	12.6
Asia	**–47.1**	–25.1	–22.0	87.8
Americas	**–25.4**	–19.7	–5.7	28.8
Adjusted EBITDA of the segments	**–94.2**	**–71.2**	**–23.0**	**32.3**
Consolidation adjusments	**–2.1**	–0.6	–1.5	> 100
Management adjustments	**–32.9**	–11.2	–21.7	> 100
Expenses for share-based compensation	**–69.5**	–15.8	–53.8	> 100
Other reconciliation items	**8.3**	–8.1	16.4	> 100
Amortization and depreciation	**–54.7**	–52.9	–1.8	3.3
Net interest and other financial result	**–91.3**	–42.5	–48.9	> 100
Earnings before income taxes	**–336.4**	**–202.3**	**–134.1**	**66.3**

Management adjustments relate to costs for services relating to business transactions and financing rounds of € 22.3 million (previous year: € 6.3 million), expenses for the realization of capital market viability of € 5.0 million (previous year: € 2.4 million), costs for reorganization measures of € 5.1 million (previous year: € 1.8 million) and costs for the implementation of information technologies of € 0.5 million (previous year: € 0.8 million).

Other reconciliation items include non-operating income and expenses. In 2017, this item included in particular gains from the disposal of subsidiaries of € 19.5 million (previous year: € –1.5 million), impairment of other assets and other receivables of € 0.6 million (previous year: € 2.9 million) as well as non-income-tax of € 6.2 million (previous year: € 2.6 million).

Number of orders

million	2017	2016	Change million	Change %
Europe	**73.3**	51.6	21.7	41.9
MENA	**123.1**	70.0	53.1	75.9
Asia	**67.6**	29.5	38.1	128.8
Americas	**27.5**	19.6	7.9	40.6
Total	**291.5**	**170.7**	**120.8**	**70.7**

GMV

EUR million	2017	2016	Change EUR million	Change %
Europe	**1,160.5**	850.7	309.8	36.4
MENA	**1,369.9**	784.0	585.9	74.7
Asia	**924.4**	457.3	467.1	102.1
Americas	**369.5**	231.8	137.7	59.4
Total	**3,824.3**	**2,323.8**	**1,500.5**	**64.6**

Europe

In 2017, the Europe segment increased strongly in revenue by 41% to € 198.8 million (2016: € 140.6 million) and in orders by 42% to 73 million (2016: 52 million). Besides organic growth, the acquisition of the foodpanda group in December 2016 contributed to this trend. On a like-for-like basis revenue grew by 36% and orders by 28% year-on-year.

Despite further revenue growth in 2017, including year-on-year higher investments in gaining new users, the adjusted EBITDA did improve from negative € 47.5 million in 2016 to negative € 45.5 million. Accordingly, the negative adjusted EBITDA margin for the Europe segment improved from negative 33.7% in 2016 to negative 22.9% in 2017. The significant organic growth in the Europe segment is attributable to our home market of Germany and other European markets.

MENA

In 2017, the MENA segment continued to grow strongly in revenue (103%) to € 153.3 million (2016: € 75.5 million) and in orders (76%) to 123 million (2016: 70 million). The foodpanda brands acquired in December 2016, particularly Hungerstation and Otlob, significantly contributed to these increases. On a like-for-like basis, revenue grew by 87% and orders by 63% year-on-year.

The adjusted EBITDA in our MENA segment increased from € 21.2 million in 2016 to € 23.9 million in 2017. The adjusted EBITDA margin decreased from 28.1% in 2016 to 15.5% in 2017, which results from higher customer acquisition costs as well as the introduction of own delivery in KSA and Kuwait. The Carriage group, acquired in June 2017, which provides own delivery services also affected the adjusted EBITDA margin.

Asia

In 2017, the Asia segment grew positively with increasing revenue (194%) to € 144.8 million (2016: € 49.3 million) and orders (129%) to 67.6 million (2016: 29.5 million). Besides organic growth the acquisition of the foodpanda group in December 2016, adding many new Asian markets to the Group’s portfolio, contributed significantly to this trend. On like-for-like basis revenue grew by 66% and orders by 48% year-on-year.

The negative adjusted EBITDA in our Asia segment increased to negative € 47.1 million (2016: negative € 25.1 million). This increase particularly results from higher delivery expenses in connection with the introduction of own delivery services in further markets contributed by the foodpanda group in 2017. The negative adjusted EBITDA margin improved to negative 32.5% in 2017 (2016: negative 50.9%).

Americas

In 2017, revenue in the Americas segment increased by 90.8% to € 47.4 million (2016: € 24.8 million) and the number of orders grew by 41% to 28.0 million (2016: 19.6 million). Beside the growth in commission revenue, revenue from premium placements and revenues for delivery fees increased in comparison with the previous period.

Although adjusted EBITDA increased by 28.8% to negative € 25.4 million in 2017 (2016: negative € 19.7 million) the negative adjusted EBITDA margin improved from negative 79.4% to negative 53.6% in 2017.

c) Financial Position

The Delivery Hero Group treasury function manages the liquidity requirements for Delivery Hero AG and its consolidated subsidiaries. The primary goal of financial management is the timely provision of liquidity to the Group's subsidiaries, meeting the Group's payment obligation in due course and efficiently consign excess funds in banks. Financial management is based on 36 months cash forecast for the Group and a detailed monthly liquidity plan for the operating entities of the Group. Cash inflow from financing rounds and capital increases are administered by Delivery Hero AG and will be allocated to subsidiaries and provided for strategic measures as needed. During the reporting period the Group was able to meet its payment obligations at any time.

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

EUR million	**2017**	2016
Cash and cash equivalents as of Jan. 1[1]	230.9	160.2
Cash flows from operating activities	–210.6	–96.0
Cash flows from investing activities	–117.5	111.8
Cash flows from financing activities	748.8	58.4
Effect of exchange rate movements on cash and cash equivalents	–10.5	–3.6
Net change in cash and cash equivalents	420.6	74.3
Cash and cash equivalents as of Dec. 31[1]	**640.9**	**230.9**

[1] Cash included in a disposal group classified as held for sale December 31, 2017: € 13.6 million (December 31, 2016: € 2.0 million).

Cash flows from operating activities (continued and discontinued operations) was still negative at € 210.6 million, due to many Group entities not yet reaching break-even and the emphasis on growth throughout 2017.

The operating cash flows are affected by higher cost of sales, predominately delivery costs, but also, higher costs in all other functional areas, including marketing, IT and general administration. Trade working capital increased during 2017.

Cash flows from investing activities (continued and discontinued operations) of negative € 117.5 million mainly includes payment for the acquisition of shares in the Carriage group (€ 84.8 million, net of cash € 81.6 million), the acquisition of Fly & Company and the Appetito24 group (together € 11.0 million, net of cash € 9.5 million), as well as investments in intangible assets (€ 6.5 million) and property, plant and equipment (€ 16.6 million).

Cash flows from financing activities (continued and discontinued operations) of € 748.8 million (2016: € 58.4 million) resulted in particular from capital injections in the course of the Naspers funding round (€ 301.4 million) in May 2017 and the capital increase in December 2017 (€ 360.1 million). In the course of the IPO of Delivery Hero AG on June 30, 2017, the Company received liquid funds in the amount of € 467.9 million (net of transaction costs).

Loans and bank liabilities, taking into account the additional take out of an amount of € 25.0 million in the beginning of 2017, were repaid (€ 393.4 million) with proceeds from either the Naspers financing round or the IPO.

As a result of the capital and liquidity measures described above, the Group's financial position as of December 31, 2017 has improved significantly compared to December 31, 2016.

Cash and cash equivalents increased by € 410.0 million to € 640.9 million as of the reporting date (December 31, 2016: € 230.9 million), which exclude the cash from the sale of hungryhouse in January 2018.

Cash and cash equivalents were not subject to any significant restrictions as of the reporting date.

As of December 31, 2017 the Group had unused credit lines from third parties amounting to € 75.0 million (previous year: € 25.0 million).

d) Net assets

The Group's balance sheet is structured as follows:

EUR million	Dec. 31, 2017	%	Restated[1] Dec. 31, 2016	%	Change
Non-current assets	1,283.6	61	1,323.9	80	−40.3
Current assets	764.6	39	308.2	20	456.4
Total assets	**2,048.2**	**100**	**1,632.1**	**100**	**416.1**

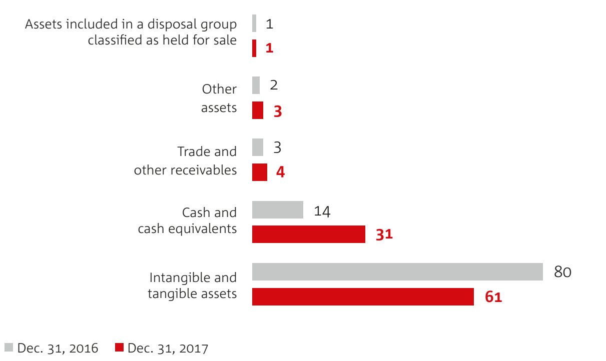
EUR million	Dec. 31, 2017	%	Dec. 31, 2016	%	Change
Equity	1,720.8	84	892.2	55	828.6
Non-current liabilities	105.2	5	502.6	31	−397.4
Current liabilities	222.2	11	237.3	15	−15.1
Total liabilities and equity	**2,048.2**	**100**	**1,632.1**	**100**	**416.1**

[1] Refer to section A.02. of the Consolidated Financial Statements.

The increase in the Group's total assets resulted primarily from the funds received in the IPO as of June 30, 2017 (€ 467.9 million (net of transaction costs)), the Naspers funding round in May 2017 (€ 301.4 million) and the capital increase in December 2017 (€ 360.1 million (net of transaction costs)). This increase was partly offset by the repayment of all bank liabilities (December 31, 2016: € 116.4 million) and all loan payables (December 31, 2016: € 230.8 million).

Structure of statement of financial position

(in % of total assets)

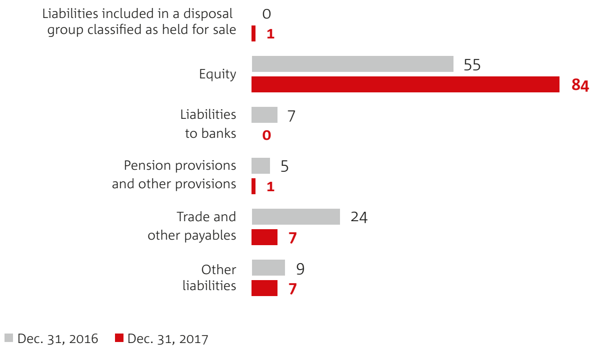


Non-current assets remain the largest portion of the balance sheet with 61% as of December 31, 2017 (previous year: 80%). They mainly comprise intangible assets of € 1,222.6 million (previous year: € 1,294.0 million), thereof goodwill € 713.5 million (previous year: € 691.2 million[12]), trademarks € 367.7 million (previous year: € 437.0 million) and customer base € 126.0 million (previous year: € 148.0 million). Goodwill of € 79.8 million resulted from the acquisition of the Carriage group, € 12.4 million from the acquisitions of Fly & Company Inc. and the Appetitios24 group in 2017. The decrease in intangible assets (€ 71.4 million) resulted primarily from foreign currency effects notably the appreciation of the Euro.

The significant increase in current assets in 2017 is mainly due to the increase in cash from the measures mentioned above.

Structure of statement of financial position

(in % of liabilities and equity)



[12] Restated.

Equity increased due to the following major measures in 2017:

- IPO proceeds (net of transaction cost) € 467.9 million in June 2017
- Naspers financing round of € 301.4 million in May 2017
- Capital increase in December 2017 € 360.1 million (net of transaction cost)
- Restructuring of existing virtual share option programs into a new uniform share option program in May 2017. The new share option program is classified as an equity-settled award, whereas the previous programs were classified as cash-settled, resulting in an overall effect of € 110.4 million on equity, thereof € 91.4 million reclassification from other provisions as of the date of restructuring (refer to section H. 01. of the Consolidated Financial Statements).

Contrarily, equity is reduced by the 2017 total comprehensive loss of € 446.9 million (previous year: € 256.5 million).

As of the reporting date, non-current liabilities mainly include deferred tax liabilities of € 81.7 million (previous year: € 108.1 million), recognized upon acquisition accounting of previous business combinations. The decline in non-current liabilities (€ 397.4 million) is mainly due to the repayment of all bank liabilities (previous year: € 116.4 million) as well as all loan payables (previous year: € 230.8 million) with IPO proceeds.

The decline in current liabilities is primarily due to the restructuring of the share-based compensation arrangements, resulting in a reclassification of all equity settled awards in May 2017 from provision for share-based compensation to equity (December 31, 2017: € 12.3 million; December 31, 2016: € 64.6 million).

e) Overall assessment

The Management Board assesses the financial position, financial performance and earnings situation as positive and in view of the considerable growth in the reporting year, in line with expectations. Delivery Hero increased its revenue significantly, made strategic investments and strengthened its position in the Group's relevant markets in the financial year 2017. The Company's targets for revenue and adjusted EBIDTA margin were met. The negative 2017 adjusted EBITDA (€ 94.2 million) is slightly higher as expected due to additional investments into growth that could be achieved in 2017. The corresponding revenue growth above expectations helped to improve the negative adjusted EBITDA margin significantly and to achieve the expected adjusted EBITDA margin in 2017 (17%).

04. EMPLOYEES

The average number of employees increased from 6,848 in 2016 to 12,882 in 2017. This increase, which occurred primarily in the areas of delivery and operations, was a result of the acquisitions made in late 2016 and during 2017 as well as the expansion of the delivery business. In addition, operating activities were expanded across the Group. As of December 31, 2017 Delivery Hero employed 14,631 staff (previous year: 9,209).

C. RISK AND OPPORTUNITY REPORT

01. RISK POLICY PRINCIPLES AND RISK STRATEGY

We consider a risk as a threat of an event, action or non-action occurring that could adversely affect Delivery Hero's ability to achieve its business objectives or implement its strategy. When identifying risks, both negative impacts and lost opportunities are considered equally.

In 2017, the Group had no formalized opportunity management system in place. Accordingly, the risk management system (RMS) described focusses entirely on risks.

The Group's RMS in 2017 corresponds substantially with the system implemented in the previous year.

a) Risk policy principles

Our Enterprise Risk Management ("ERM") is based on the following principles:

- Conscious acceptance of economically viable risks is an essential part of any business activity.
- The goal of ERM is not to avoid risks but to ensure risk transparency through a systematic ERM process. Thereby, risks can be accepted if they are known, assessed, managed and monitored. Further, in consideration of cost-benefit aspects, an accepted risks should correlate with a potential high return and increase in the value of the Group.
- ERM is an integral part of Delivery Hero's business processes and relates to all business activities within the Group.
- The Management Board, the global and local ERM functions and local management teams are responsible for enhancing risk culture and risk awareness. Delivery Hero stands for a strong tone from the top with regards to ERM and all other Governance, Risk and Compliance matters (GRC) in general. Accordingly over the past two years Group management strengthened the GRC and Internal Audit function by adding relevant expertise, embedding local risk management policies in local entities supported by central subject matter experts and further having Internal audit perform an audit of the Group CFO function.
- The ERM ensures a uniform risk understanding throughout the Group by setting definitions, rules and procedures and by documenting them in the ERM manual.
- Every employee within the Group has the responsibility to proactively participate in and support ERM.
- ERM enables risk awareness in business decisions.

b) Risk strategy

The main goal of Delivery Hero's risk strategy is not necessarily to avoid all present and future risks, but to assess risk with regards to costs and benefits and to preserve risk transparency.

Risk appetite

The risk appetite expresses how much risk a company's management is willing to accept to achieve its goals. It can be also defined as deviations from the medium-term plan that the company is willing to accept – within the defined and pursued strategy.

We consider ourselves as "risk-seekers", as we are engaged in a young and innovative business with relatively high inherent risks that rewards with potentially high returns.

Materiality thresholds

Materiality is the threshold when financial information is considered to have an impact on Delivery Hero's results. Risk-related materiality thresholds are derived from our risk appetite. Based on the current growth focus of the Group, the key metric used as reference for the definition of the materiality thresholds is revenue. However, supplementary profitability metrics are likely to be consider to determine the materiality threshold going forward.

Delivery Hero distinguishes between two types of materiality thresholds:

- Reporting thresholds for the identification and assessment of risks. If exceeded, the risks have to be included in the Group's enterprise risk assessment and our regular reporting process. The reporting threshold, considered to have an insignificant financial impact, is defined as follows: Group revenue x 1% x 0.5 (€ 2.7 million in 2017).
- Materiality limits/escalation criteria for ad-hoc reporting. If exceeded during the monitoring phase, risks have to be immediately reported to the Risk Manager, the Management Board or the Supervisory Board, depending on the risk level (low, medium, high). The materiality limit/escalation criteria for ad-hoc reporting, corresponding to a medium financial impact, is defined as follows: greater Group revenue x 2.5% (>€ 10.0 million in 2017).

02. GROUP-WIDE RISK MANAGEMENT SYSTEM (RMS)

The key objectives of Delivery Hero's RMS are to manage and streamline the Group-wide Risk Management process, to control all Risk Management related activities and to ensure a comprehensive view on all significant risks of the Group. The RMS identifies, assesses, manages, mitigates and monitors risks.

Delivery Hero's RMS considers the key elements in accordance with Section 315 (2), No. 1a HGB and the internationally recognized COSO framework of the Committee of Sponsoring Organizations of the Treadway Commission.

Delivery Hero's RMS consists of the pillars risk identification, risk assessment, risk treatment, risk monitoring and risk reporting. This includes the risk management process and its instruments as well as all underlying principles and guidelines. The RMS is closely aligned with the determination of the Group's strategy and its business objectives, including safeguarding of the Group's assets and the value chain. The RMS deals with all significant risks, not only with risks that could jeopardize the existence of the Group.

a) Risk identification

Risks are identified by all employees of Delivery Hero, by our nominated risk owners throughout the different departments and by local and global risk managers. This happens through data analyses, process reviews, interviews and actual events.

b) Risk assessment

After identification, the risk owners, supported by local risk managers, assess their individual risks based on the evaluation criteria described below. Those criteria are applicable to all subsidiaries of Delivery Hero to ensure that all risks are assessed uniformly in order assure to comparability.

Risks are assessed in respect to two dimensions:

— **Impact** is the extent to which the risk, if realized, would affect Delivery Hero and its objectives.
— **Likelihood** is defined as the probability of a risk occurring over a predefined period.

The combination of likelihood of occurrence and impact results in the risk assessment.

Risk

Identification	Assessment	Treatment	Monitoring	Reporting
Risks are identified and listed through data research, interviews, review of processes and follow up of incidents.	Identified risks are assessed according to their likelihood and impacts which is determining the risk rating.	Assessed risks are treated according to one of the selected risk responses: avoid, reduce/mitigate, transfer or accept.	All identified risks and the related response strategies are closely and regular monitored. Key Risk Indicators are the main tools used for monitoring.	Monitored risks are periodically reported to management.

Identified risks in the red area of the matrix require immediate action from management with high priority or need to be monitored closely. Risks of the amber area are categorized as medium risks which require mid-term action and/or regular monitoring. Risks in the green area are not excluded from actions but have a lower priority.

For assessing the potential impact of a risk, different perspectives are considered. Risks can be evaluated either from a quantitative (financial) perspective and/or from qualitative perspectives such as business objectives, brand image, operations, health, legal and environment.

The impact scale ranges from insignificant (score of one) to disastrous (score of five):

I. Insignificant: The risk does not affect the daily performance/insignificant financial losses/no injuries

II. Low: Minimal impairment of daily business/first aid for injuries required/situation immediately under control/low financial losses

III. Medium: Medium interruptions of daily business/medical care needed in case of injuries/medium financial losses/damage is limited by external assistance

IV. High: Temporary loss of business functionality and capacity, major violation/damage to reputation, but without long-term and subsequent effects or large financial losses

V. Critical: Massive financial losses/bankruptcies/death, reputational damage or damage of the relationship with the stakeholders.

The financial impact is usually the primary scale for the impact assessment.

Risk matrix and financial impact scale of Delivery Hero

Impact \ Likelihood	(1–20%)	(>20–40%)	(>40–60%)	(>60–80%)	(<80%)
Critical (€ >50 million)	Medium	Medium	High	High	High
High (€ 25–50 million)	Medium	Medium	Medium	High	High
Medium (€ 12,5–25 million)	Low	Medium	Medium	Medium	High
Low (€ 2,5–12,5 million)	Low	Low	Medium	Medium	Medium
Insignificant (€ <2,5 million)	Low	Low	Low	Medium	Medium

Gross versus net risk

In a first step, we evaluate a risk without considering the effect of the risk treatment strategy (see next section) and the risk mitigation measures (the gross risk). In the second step, we then define the remaining net risk, taking into account the risk treatment as well as the implementation of any risk mitigation measures.

The chart below presents the differences between gross and net risk.

c) Risk treatment

The treatment of risks encompasses actions or strategies to manage identified and assessed risks. One of the five following options needs to be chosen by the risk owner in alignment with management:

I. Risk avoidance: Risk can be avoided by stopping a certain activity that is posing the risk.

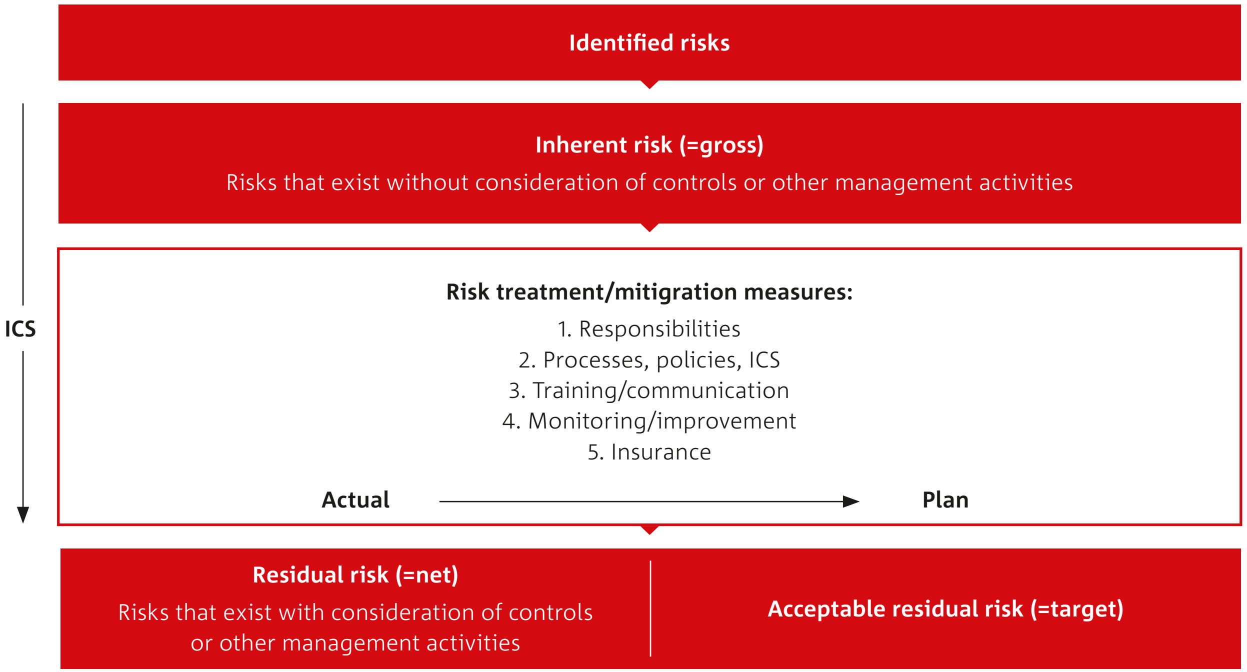
II. Risk reduction/mitigation: Risk can be reduced by taking necessary measures.

III. Risk transfer: The risk can be transferred to a third party, insurance, or consulting company.

IV. Risk acceptance: Taking no action can be favored considering cost-benefit analysis.

V. Risk diversification: e.g. spreading risk through serving of multiple markets

Differences between gross and net risk



d) Risk monitoring

Risk monitoring refers to the continuous follow-up of identified, assessed and treated risks with the respective risk controller and/or local risk and compliance manager with the purpose of evaluating the latest likelihoods and impacts as well as to monitor and re-evaluate the defined actions and the progress of implementation. Continuous risk monitoring is a collective responsibility between the global risk managers, local risk managers, as well as with the respective risk owners. Continued risk monitoring is carried on monthly basis.

e) Risk reporting

We have established the following reporting structure for the key risks identified:

I. Quarterly risk & compliance committee meeting (consisting of Management Board, general counsel and internal audit)

II. Regular updates to the audit committee (consisting of Supervisory Board members, CFO, internal audit and general counsel)

III. On demand updates to the Supervisory Board

IV. Ad-hoc updates for critical risks to the Management Board and/or Supervisory Board.

03. SYSTEM OF INTERNAL FINANCIAL REPORTING CONTROLS

In addition to the Group-wide RMS, Delivery Hero has implemented a detailed system of internal financial reporting controls. This system aims to identify, evaluate and control all risks that could have a significant impact on the proper preparation of the Consolidated Financial Statements. As a key component of the accounting and reporting process, the system of internal financial reporting controls comprises preventive, monitoring and investigative control measures in accounting and operational functions which ensure a methodical and consistent process for preparing the financial statements. The control system is based on the various Group processes that have a significant impact on financial reporting.

These processes and the relevant risk for the financial reporting are analyzed and documented. A control matrix contains all controls, including a description of the control, type of control, frequency with which it is carried out. We have implemented standardized monthly reporting and review procedures for subsidiary financial statements. These are subject to a multi-level monthly review process on regional and Group level to ensure consistency and correctness across the Group. Our global accounting manual provides detailed accounting instructions for all key components of the financial statements to the Group's finance teams. The identification of risks for the consolidated financial reporting further involves observations of the Group's internal audit function and of the results of preceding statutory audits as well as the assessment of risks by the Group accounting function. Based on the assessment of complexity and the involvement of judgement within the application of accounting policies, the accounting for selected complex reporting topics, e.g. business combinations and share-based compensation arrangements, is centrally administered in order to comply with the Group's reporting requirements. Risks are further mitigated by the cross functional exchange among central functions, in particular between Legal, Strategy and Group accounting. Identified risks are continuously monitored and reassessed. Based on this assessment and in accordance with requirements of the respective International Financial Reporting Standards the risks are reflected and disclosed in the Group's Consolidated Financial Statements. The system of internal controls is subject to regular reviews by the GRC department and/or risk-based assessments performed by internal audit.

04. INTERNAL AUDIT SYSTEM

The primary role of internal audit is to assist the Management Board in achieving the Organization's stated goals and objectives by providing independent and objective evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls.

Internal audit within Delivery Hero is an independent function that reports functionally to the audit committee of the Supervisory Board and administratively to the CFO. Internal audit is a function separate and distinct from management, the risk, governance and compliance function and the external auditors. The internal audit function operates to support strong corporate governance, with reference to applicable laws, the Standards of the Institute of Internal Auditors (IIA) and the German Institute of Internal Auditors (Deutsches Institut für Interne Revision (DIIR)). Internal audit adheres to the principles of the IIA code of ethics.

On an annual basis, internal audit prepares an internal audit plan taking into consideration risks identified and assessed from the RMS. This risk-based audit plan is approved by the audit committee and audits are conducted to assess the adequacy and effectiveness of Delivery Hero's system of internal controls in addressing strategic, operational, information technology, financial, and compliance risks. On a quarterly basis, the head of internal audit also provides the audit committee of the Supervisory Board with an internal audit report. This report includes the status of the audits in the annual internal audit plan, key findings arising from completed audits and the implementation status of outstanding management action plans.

05. RISK REPORT

Our overall risk situation remains at an elevated level which we consider normal for a "young" business like ours. It is largely unchanged year-on-year, although some of the individual risk areas (strategic, operational, compliance and finance) may have increased or decreased compared to December 31, 2016. Individual risks are generally assessed for existence for a twelve month period from the reporting date.

We describe the key risks of each risk area below. These risks are applicable to all our segments (unless explicit reference to individual segments is made) and based on the gross risk assessment.

a) Strategic risks

The online food delivery market is becoming increasingly popular, supported by the growing internet penetration and use of smartphones worldwide. However, the industry environment continues to be highly competitive driven by new market entrances and large global technology companies entering the food delivery space (UberEATS, Amazon), as well as restaurants themselves continuing to invest in direct sales channels, both over the phone and online.

As of today, Delivery Hero is subject to competitive pressure in various countries, from other aggregator as well as own delivery models and large chains and brands, such as Korea (with BDMJ, Kakao, Naver UberEATS, McDonalds, Pizzahut, Dominos and many others), UAE (where Zomato and UberEATS operates) and Germany (Lieferando, Dominos, Call-a-pizza, Hallopizza and many others) etc. As large ecommerce companies such as Amazon are entering the market, Delivery Hero is focusing on maintaining restaurant and end customer loyalty, as well as expanding its market. The risk of increasing competitive pressure is considered high.

As we operate in a large number of countries, including emerging and developing markets, we are subject to economic, political and legal risks in these countries. Unexpected regulatory or capital market requirements as well as changes in applicable laws are examples which require Delivery Hero to flexibly adapt to changes in its markets. Furthermore, turbulences in the financial markets, the economic and institutional stability of the Eurozone, an expansive monetary policy of large central banks worldwide and an unresolved debt problem in numerous industrial and developing countries result in considerable risks for our business. The risk of economic, political, legal and financial risks is considered medium.

Generally, a non-growing economy in one of our operating markets could cause a reduction of online food ordering as purchasing power may decrease. A static economy is one of the factors increasing the counter-party risk, as receivables from our restaurant partners could be harder to collect. Increasing unemployment rates may impact our order volume growth, since online food delivery is more popular among people who spend more time at their workplace then at home and have less time to cook. The risk of static economies among the Group is low.

In order to identify such strategic risks in a timely manner, we promote local entrepreneurship and we enable our local management teams (who know their markets best) to react quickly to individual market changes which impact our business model.

b) Operational risks

As an online company, Delivery Hero operates websites, platforms, payment solutions and other data systems, which we use to collect, maintain, transmit and store information about our partner restaurants, customers and suppliers. They all rely on the security of our systems and that their data are handled properly and are not misused. Any breaches would result in material reputational damage. Therefore, we are making great efforts to maintain and continuously improve our data security measures. However, cyberattacks in particular remain the biggest inherent risk of our business model. As the nature and characteristics of cyberattacks are evolving very fast, there is a risk that new security gaps cannot be closed as fast as required. Our Supervisory and Management Boards have made cyber security one of the key issues for the upcoming year.

Delivery Hero is also subject to several business continuity risks. As an internet-based company, we are strongly dependent on the functionality, security and stability of our websites and online order platforms. As online food delivery is preferred mainly because of its convenience, even short system downtimes can lead to high financial losses, including negative impact on the brand image.

To avoid harm to our systems, we are in the process of implementing measures and we are continuously evaluating and implementing processes in order to achieve a state that reflects best practice processes, which include comprehensive internal controls and employee IT expertise. Before implementation, proprietary software is tested within quality assurance processes. Methods used to provide defenses against external attacks include the use of external service providers, redundant systems and regular stress tests. Moreover, an incident management process has been established that enables a systematic search for the causes of any malfunctions. The risk of data security issues and system malfunctions is considered high.

c) Compliance risks

Government regulations and legal uncertainties may place administrative and financial burdens on our businesses. As the internet continues to revolutionize commercial relationships on a global scale and the use of the internet and mobile devices in everyday life becomes more prevalent, new laws and regulations relating to the internet and the e-commerce sector in particular may be adopted. These laws and regulations may affect many components of our business such as the collection, use and protection of data from website visitors and related privacy issues, online payments, pricing, anti-bribery, tax, commission rates charged to our partner restaurants, content, copyrights, trademarks, origin, distribution and quality of goods and services.

Delivery Hero is in the segment Europe subject to the EU Payment Services Directive II which covers online-based payment services and provides a uniform regulation of payments via the internet and mobile phones. It increases customer protection and the requirements for user authentication. In particular, the Payment Services Directive II prevents European companies without a banking or payment services license to collect and hold bank account payments resulting from online transactions on behalf of restaurants. This forces us to either outsource the provision of payment services to third parties, to discontinue our online payment services, or to apply for a banking or payment services license. The adoption or modification of such laws or regulations relating to our operations could adversely affect our business by increasing compliance costs, including as a result of confidentiality or security breaches in the case of noncompliance, and the administrative burden. The risk from payment service regulations is considered high.

In addition, privacy-related regulation of the internet could interfere with our strategy to collect and use personal information as part of our marketing efforts and operations. For instance, the European Union has enacted the General Data Protection Regulation (Regulation 2016/679/EU of the European Parliament and Council of April 27, 2016, the "General Data Protection Regulation") which will come into effect in May 2018 and which imposes new and stricter conditions and limitations on the processing, use and transmission of personal data in our segment Europe. We must comply with such regulations in the European Union, as well as with other regulations in other countries where we may do business. Local authorities may construe the relevant data protection laws in a restrictive way and there is no guarantee that we will be able to comply with such restrictive approaches. Any noncompliance with the applicable regulations on our part could lead to fines and other sanctions. For example, the General Data Protection Regulation provides that violations of data protection rules can be fined, depending on the circumstances, by up to the higher of € 20 million and 4% of the annual global turnover of the infringing person. The data privacy related risks are considered high.

As another example, the restaurants in our European segment are subject to numerous food labelling regulations, such as the EU Regulation on the provision of food information to consumers, and the German Ordinance on Food Additives Approval (Zusatzstoff-Zulassungsverordnung). Our online marketplaces are subject to those regulations. These regulations provide for, among other things, labeling requirements with regard to the name of the food, the list of ingredients, particularly those known to cause allergies or intolerances, the net quantity of the food and the use by date. Compliance with these regulations by our partner restaurants requires that they are aware of the ingredients and allergen content of their dishes. We are dependent on the accuracy of the relevant information being furnished to our marketplaces by our partner restaurants. There is no guarantee that the provided information is sufficient and/or correct. Risks for food labeling requirements are considered high.

Our Group is already subject to a complex set of numerous laws and regulations relating to e-commerce, data security and protection. We cannot rule out that we have not been in full compliance with these provisions in the past, due to the complexity and pace of evolvement of both applicable regulations and our business and organizational structures. However, we have established programs and projects for all of the issues mentioned above, supported by external experts, with the objective of complying with these new regulations as well as being prepared for future regulatory challenges.

d) Financial risks

We also have to consider exchange rate risks in all our segments since our operations are conducted in many different currencies, including, among others, the Turkish Lira, the Argentinian Peso, the Korean Won, the Swedish Krona, the Czech Koruna and the Great British Pound, exposing us to foreign currency exchange risks. Driven by our geographic footprint and investing activities outside the European Monetary Union, such risks are caused by fluctuations or devaluations of currencies as well as foreign exchange controls or governmental measures that impact our ability to convert currencies and repatriate dividends, if any. Currency exchange risks and movements in foreign exchange rates between the euro and the currencies of the local markets may materially impact the results of our operations due to translation effects. Adverse translation effects are caused by the translation of financial results of our consolidated subsidiaries prepared in their respective functional currencies into Euro, our reporting currency, in the course of preparing the Group's Consolidated Financial Statements. Financial risks are considered medium.

From a financing perspective of our business, we have significantly improved our liquidity situation over the past months, which has reduced the associated risks of funding our operational business as well as our M&A activities. Due to successful public share offerings, additional investments by new shareholders and recent company sales (e.g. hungryhouse), Delivery Hero achieved a strong financial position.

06. OPPORTUNITY REPORT

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

Macroeconomic development

The global food market had a size of € 7.5 trillion in 2016[13] and we estimate that the food delivery market in the relevant countries accounted for € 72.2 billion. We believe that growth opportunities in our markets will be driven by several fundamental tailwinds, including increasing online and mobile customer engagement and last-mile logistics capabilities, as well as shifts in customer behavior due to changes in life-style, urbanization and convenience.

Other market developments

As more consumers generate more orders, the marketplace becomes more attractive to restaurants, and being listed in the marketplace becomes an operational necessity at some point.

We envision growth opportunities by expanding own delivery services in additional cities.

Delivery Hero operates in more than 40 countries, which provides us with a substantially larger growth opportunity in comparison with our peers, lower operational and financial risks, and a better opportunity in terms of the significant investments in technology.

Logistics

Innovation in delivery, including demand forecasting models, fleet management and route optimization will enable us to cost optimize our own delivery business. In the future, alternative delivery options, including automated guided vehicles and drones, may complement the delivery options and increase the coverage of our services.

Personalization and customer experience

Hyper personalization of services and recommendation of menu options is targeted to enhance the end-customer experience. Based on data collection and analysis we aim to identify users´ meal preferences before they know them themselves. Such aspect of convenience may provide further growth potential.

Enhancing the customer experience by providing services tailored to individual preferences may further increase the user exposure to our websites. This may enable us to generate complementary revenue from marketing services as well as cross-listing of other services and products.

Technology

Besides Delivery Hero's central support function, the Group maintains several local platform solutions. We believe that further integration of global application solutions into local platforms, will cut maintenance and development costs and have a positive impact on profitability.

Personnel opportunities

Delivery Hero leverages from an enormous pool of talented professionals worldwide, which enables the exchange of know-how and best practices. This global professional network will help us dedicate the best resources to challenges we may face in any country.

As the Delivery Hero network grows further, our reputation will rise and enable us to attract the best talent in the industry. This may become another growth accelerator.

D. SUBSEQUENT EVENTS AND OUTLOOK

01. SUBSEQUENT EVENTS

On January 2, 2018 the DH Group made an investment of USD 105.0 million for a minority stake in Rappi, Inc., a Delaware corporation, parent company of the Rappi Group (Rappi). Rappi is the leading on-demand, multi-vertical delivery platform in Latin America.

On January 31, 2018 DH Group sold its hungryhouse business to Just Eat for GBP 240,0 million. The business was classified as a discontinued operation in 2017 and 2016 (refer to section D. 03. e) of the Consolidated Financial Statements).

As of January 31, 2018, Delivery Hero Group acquired 100% of the shares in Deliveras S.A., Greece (Deliveras), a food delivery platform based in Athens for a total consideration of € 4.7 million (refer to section I. of the Consolidated Financial Statements).

02. OUTLOOK

a) Macroeconomic and industry outlook

In March 2018, the IMF issued in its World Economic Outlook a global economic growth of 3.9% for 2018. This growth is expected to be driven by a number of factors, such a fiscal stimulus and investments. However, the IMF also sees a couple of risk factors that can derail the recovery – mainly referring to political and trade tensions as well as high debt.

[13] Euromonitor International, Economies and Consumers, global food market represents consumer expenditure on food and catering, value at fixed 2016 exchange rate.

In addition, the global food service market is highly fragmented and inefficient - and thus offers growth opportunities[14] for Delivery Hero.

Delivery Hero is well positioned to benefit from these favorable trends and developments due to its global footprint, the leading market position in key markets and its broad customer base. In addition, the global food service market is highly fragmented and inefficient – enabling further growth opportunities.

b) Company expectations

In 2017, Delivery Hero has achieved order, GMV and revenue growth of 48%, 46% and 60%, respectively, on a like-for-like basis. For 2018, we are confident that this momentum will continue and expect a significant organic increase in orders, GMV and revenues compared with 2017.This growth will be driven by:

- Further strengthening our position as a leading global online food ordering and delivery marketplace – attracting new customers across more than 40 countries.
- Continuously improving the takeaway and delivery experience that we provide to our customers – translating into high customer loyalty.
- Offering the best restaurants on Delivery Hero's marketplaces via a tightly managed online marketplace with all relevant cuisines in delivery areas.
- Further developments in our technology with highly automated and innovative services to both customers and restaurants.
- Increased demand for food ordering and online food delivery services in the markets the Group is active.

At the same time, in 2018 the cost base is expected to grow disproportionally lower than revenues compared with 2017 – driven by the scalable nature of our business model. This will result in a significant improvement of the negative adjusted EBITDA and of the adjusted EBITDA margin in 2018 compared with 2017. We expect to be breakeven on adjusted EBIDA basis on a monthly level by end of Q4 2018.

Due to the comparatively short 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. Besides factors that can be impacted by Delivery Hero, adjusted EBITDA is also contingent on factors that cannot be influenced. 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 negatively affect adjusted EBITDA and trigger considerable deviations from the estimated results.

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 uncertainty 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.

E. USE OF FINANCIAL INSTRUMENTS

01. RISK MANAGEMENT

Delivery Hero is exposed to default, liquidity and market risks, especially interest rate and foreign currency exchange rate risks, from the use of financial instruments. The objective of financial risk management is to limit these risks arising from business activities and to generally avoid transactions outside the operating business activities that may expose the Group to additional financial risks. Accordingly such risks are monitored within our RMS and managed by the Groups treasury function. Financial risk management addresses the risk by selecting appropriate means, including limitation of external financing in order to minimize interest rate risks, matching when possible foreign currency denominated cash inflows and outflows within the Group to mitigate the foreign currency exposure as well as performance of aging analyses and enforcement of higher share of online payment to reduce the default risk. In 2017 the Group did not enter into hedging transactions to mitigate the risk from financial instruments.

02. LIQUIDITY RISK

Liquidity risk is the potential inability to meet the Group's financial obligations due to the lack of financial resources. As a result of the Naspers financing round in May 2017, the IPO in June 2017, as well as the capital increase in December 2017, the Group has significantly increased its cash and cash equivalents and reduced external financing. Financial management is based on a 36 months cash flows forecast for the Group. In addition the Group implemented in 2018 detailed revolving monthly liquidity plans for the operating Group companies that facilitate mitigating the liquidity risk.

[14] Euromonitor, Independent Consumer Foodservice.

03. MARKET RISK

Market risk is the risk that changes in market prices, such as foreign currency exchange or interest rates, will affect Delivery Hero's results or the value of its holdings of financial instruments. The Group's entities are exposed to currency risk in particular with regard to loan obligations denominated in foreign currencies and intercompany receivables and payables. The following table shows the effects on profit or loss that would result if the foreign currencies had appreciated or depreciated by 10% as of the reporting date.

Changes

	Dec. 31, 2017		Dec. 31, 2016	
EUR million	+10%	–10%	+10%	–10%
EUR-KRW	7.7	–7.7	6.4	–6.4
EUR-TRY	–2.8	2.8	–0.1	0.1
EUR-GBP	3.2	–3.2	1.5	–1.5
EUR-USD	0.2	–0.2	–13.0	13.0
UYU-USD	–0.1	0.1	–1.4	1.4
EUR-PLN	–	–	1.2	–1.2

In the previous year some of the loans drawn by the Group had floating interest rates. Accordingly a 1% higher market interest rate would have led to an effect on 2016 profit or loss of negative € 0.8 million, a 1% lower market interest rate would have no effect on 2016 profit or loss due to interest floor.

At the reporting date, there were no instruments measured at fair value.

04. DEFAULT RISK

The credit or default risk is the risk that business partners, primarily restaurants, do not meet their payment obligations, which may result in a loss for the Group. This risk mainly involves current trade receivables from offline payments. Delivery Hero is not exposed to a significant default risk from a single customer. The default risk is generally spread widely over multiple restaurant partners. Besides an active account receivable management, the Group is mitigating the default risk by aiming for a higher online payment share.

F. OTHER DISCLOSURES

01. TAKEOVER-RELATED INFORMATION PURSUANT TO SECTIONS 289a (1) AND 315a (1) OF THE GERMAN COMMERCIAL CODE (HGB)

Takeover related information pursuant to Sections 289a (1) and 315a (1) of the German Commercial Code (HGB) presented in section Corporate governance report – Takeover-related disclosures and explanatory notes by the Management Board of the 2017 Annual Report are incorporated by reference into this Combined Management Report.

02. COMPENSATION REPORT PURSUANT TO SECTIONS 289A (2) AND 315A (2) OF THE GERMAN COMMERCIAL CODE (HGB)

The compensation report pursuant to Sections 289a (2) and 315a (2) of the German Commercial Code (HGB) presented in section Corporate governance report – Compensation report of the 2017 Annual Report is incorporated by reference into this Combined Management Report.

03. CORPORATE GOVERNANCE CODE

The Management and Supervisory Board of Delivery Hero AG have issued a statement of conformity pursuant to the German Corporate Governance Code (Section 161 of the German Stock Corporation Act (AktG)), which was published on the website of Delivery Hero AG in December 2017 https://ir.deliveryhero.com.

04. NONFINANCIAL STATEMENT FOR THE GROUP

Delivery Hero Group prepared a nonfinancial statement for the Group in accordance with Sections 315c and 289b-e of the German Commercial Code (HGB) which is located in the Annual Report 2017 in Section "Nonfinancial statement for the Group" and is published on the website of Delivery Hero AG https://ir.deliveryhero.com.

05. TREASURY SHARES

For information of the treasury shares held as of the reporting date in accordance with Section 161 (2) no. 2 of the German Stock Corporation Act (AktG) we refer to Section III. Notes to the individual balance sheet items – Equity of the notes to the 2017 financial statements of Delivery Hero AG published on the website of Delivery Hero AG https://ir.deliveryhero.com.

G. SUPPLEMENTARY MANAGEMENT REPORT TO THE SEPARATE FINANCIAL STATEMENTS OF DELIVERY HERO AG

The Management Report of Delivery Hero AG and the Group Management Report have been combined. The Annual Financial Statements of Delivery Hero AG were prepared in accordance with the German Commercial Code (Handelsgesetzbuch) ("HGB").

01. BUSINESS MODEL

Delivery Hero AG (the "Company"), a German stock corporation (Aktiengesellschaft), is the parent company of the Delivery Hero Group with its registered office at Oranienburger Straße 70, 10117 Berlin, Germany.

Delivery Hero AG is the holding company of the Group's subsidiaries that operate online food ordering and delivery marketplaces businesses under the brand Delivery Hero as well as certain regional brands. Its operating activities includes the administration of participation in other companies as well as the provision of general administrative-, marketing- and IT related services and financing to these direct and indirect participations.

Delivery Hero AG is represented by its Management Board, which determines the corporate strategy of the Group. In its capacity as a Group holding company, Delivery Hero AG maintains Group functions including Group accounting, investor relations, risk management, corporate taxes, internal audit, mergers and acquisitions, Group controlling, treasury and human resources.

02. NET ASSETS, FINANCIAL POSITIONS AND RESULT OF OPERATIONS OF THE COMPANY

a) Results of operations

The results of operations of Delivery Hero AG are shown below in a condensed income statement:

EUR million	**2017**	2016	Change	%
Revenue	**35.8**	27.3	8.5	31.1
Other operating income	**34.5**	118.7	–84.3	–71.0
Material expenses	**–0.2**	–1.0	0.8	–75.7
Personnel expenses	**–100.8**	–26.7	–74.1	> 100
Other operating expenses	**–88.9**	–41.2	–47.7	> 100
Depreciation	**–74.1**	–85.0	10.9	–12.8
Net interest and amortization expenses	**–3.5**	–7.9	4.4	–55.6
Income from investments	**7.3**	3.3	3.9	> 100
Earnings before taxes (EBT)	**–190.0**	**–12.4**	**–177.6**	**> 100**
Taxes	**–0.6**	–4.6	4.0	–87.9
Net loss	**–190.6**	**–17.0**	**–173.6**	**> 100**

The increase in revenue in 2017 was mainly attributable to higher services recharges to Group subsidiaries.

In 2017 other operating income declined by € 84.3 million as compared to the previous year. In 2016 the contribution in kind of shares in Online Pizza Norden AB (Delivery Hero Sweden) resulted in an income of € 106.6 million. In 2017 other operating income includes € 9.5 million IPO related transaction costs that were reimbursed by selling shareholders, € 12.5 million recharged cost incurred on behalf of Group subsidiaries as well as € 6.6 million realized and unrealized foreign currency gains.

Personnel expenses increased by € 74.1 million as compared to the previous year. The increase resulted mainly from expenditures for share-based compensation of € 64.0 million in 2017 due to an increased number of awards granted following the acquisition of minorities (roll-over) preceeding the IPO as well as valuation effects. In addition to this effect, an increase in the number of employees resulted in a € 10.1 million increase in personnel expenses.

Other operating expenses increased by € 47.7 million to € 88.9 million, consisting primarily of expenses for currency translation (€ 13.4 million), for consulting services mainly for preparation IPO, M&A and restructuring/reorganization activities (€ 43.6 million) as well as office lease and utilities (€ 5.7 million).

Depreciation, amortization and impairments primarily consist of impairments on non-current financial assets, in 2017 € 74.1 million (previous year: € 85.0 million). The 2017 impairments relate to investments in 9Cookies GmbH, Inversiones CMR S.A.S., Food Delivery Holding 15 S.à.r.l., Senningerberg (LU) and in connection with the derecognition of 51.0% of the shares in Restaurant Partner Polska Sp. z.o.o. (€ 14.4 million). In 2016 impairments related to Delivery Hero Germany GmbH, RGP Local Commons I GmbH & Co KG, RGP Local Holding I GmbH, Ceraon B.V. and Take-eateasy.be SA.

The 2017 net loss primarily increased as a result of higher personnel expenses due to higher share-based compensation cost and increased other operating expenses significantly affected by IPO related costs.

Net loss includes expenses for R&D activities in 2017 of € 6.2 million (2016: € 6.7 million). Furthermore, development cost of € 0.6 million were capitalized in 2017 (2016: n.a.).

In 2018 Delivery Hero AG expects a significant improvement of the net loss driven by higher other operating income in connection with the sale of hungryhouse.

b) Financial position

The following condensed cash flows statement (indirect method) shows the Company's financial position:

EUR million	2017	2016
Cash and cash equivalents at the beginning of the financial year	**0.8**	70.4
Cash flows from operating activities	**–157.5**	–33.0
Cash flows from investing activities	**–209.9**	–101.4
Cash flows from financing activities	**770.5**	64.8
Net change in cash and cash equivalents	**403.1**	–69.6
Effect of movements in exchange rates on cash and cash equivalents	**–0.9**	–
Cash and cash equivalents at the end of the financial year	**403.0**	0.7

The negative cash flows from operating activities resulted mainly from the 2017 net loss (€ 190.6 million) less share-based compensation (€ 70.1 million) and depreciation, amortization and impairments (€ 74.1 million). Further the increase in working capital, particulary from funds provided to subsidiaries for M&A activities (€ 84.8 million), affected the cash flows from operating activities negatively.

Cash flows from investment activities comprised mainly non-current loans to Group subsidiaries.

The positive cash flows from financing activities resulted mainly from cash receipts from the Naspers financing round in May 2017 (€ 301.4 million), IPO proceeds net of bank commissions (€ 468.8 million) and the December 2017 capital increase (€ 360.1 million). Further € 110.7 million were received from an intercompany loan in connection with the acquisition of the foodpanda group. These cash inflows were off set primarily by the repayment of bank loans (€ 118.5 million) and shareholder loans (€ 273.0 million).

As of December 31, 2017 the Company had unused credit lines from third parties amounting to € 75.0 million (previous year: € 25.0 million).

c) Net assets

Net assets are illustrated by means of a condensed balance sheet:

	Dec. 31, 2017		Dec. 31, 2016		
	EUR million	Share (%)	EUR million	Share (%)	Change (%)
Assets					
Non-current assets	2,034.4	78.5	1,853.2	96.5	9.8
Current assets	555.8	21.4	63.7	3.3	> 100
Prepaid expenses	2.6	0.1	2.8	0.1	–6.9
Total assets	**2,592.9**	**100.0**	**1,919.7**	**100.0**	**35.1**
Liabilities					
Equity	2,511.4	96.9	1,073.1	55.9	> 100
Capital contributions paid (not registered yet)	–	–	364.3	19.0	> 100
Provisions	11.8	0.5	58.4	3.0	–79.8
Liabilities	67.1	2.6	421.1	21.9	–84.1
Deferred income	1.3	–	0.1	–	> 100
Deferred tax liabilities	1.3	–	2.7	0.1	–52.1
Total equity and liabilities	**2,592.9**	**100.0**	**1,919.7**	**100.0**	**35.1**

The total assets of Delivery Hero AG increased by 35.1% in 2017. This increase results primarily from inflow of funds from the capital increases used by the Company in the context of its financing activities with its affiliated companies.

Non-current assets as of December 31, 2017 primarily consist of shares in affiliated companies (€ 1,605.3 million; December 31, 2016: € 1,543.0 million) and loans to affiliated companies (€ 410.0 million: December 31, 2016: € 297.0 million).

Current assets as of December 31, 2017 consist primarily of cash and cash equivalents of € 403.0 million; (December 31, 2016: € 0.8 million).

Equity as of December 31, 2017 increased to € 2,511.4 million (December 31, 2016: € 1,073.1 million) mainly as a result of the Naspers financing round in May 2017, the IPO in June 2017 and the capital increase from December 2017. Contrary equity decreased by € 190.6 million from the net loss of the period. The equity ratio improved to 96.9% (December 31, 2016: 55.9%).

The decline in provisions in 2017 as compared to the previous year resulted primarily from the reclassification of the liability for share-based compensation into equity as result of the restructuring of the former long-term incentive programs into a uniform share option program in connection with the conversion of the legal status of the Company into a German stock corporation. The new stock option arrangements are classified as equity instruments recognized in equity whereas the former programs were classified as cash settled.

The liabilities as of December 31, 2017 (€ 67.1 million) relate mainly to fixed interest-bearing loan liabilities to Delivery Hero Group companies of € 53.0 million (previous year: € 153.5 million), thereof € 41.0 million denominated in USD (previous year: n.a.). The decline in liabilities as compared to the previous year is attributable mainly to repayment of loans with the proceeds from the IPO.

d) Overall assessment

The management assessed the Company's net assets, financial position and results of operations as positive due to the substantial improvement of the financial positions and the increased volume of services provided to Group subsidiaries. Although the Company continued to incur significant losses, these were within the foreseeable range.

During the year 2017, we successfully integrated the headquarter functions of the Delivery Hero AG with central functions from the foodpanda group acquired in December 2016. In 2017 the central functions have been strengthened to facilitate technological and administrative integration of the subsidiaries and to accommodate the roll out of the new business opportunities in the Group.

Berlin, April 24, 2018

Niklas Östberg
Chief Executive Officer

Emmanuel Thomassin
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR million	Note	Dec. 31, 2017	Restated[1] Dec. 31, 2016
Non-current assets			
Intangible assets	F. 01.	**1,222.6**	1,294.0
Property, plant and equipment	F. 02.	**23.4**	15.5
Other financial assets	F. 03.	**31.4**	6.7
Other assets	F. 05.	**0.3**	0.1
Deferred tax assets	F. 06.	**–**	4.4
Investments accounted for using the equity method	D. 03.	**5.9**	3.3
		1,283.6	**1,323.9**
Current assets			
Inventories	F. 07.	**2.4**	0.5
Trade and other receivables	F. 04.	**88.8**	50.8
Other assets	F. 05.	**17.6**	11.1
Income tax receivables	F. 15.	**0.4**	0.6
Cash and cash equivalents	F. 08.	**627.3**	228.9
Assets included in a disposal group classified as held for sale	A. 02./ D. 03.	**28.1**	16.3
		764.6	**308.2**
Total assets		**2,048.2**	**1,632.1**

[1] Refer to section A. 02.

Equity and liabilities

EUR million	Note	Dec. 31, 2017	Restated[1] Dec. 31, 2016
Equity			
Share capital/subscribed capital		**182.5**	0.5
Capital reserves		**2,661.3**	1,582.8
Retained earnings and other reserves		**−1,124.5**	−681.5
Treasury shares		**0.0**	0.0
Equity attributable to shareholders of the parent company		**1,719.3**	901.8
Non-controlling interests		**1.5**	−9.6
	F. 09.	**1,720.8**	**892.2**
Non-current liabilities			
Liabilities to banks	F. 10.	**–**	116.4
Pension provisions	F. 11.	**1.9**	1.2
Other provisions	F. 12.	**3.6**	11.8
Trade and other payables	F. 13.	**2.8**	265.0
Other liabilities	F. 14.	**15.2**	0.2
Deferred tax liabilities	F. 06.	**81.7**	108.1
		105.2	**502.6**
Current liabilities			
Other provisions	F. 12.	**21.2**	68.4
Trade and other payables	F. 13.	**135.1**	121.4
Other liabilities	F. 14.	**41.9**	33.2
Income tax liabilities	F. 15.	**10.1**	6.5
Liabilities included in a disposal group classified as held for sale	A. 02./ D. 03.	**13.9**	7.9
		222.2	**237.3**
Total equity and liabilities		**2,048.2**	**1,632.1**

[1] Refer to section A. 02.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR million	Note	2017	2016
Continuing operations			
Revenue	G. 01.	**543.7**	289.9[1]
Cost of sales	G. 02.	**−197.9**	−77.2[1]
Gross profit		**345.8**	**212.7**
Marketing expenses	G. 03.	**−327.1**	−222.6
IT expenses	G. 04.	**−45.1**	−31.3
General administrative expenses	G. 05.	**−221.5**	−100.9
Other operating income	G. 06.	**25.3**	2.2
Other operating expenses	G. 07.	**−22.7**	−19.9
Operating result		**−245.1**	**−159.8**
Net interest cost	G. 08.	**−17.9**	−33.1
Other financial result	G. 09.	**−73.4**	−9.3
Earnings before income taxes		**−336.4**	**−202.3**
Income taxes	G. 10.	**−1.7**	11.0
Net loss for the period from continuing operations		**−338.1**	**−191.3**
Net loss for the period from discontinued operations		**−10.0**	−3.6
Net loss		**−348.1**	**−194.9**

EUR million	Note	2017	2016
Other comprehensive income (net)			
Items not reclassified to profit or loss:			
Remeasurement of net liability (asset) arising on defined benefit pension plans	F. 09. d)	**−0.3**	0.1
Items reclassified to profit or loss in the future:			
Effect of movements in exchange rates	F. 09. d)	**−98.5**	−61.6
Other comprehensive income		**−98.8**	**−61.5**
Total comprehensive income for the period		**−446.9**	**−256.5**
Net loss for the period attributable to:			
Shareholders of the parent		**−345.1**	−187.4
Non-controlling interests		**−2.9**	−7.5
Total comprehensive income attributable to:			
Shareholders of the parent		**−443.0**	−248.9
Non-controlling interests		**−3.9**	−7.6
Diluted and basic earnings per share from continuing operations in EUR		**−2.12**	−1.56
Diluted and basic earnings per share from continued and discontinued operations in EUR		**−2.19**	−1.59

[1] Adjusted (see section E. 02. a)).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan. 1, 2017 – Dec. 31, 2017

	Attributable to the owners of the parent								
			Retained earnings and other reserves						
EUR million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Revaluation reserve for pension commitments	Treasury shares	**Total**	Non-controlling interests	**Total equity**
Note	F. 09. a) and b)	F. 09. c)	F. 09. d)	F. 09. d)	F. 09. d)	F. 09. e)		F. 09. f)	
Balance as of Jan. 1, 2017	**0.5**	**1,582.8**	**−587.6**	**−93.7**	**−0.2**	**0.0**	**901.8**	**−9.6**	**892.2**
Net loss	–	–	−345.1	–	–	–	**−345.1**	−2.9	**−348.1**
Other comprehensive income	–	–	–	−97.6	−0.3	–	**−97.8**	−1.0	**−98.8**
Total comprehensive income	**–**	**–**	**−345.1**	**−97.6**	**−0.3**	**–**	**−443.0**	**−3.9**	**−446.9**
Transactions with owners – payments received and change in non-controlling interests									
Capital increases	182.0	948.0	–	–	–	–	**1,130.0**	–	**1,130.0**
Equity-settled share-based payments	–	113.7	–	–	–	–	**113.7**	–	**113.7**
Acquisition of non-controlling interests without change of control	–	16.7	–	–	–	–	**16.7**	15.1	**31.8**
Transactions with owners	**182.0**	**1,078.4**	**–**	**–**	**–**	**–**	**1,260.5**	**15.1**	**1,275.6**
Balance as of Dec. 31, 2017	**182.5**	**2,661.3**	**−932.7**	**−191.3**	**−0.5**	**0.0**	**1,719.3**	**1.5**	**1,720.9**

Jan. 1, 2016 – Dec. 31, 2016

EUR million	Attributable to the owners of the parent: Subscribed capital	Capital reserves	Retained earnings and other reserves: Retained earnings	Currency translation reserve	Revaluation reserve for pension commitments	Treasury shares	Total	Non-controlling interests	**Total equity**
Note	F. 09. a) and b)	F. 09. c)	F. 09. d)	F. 09. d)	F. 09. d)	F. 09. e)		F. 09. f)	
Balance as of Jan. 1, 2016	**0.4**	**1,204.2**	**–400.1**	**–32.2**	**–0.2**	**0.0**	**772.0**	**–6.5**	**765.5**
Net loss	–	–	–187.4	–	–	–	**–187.4**	–7.5	**–194.9**
Other comprehensive income	–	–	–	–61.5	0.1	–	**–61.4**	–0.2	**–61.6**
Total comprehensive income	**–**	**–**	**–187.4**	**–61.5**	**0.1**	**–**	**–248.9**	**–7.6**	**–256.5**
Transactions with owners – payments received and change in non-controlling interests									
Capital increases	0.1	383.5	–	–	–	–	**383.6**	–	**383.6**
Equity-settled share-based payments	–	0.9	–	–	–	–	**0.9**	–	**0.9**
Acquisition of non-controlling interests without change of control	–	–1.5	–	–	–	–	**–1.5**	–0.1	**–1.6**
Acquisition of a subsidiary with non-controlling interests	–	–	–	–	–	–	**–**	4.2	**4.2**
Other transactions with non-controlling interests without change of control	–	–6.5	–	–	–	–	**–6.5**	3.0	**–3.4**
Disposal of non-controlling interests without change of control	–	2.2	–	–	–	–	**2.2**	–2.6	**–0.4**
Transactions with owners	**0.1**	**378.7**	**–**	**–**	**–**	**–**	**378.7**	**4.5**	**383.2**
Balance as of Dec. 31, 2016	**0.5**	**1,582.8**	**–587.6**	**–93.7**	**–0.2**	**0.0**	**901.8**	**–9.6**	**892.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2017	2016
1. Cash flows from operating activities			
Net loss		**–348.1**	–194.9
Income tax (net)		**2.1**	–10.8
Income tax paid (–)		**–7.9**	–5.7
Amortization, depreciation and write-downs	F. 01./F. 02.	**54.7**	53.3
Write downs of financial assets (+)		**–**	7.1
Increase (+)/decrease (–) in provisions	F. 12.	**4.4**	–3.2
Non-cash expenses (+)/ income (–) from share-based payments	G. 05.	**71.0**	15.8
Other non-cash expenses (+) and income (–)		**–24.1**	–14.7
Gain (–)/loss (+) on disposals of fixed assets		**0.6**	0.5
Gain (–)/loss (+) on deconsolidation	D. 03. d)	**–20.0**	1.2
Increase (–)/decrease (+) in inventories, trade receivables and other assets		**–51.8**	–15.8
Increase (+)/decrease (–) in trade and other payables		**41.9**	33.2
Interest and similar income (–)/ interest and similar expense (+)	G. 08./ G. 09.	**66.5**	38.0
Cash flows from operating activities		**–210.6**	**–96.0**

EUR million	Note	2017	2016
2. Cash flows from investing activities			
Proceeds (+) from the disposal of property, plant and equipment		**1.4**	0.5
Payments (–) for investments in property, plant and equipment	F. 02.	**–16.6**	–9.3
Proceeds (+) from disposal of intangible assets		**0.1**	0.7
Payments (–) to acquire intangible assets	F. 01.	**–6.5**	–9.2
Proceeds (+)/payments (–) for investments in financial assets		**2.0**	–3.0
Net payments for (–)/proceeds (+) from loans to third parties		**–0.8**	0.7
Net payments (-) proceeds (+) from acquisition/ sale of subsidiaries or discontinued operations	D. 02.	**–99.0**	130.8
Interest received (+)		**2.0**	0.8
Cash flows from investing activities		**–117.5**	**111.8**
3. Cash flows from financing activities			
Proceeds (+) from capital contributions	F. 09.	**1,128.4**	0.4
Proceeds (+) from loans and borrowings	F. 13.	**25.0**	179.7
Repayments (–) of loans and borrowings	F. 13.	**–393.4**	–112.6
Interest paid (–)		**–11.2**	–9.1
Cash flows from financing activities		**748.8**	**58.4**
4. Cash and cash equivalents at the end of the period			
Net change in cash and cash equivalents		**420.6**	74.3
Effect of exchange rate movements on cash and cash equivalents		**–10.5**	–3.6
Cash and cash equivalents at the beginning of the period[1]	F. 08.	**230.9**	160.2
Cash and cash equivalents at the end of period[1]		**640.9**	230.9

[1] Cash included in a disposal group classified as held for sale December 31, 2017: € 13.6 million (December 31, 2016: € 2.0 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. GENERAL INFORMATION

01. Company information

The Delivery Hero Group (also: DH, DH Group, Delivery Hero or Group) offers online food ordering services in more than 40 countries on six continents. The Group operates online food ordering and online food delivery services in various countries in Europe, South America, North America, Asia, Australia and Africa.

Delivery Hero AG is the parent company and domiciled at Oranienburger Straße 70, 10117 Berlin, Germany. It is registered with the commercial register of the Local Court, Berlin Charlottenburg under HRB 187081 B.

The change in legal form from Delivery Hero GmbH to a stock corporation (Aktiengesellschaft) Delivery Hero AG became effective with registration in the commercial register on May 29, 2017.

By way of cash capital increase, the Naspers Group acquired 42,967 newly issued shares in Delivery Hero AG (then Delivery Hero GmbH) in May 2017 (this corresponds to 12,890,100 shares after the capital increase from company funds).

The capital increase from company funds was entered in the commercial register on June 12, 2017, in the course of which the share capital of Delivery Hero AG increased by a multiple of 300, from € 0.5 million to € 153.0 million.

As part of the IPO of Delivery Hero AG, a total of 18,950,000 new registered shares were issued. The shares in Delivery Hero AG were admitted for trading in the Prime Standard segment of the Frankfurt Stock Exchange from June 30, 2017.

On December 5, 2017, the Management Board resolved a capital increase against cash contributions with the approval of the Supervisory Board, excluding shareholders subscription rights. A total of 10,500,000 new registered shares were issued as part of this capital increase.

Comparison of the consolidated statement of profit or loss and other comprehensive income of 2017 with the consolidated statement of profit or loss and other comprehensive income of the prior year is limited due to the acquisition of the shares in Emerging Markets Online Food Delivery Holding S.á.r.l. (foodpanda group) as of December 31, 2016.

The Consolidated Financial Statements and the Combined Management Report were authorized for issue by the Management Board on April 24, 2018.

02. Corrections following IAS 8

On December 15, 2016 the Company announced its intent to sell its hungryhouse group. Consequentially, the assets of the hungryhouse group are recognized as assets included in a disposal group classified as held for sale and the liabilities of the hungryhouse group are classified as liabilities included in a disposal group classified as held for sale as of December 31, 2017 and 2016 (refer to section D. 03. e)).

During 2017, the DH Group discovered that the assets and liabilities of the hungryhouse group had not been comprehensively reclassified into assets included in a disposal group classified as held for sale and liabilities included in a disposal group classified as held for sale as of December 31, 2016. Accordingly, assets included in a disposal group classified as held for sale as well as liabilities included in a disposal group classified as held for sale were understated as of that date. Correspondingly, other asset- and liability-line items in the statement of financial position as of December 31, 2016 were overstated. The following reconciliation summarises the impact on the Group's statement of financial position.

Consolidated statement of financial position

Dec. 31, 2016 EUR million	Impact of correction of error As previously reported	Adjustments	As restated
Total assets	**1,632.1**	**–**	**1,632.1**
Intangibles assets	1,305.0	–11.0	1,294.0
Inventories	0.6	–0.1	0.5
Trade and other receivables (current)	53.3	–2.5	50.8
Other assets (current)	11.3	–0.2	11.1
Cash and cash equivalents	230.9	–2.0	228.8
Assets included in a disposal group classified as held for sale	0.5	15.8	16.3
Others	30.6	–	30.6
Total liabilities	**739.9**	**–**	**739.9**
Trade and other payables (current)	127.8	–6.4	121.4
Other liabilities (current)	34.3	–1.1	33.2
Income tax liabilities	6.7	–0.3	6.5
Liabilities included in a disposal group classified as held for sale	0.1	7.8	7.9
Others	571.1	–	571.1
Total equity	**892.2**	**–**	**892.2**

Notwithstanding the above 2016 revenue and cost of sales in the consolidated statement of profit or loss and other comprehensive income were adjusted by € 7.1 million respectively. The adjustment is further explained in section E. 02. a).

03. 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. The 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 Financial Statements are prepared in Euro. Unless otherwise stated, all figures have been rounded to the nearest € million. Disclosures on changes are based on exact values. In addition, for computational reasons, there may be rounding differences to the exact mathematical values in tables and references.

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 IFRS requires judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in section B. 15.

B. ACCOUNTING POLICIES

The financial statements of the Company and of the subsidiaries are prepared according to uniform accounting policies. The Group consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

01. Methods of consolidation

a) Subsidiaries

Subsidiaries are entities directly or indirectly controlled by the Company. The Company controls an entity when it is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. Subsidiaries are fully consolidated in the Consolidated Financial Statements of the Group. First-time consolidation occurs at the date of obtaining control.

The Group accounts for business combinations applying the acquisition method. In applying the acquisition method, the consideration transferred and the identifiable net assets are measured at fair value. A positive difference between the consideration transferred and the identifiable net asset is capitalized as goodwill. A negative difference is immediately recognized in profit or loss.

Non-controlling interests constitute the share of profit or loss and net assets in a subsidiary that is not attributed to the parent's shareholders and are presented separately. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Obligations arising from written put options issued to holders of non-controlling interests are accounted for as financial liabilities and the related non-controlling interests are no longer recognized.

When the Group loses control over 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 and losses arising from intragroup transactions.

The list of shareholdings in section H. 10. contains a detailed overview of all the subsidiaries.

b) Associates

Associates are entities in which the Group has a significant influence; which is presumed in case of a holding of between 20% and 50% of voting rights. As of the reporting date and in the prior year the Group had three associates. They are listed in the list of shareholdings in section H. 10.

As in the prior years, the Group did not have any joint arrangements according to IFRS 11 as of the reporting date.

02. Currency translation

The functional currency of the subsidiaries included in the Consolidated Financial Statements of the Group is usually the respective local currency, unless the functional currency of a subsidiary is assessed to be different than the local currency due to specific circumstances. The Consolidated Financial Statements are presented in Euro (presentation currency).

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at each reporting date. Foreign exchange gains and losses are generally recognized in profit or loss. The foreign currency differences arising from the translation of available-for-sale equity investments are recognized in OCI until the investment is impaired or derecognized. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized in OCI in the Consolidated Financial Statements.

For the purposes of inclusion in the Consolidated Financial Statements, the assets and liabilities (including goodwill and fair value adjustments arising on acquisition) of subsidiaries whose functional currency is not Euro are translated into Euro at the exchange rates at the reporting date. Income and expenses are translated into Euro at the dates of the transactions, approximated by average exchange rates.

When a foreign operation is disposed of, the cumulative amount of foreign exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

03. Recognition of revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The DH Group generates revenue from provision of online food ordering services via internet platforms. The Group collects commission from restaurants for order forwarding via the internet platforms. 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 consumer. The corresponding revenue is recognized as soon as the customer's online order is completed. Commissions are recognized at the consideration receivable from the restaurant less value added tax.

To the extent that the end customers elects online payment options, fees from payment providers arise. The fees from payment providers are recharged to the restaurant. The resulting revenue is recognized correspondingly with the underlying placement of orders.

In some arrangements, Delivery Hero offers delivery services as well. The DH Group carries out the delivery with its own personnel and freelancers, for which it collects a delivery fee in addition to the commission. The DH Group acts as principal regarding the delivery fee. The delivery fees are recognized at the consideration receivable from the customer less value added tax.

Furthermore, DH provides contractual partners with order confirmation terminals to confirm order acceptance directly to the customer via the Delivery Hero online platform. 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.

In addition to the online food ordering services, the DH Group offers such additional services as website design services, premium placement services, newsletter services, optimization of restaurant menus, offline advertising services, live tracking and other additional goods and services e.g. marketing material, flyers or food packaging. The revenue recognition with respect to such arrangements is recognized either over the period in which the service is rendered or at a point in time depending on the transfer of risks and rewards as agreed in individual contracts with customers.

To a minor extent some DH Group companies set up loyalty programs which include award credits that are recognized as separately identifiable components of sales transactions. In such cases, 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 award credits are redeemed.

04. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated 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

	2017	2016
Operating and office equipment	**2–15**	2–15
Leasehold improvements	**3–17**	3–17

If there is objective evidence that items of property, plant and equipment are impaired, the recoverable amount is determined. If the carrying amount exceeds the recoverable amount impairment losses are recognized directly in the statement of profit or loss. If the requirements for impairment are no longer in place in subsequent years, previous impairment losses are reversed.

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

05. Intangible assets including goodwill

Intangible assets acquired separately are recognized at directly attributable costs. Intangible assets acquired in a business combination except for goodwill are initially measured at their fair value and subsequently at cost. The amortization is calculated on a straight-line basis over the individual useful lives. Goodwill is measured at cost less accumulated impairment losses.

Internal 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 to use or sell the asset. Other expenditures are recognized in profit or loss as soon as they are incurred. Capitalized development expenditure is measured at cost less accumulated amortization and impairment losses.

Amortization is based on the following useful lives:

Useful life in years

	2017	2016
Software	**2–3**	2–3
Trademarks	**5–25**	5–25
Customer and supplier relationships	**3–10**	3–10

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

Impairment of intangible assets

Intangible assets are tested for impairment as part of a cash generating unit (CGU) which is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs depending on the level at which it is monitored by management.

A CGU or a group of CGUs is tested for impairment if impairment indicators are present. In addition, CGUs and groups of CGUs to which goodwill is allocated are subject to an annual impairment test.

An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. The recoverable amount corresponds to the larger of fair value less costs of disposal and value in use of the CGU or a group of CGUs.

The fair value less costs of disposal of the CGU is calculated by applying the discounted cash flow method, as follows. The expected future cash flows are determined based on a detailed budget for the first three years. The expected future cash flows in subsequent years are estimated based on CGU-specific revenue growth and EBITDA margin assumptions.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

06. Leases

a) Accounting as lessee

If lease arrangements do not meet the criteria for finance leases they are classified as operating leases. Lease payments are recognized as expenses on a straight-line basis over the lease term.

b) Accounting as lessor

Some subsidiaries in the 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 the Group, these agreements are classified as operating leases pursuant to IAS 17.

Accordingly, the Group 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 of the Group consist mainly of branded and unbranded packages and bags that are provided to restaurants.

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.

a) Current income taxes

The current income tax expense is calculated by applying the tax regulations enacted as of the reporting date in the countries in which the DH Group operates. In assessing income tax positions, estimates are required. The assessment by the respective tax authorities may deviate. This uncertainty is reflected by recognizing uncertain tax positions only if DH assesses the probability of occurrence greater than 50%.

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 statement of profit or loss provided it relates to items in the consolidated statement of financial position that were recognized in the statement of profit or loss. If the items in the consolidated statement of financial position directly relate to equity or other comprehensive income (OCI), 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 not be determined at Group level or/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.

09. Financial instruments

a) Financial assets

Financial assets of the DH Group comprise loans and receivables, available-for-sale financial assets, financial assets through profit or loss and cash and cash equivalents.

Loans and receivables

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 initially recognized on the date when they are originated at their fair value plus any directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Impairment of loans and receivables is recognized if there is evidence of financial difficulties of borrowers and the carrying amount of the financial asset exceeds the present value of estimated future cash flows discounted using the original effective interest rate. The impairment on trade receivables is recognized using a provision matrix. Impairment losses are recognized in profit or loss and are reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the financial asset, the financial asset is written off. If the impairment loss subsequently decreases, the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets
The available-for-sale financial assets of the Group are represented by unquoted equity investments. Equity investments are initially recognized on the trade date at their fair value plus any directly attributable transaction costs. They are subsequently measured at fair value through OCI, unless their fair value cannot be determined reliably, in which case they are measured at cost. If there is evidence that available-for-sale financial assets are impaired, the impairment loss is recognized in profit or loss, measured as the difference between the acquisition cost and the current fair value. The impairment loss on an equity investment is not subsequently reversed through profit or loss.

Financial assets through profit or loss
The financial assets through profit or loss comprise separated embedded derivatives. Such instruments are measured at fair value through profit or loss.

Cash and cash equivalents
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.

b) Financial liabilities
Financial liabilities are classified as those measured at fair value through profit or loss or those measured at amortized cost. Financial liabilities are measured at amortized cost unless they are required to be measured at fair value through profit or loss.

Financial liabilities of the Group which are measured at fair value through profit or loss comprise separated embedded derivatives and contingent considerations recognized by the Group as an acquirer in a business combination. All other financial liabilities are measured at amortized cost, using the effective interest method.

Financial liabilities are initially recognized at fair value, in case of financial liabilities measured at amortized cost, plus transaction costs.

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

Interest income and expenses arising on financial instruments are recognized in profit or loss according to the effective interest method.

The Group derecognizes the financial assets when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

In addition, if the contractual terms of a financial instrument are amended, the financial instrument is derecognized if the amended terms are materially different from the original terms. In that case, the new financial instrument is recognized at fair value taking into account the amended terms.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

If the Group has the right to settle financial instruments in a fixed number of own shares, such financial instruments are classified as equity.

10. Employee benefits

a) Current employee benefits
Current employee benefits are expensed in the period the 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 and similar obligations arise from the commitments of one 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 OCI. 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 profit or loss under interest expenses. Service cost is shown in individual functional areas in operating profit /loss.

c) Share-based payments

The DH Group operates several share-based compensation programs. The Group classifies its share-based compensation programs as either cash-settled or equity settled depending on the terms and conditions of the individual program and the Group's intention to settle the awards with cash or its own equity instruments.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as an expense, with a corresponding increase in the capital reserves in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect forfeited awards.

The fair value of the cash-settled arrangements is recognized as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the liability are recognized in profit or loss.

If a share-based program is reclassified from cash-settled into equity-settled, the amount of the liability reflecting the fair value of the granted awards at the reclassification date to the extent the services were received is reclassified into capital reserves.

11. Other provisions

Other provisions are set up if a legal or constructive obligation to the 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.

Due to estimation uncertainties the amount, i.e. 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 as of the reporting date based on corresponding term and risk adequate interest rates.

12. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the primary market or, if this is not available, the most advantageous market.

The fair value hierarchy defines three levels of fair value measurements depending on the input factors used in determining the fair value:

- Level 1: Fair value is based on quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value is estimated using a valuation technique which uses inputs that can be observed either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Fair value is estimated using a valuation technique that is using inputs that are not observable.

Where various input factors are relevant for measurement, the fair value is categorized at the lowest level input that is significant to the entire measurement. Valuation techniques used to measure fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

13. Assets held for sale and liabilities associated with assets held for sale and discontinued operations

Non-current assets and the assets of a disposal group classified as held for sale as well as any corresponding liabilities of a disposal group classified as held for sale are recognized separately from other assets and other liabilities in the consolidated statement of financial position 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 gains 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 consolidated statement of comprehensive income for the previous year is adjusted accordingly. The relevant assets and liabilities are reported on a separate line in the consolidated statement of financial position. The cash flows of discontinued operations attributable to operating, investing and financing activities are reported separately in the notes, with prior year figures adjusted accordingly.

14. 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 particularly to the following cases:

a) Judgments

Revenue recognition of commission income:

The DH Group classifies its provision of online food ordering services via internet platforms as agent activity, as DH entities do not act as the main supplier, are not exposed to storage risk, cannot influence the pricing of counterparties and receive commission as remuneration.

Classification of share-based payments as equity settled

The DH Group classifies its share-based payments awards which enable the Group to settle in equity shares or in cash as equity-settled awards. The Group assesses that it intends and has an ability to settle by means of equity instruments and therefore does not have a present obligation to settle in cash (refer to section H. 01.).

Lease classification

Judgments are required when classifying leasing arrangements as finance or operating leases.

b) Assumptions and estimation uncertainty

Recognition and measurement of other provisions

Recognition and measurement of other provisions are subject to uncertainties in respect of future price increases as well as in respect of the extent, date and probability of utilization of the respective provision (refer to section F. 12.).

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 (refer to section F. 06.).

Goodwill allocation and impairment testing

Determining an appropriate method of allocating goodwill to CGUs for impairment testing requires assessment of specific facts and circumstances which may involve significant judgments.

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

Further information on the assumptions and estimates made are listed in the respective disclosure. All assumptions and estimates are based on the conditions prevailing and assessments at the reporting date (refer to section F. 01. b)).

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values for both financial and non-financial assets and liabilities. Significant measurement uncertainties are specifically relevant for measurement of assets and liabilities in business combinations (refer to section D. 02.), disposal group held for sale (refer to section D. 03. e)), share-based payments (refer to section H. 01.) and financial instruments (refer to section H. 02.).

Significant valuation estimates are reported to the Group's audit committee.

Further information on the assumptions and estimates made are listed in the individual disclosures. All assumptions and estimates are based on the conditions prevailing and assessments at the reporting date.

C. NEW STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted; however, the Group has not adopted any of the new or amended standards early in preparing these Consolidated Financial Statements.

Standard	To be applied from	Effects
IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Refer to analysis below
IFRS 9 Financial Instruments	January 1, 2018	Refer to analysis below
IFRS 16 Leases	January 1, 2019	Refer to analysis below
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	–	No significant effect expected
Annual improvements to the IFRS cycle 2014–2016: Amendments to IFRS 1 and IAS 28	January 1, 2018 (IASB)	No significant effect expected
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	January 1, 2018 (IASB)	No significant effect expected
Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	January 1, 2018 (IASB)	No significant effect expected
IFRIC 22: Foreign Currency Transactions and Advance Consideration	January 1, 2018 (IASB)	No significant effect expected
Amendments to IAS 40: Transfers of Investment Property	January 1, 2018 (IASB)	No significant effect expected
Amendments to IFRS 9: Prepayment Features with Negative Compensation	January 1, 2019	No significant effect expected
IFRS 17: Insurance Contracts	January 1, 2021 (IASB)[1]	No significant effect expected
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	January 1, 2019 (IASB)[1]	No significant effect expected
IFRIC 23: Uncertainty over Income Tax Treatments	January 1, 2019 (IASB)[1]	No significant effect expected
Annual improvements to IFRS cycle 2015–2017: Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	January 1, 2019 (IASB)[1]	No significant effect expected
Amendment to IAS 19: Plan Amendment, Curtailment or Settlement	January 1, 2019 (IASB)[1]	No significant effect expected
Amendments to references to the Conceptual Framework in IFRS Standards	January 1, 2020 (IASB)[1]	No significant effect expected

[1]Not yet endorsed by the European Union.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on January 1, 2018. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments, and these changes are being currently implemented. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its existing financial instruments and reached the following conclusions.

Classification

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flows characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

If the new classification requirements had been applied to the existing financial assets, the financial assets that were measured at amortized cost in accordance with IAS 39 would have been also measured at amortized cost in accordance with IFRS 9. This is because these financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these instruments represent solely payments of principal and interest on the principal amount outstanding. There would be a change for equity instruments that were classified as available-for-sale in accordance with IAS 39 but were measured at cost because the fair value could not be reliably measured. These investments are held for strategic purposes. Such instruments would have been measured at fair value in accordance with IFRS 9. If these investments continue to be held for the same purpose at initial application of IFRS 9, then the Group intends to elect to classify them as at FVOCI, in which case all fair value gains and losses would be reported in OCI, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. No material impact is expected from this change.

Impairment

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, loss allowances will be measured on either of the following bases: (i) 12-month ECLs: These are ECLs that result from possible default events within the 12-months after the reporting date; and (ii) lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has a low credit risk at the reporting date. However, lifetime ECL measurement always applies to trade receivables and contract assets without a significant financing component. An entity may choose to apply this policy also to trade receivables and contract assets with a significant financing component.

The Group will apply a practical expedient and measure expected credit losses on its trade receivables using a provision matrix. The new provision matrix was estimated based on the historical credit loss experience adjusted where appropriate for effects of the current conditions and the forecasts of future developments. The new provision matrix is not expected to result in a significantly different estimate of impairment losses on trade receivables at the date of initial application.

No further losses are expected to be recognized for other financial assets (including loans, security deposits and cash and cash equivalents) due to a low credit risk.

The actual impact may change, since the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application and since the adjustments to the financial reporting systems are still in the process of implementation.

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognized in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows: (i) the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and (ii) the remaining amount of change in the fair value is presented in profit or loss. The Group has not designated any financial liabilities as at FVTPL and the Group has no current intention to do so. The Group’s preliminary assessment did not indicate any material impact if IFRS 9’s requirements on the classification of financial liabilities were applied to existing financial instruments.

Hedge accounting

The Group currently does not apply hedge accounting.

Disclosures

With the application of IFRS 9, IFRS 7 will require extensive new disclosures, in particular in relation to credit risk and ECLs. The Group’s preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement system and controls changes that it believes will be necessary to capture the required data.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

The Group plans to take advantage of the exemption allowing it not to restate comparative information for previous periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 will be recognized in retained earnings and reserves as at January 1, 2018. The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application: the determination of the business model within which a financial asset is held; the designation of certain financial assets and financial liabilities as measured at FVTPL if applicable; the designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Group has completed its assessment of the potential impact of the adoption of IFRS 15 on its Consolidated Financial Statements. It came to the conclusion that the timing and amount of revenue recognition as well as the assessment whether the Group acts as principal or agent will not be materially affected by the adoption of the new standard. The actual impact may, however, change since the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application and since the adjustments to the financial reporting systems are still in the process of implementation.

Transition

The Group plans to adopt IFRS 15 in its Consolidated Financial Statements for the year ending December 31, 2018, using the modified retrospective method and account for the aggregate amount of any transition effects by way of an adjustment to retained earnings as of January 1, 2018, and presenting the comparative period in line with previous rules. The Group is currently finalizing a detailed assessment of the impact of the application of IFRS 15 and expects to disclose additional quantitative information before it adopts IFRS 15.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group has started an initial assessment of the potential impact on its Consolidated Financial Statements. So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Group has not yet decided whether it will use the optional exemptions. No significant impact is expected for the Group's finance leases.

The Group will apply IFRS 16 initially on January 1, 2019. The Group has not yet determined which transition approach to apply. The Group is not required to make any adjustments for leases in which it is a lessor, except where it is an intermediate lessor in a sub-lease. The Group has not yet quantified the impact on its reported assets and liabilities of the adoption of IFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into. The Group expects to disclose its transition approach and quantitative information before adoption.

D. SCOPE OF CONSOLIDATION

01. Changes in the Group

In the reporting period, the number of consolidated subsidiaries changed as follows:

Number of consolidated subsidiaries

	2017	2016
January 1	**136**	**106**
Additions	**17**	66
Disposals (including mergers and liquidations)	**16**	36
December 31	**137**	**136**

The additions in 2017 primarily relate to the acquisitions of the Carriage group (Kuwait), Fly & Company (Korea) and Appetito24 (Panama) (refer to section D. 02.). In 2016 particularly the acquisition of the foodpanda group affected the number of consolidated entities.

Disposals in 2017 mainly result from divestments in Georgia, Kazakhstan and India as well as liquidations and mergers following group internal restructuring measures.

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

Number of equity-accounted companies

	2017	2016
January 1	**3**	**2**
Additions	**2**	1
Divestiture/consolidation	**2**	–
December 31	**3**	**3**

02. Acquisitions

In 2017 the Group executed strategic acquisitions that are presented in further detail below.

a) Carriage group

Acquisition of the Carriage group (Carriage) on June 14, 2017, represents a strategic investment in the MENA region. Carriage is based in Kuwait and operates an innovative and fast growing food ordering portal in several countries in the Middle East. Carriage pursues a hybrid strategy offering own delivery services in addition to its food ordering platform.

In the course of the acquisition, 100% of the shares in Carriage Logistics General Trading Company LLC (Kuwait), Carriage Delivery Services LLC (UAE), Carriage Logistics SPC (Bahrain) and Carriage Trading & Services Co. WLL (Qatar) were acquired directly or indirectly.

The shares acquired also represent voting interest. The consideration for the acquisition amounted to a total of € 84.8 million in cash.

The transaction costs for the acquisition recognized under administrative expenses amounted to € 0.3 million in 2017.

The consideration transferred is allocated between the recognized assets and assumed liabilities as follows:

EUR million	Fair values at the date of acquisition
Intangible assets	5.2
Property, plant and equipment	1.0
Trade and other receivables	0.7
Other assets	0.2
Cash and cash equivalents	3.1
Provisions and liabilities	–0.7
Trade payables	–3.6
Deferred tax liabilities	–0.8
Net assets	**5.0**
Consideration transferred	**84.8**
Goodwill	**79.8**

Due to the complexity of this acquisition, the initial accounting for the business combination is incomplete as of December 31, 2017 in respect to the measurement of brands, customer relationships and deferred taxes. Therefore, the reported amounts are provisional pursuant to IFRS 3.45.

Goodwill, which consists primarily of not separable components such as positive business prospects and employee know-how, is not deductible for tax purposes. No items of acquired intangible assets have an indefinite useful life. Trade receivables from third parties with a gross value of € 0.7 million were acquired and are assessed as being fully recoverable. The fair value of the trade receivables from third parties amounts to € 0.7 million.

A performance-related earn-out component has been agreed with the seller's representatives in management functions of the Carriage companies, which is recognized in profit or loss over the service period ending on December 31, 2018. The fair value of the future payments related to the earn-out component amounts to € 42.7 million as of December 31, 2017 and is recognized separate from the consideration transferred as other long-term employee benefit. The proportional liability as of December 31, 2017 amounts to € 14.6 million included in other liabilities. These corresponding expenses are excluded from adjusted EBITDA as part of the management adjustments for corporate transactions.

Since first-time inclusion as of June 14, 2017, Carriage has contributed € 14.9 million to Group revenue and a loss € 3.5 million to net loss. If Carriage had been consolidated as of January 1, 2017, the Carriage Group would have contributed € 20.4 million to revenue and a loss of € 3.5 million to consolidated loss.

b) Other acquisitions

The following acquisitions in 2017 are each individually considered to be insignificant and therefore presented in aggregate.

On October 10, 2017, Delivery Hero acquired the remaining shares in Fly & Company Inc., Korea (Fly & Company) a food delivery platform based in Seoul. Before the transaction, Delivery Hero already held a 21% stake in Fly & Company, which was valued with € 2.4 million. The entity operates a food delivery marketplace with own delivery service, allowing it to add restaurants to its platform that do not offer delivery services themselves.

The acquisition of 100% of the shares in the Panama based Appetito24 group on October 2, 2017 represents a strategic investment in the Americas region. Appetito24 is an online food delivery marketplace with its own delivery service.

The shares acquired within both acquisitions are also representative of the shareholder voting rights. The consideration for the acquisitions amounts to a total of € 11.0 million in cash and € 2.4 million of previously held interest in the acquiree.

The transaction costs for the acquisitions are estimated with € 0.2 million.

The consideration transferred is allocated between the recognized assets and assumed liabilities as follows:

EUR million	Fair values at the date of acquisition
Intangible assets	0.6
Property, plant and equipment	0.0
Trade and other receivables	0.6
Other assets	0.1
Cash and cash equivalents	1.5
Provisions and liabilities	–0.6
Trade payables	–1.3
Deferred tax liabilities	–0.1
Net assets	**0.9**
Consideration transferred	**13.4**
Goodwill	**12.4**

Brands, customer relationships and deferred taxes have been measured on a provisional basis pursuant to IFRS 3.45 pending finalization of valuation procedures. Should new information be obtained about facts and circumstances that existed at the dates of acquisition as a result of these procedures, the acquisition accounting will be revised.

Goodwill, which consists primarily of not separable components such as positive business prospects and employee know-how, is not deductible for tax purposes. No items of acquired intangible assets have an indefinite useful life. Trade receivables from third parties with a gross value of € 0.6 million were acquired and are assessed as being fully recoverable. The fair value of the trade receivables from third parties amounts to € 0.6 million.

Since their first inclusion in October 2017, the acquired companies have contributed € 1.9 million to Group revenues and a negative contribution of € 0.8 million to the Group's net loss. If the companies had already been consolidated as of January 1, 2017, these companies would have contributed € 7.9 million to Group revenues and a negative € 1.3 million to the Group's net loss.

c) Acquisitions in the previous year

On December 31, 2016 the foodpanda group was acquired. The provisional accounting for the acquisition in accordance with IFRS 3.45 as of that date remained unchanged as presented below.

EUR million	Fair values at the date of acquisition
Intangible assets	32.8
Property, plant and equipment	2.1
Trade and other receivables	19.5
Other assets	2.6
Cash and cash equivalents	132.4
Deferred tax assets	2.0
Provisions and liabilities	–5.6
Trade payables	–18.2
Deferred tax liabilities	–5.7
Net assets	**161.9**
Consideration transferred	**373.1**
thereof shareholder's non-cash contribution and other consideration	373.1
Non-controlling interests	4.2
Goodwill	**215.4**

03. Disclosures on participations pursuant to IFRS 12

a) Subsidiaries

On December 31, 2017 the DH Group had 137 fully consolidated subsidiaries.

Refer to section H. 10. for a complete list of the Group's subsidiaries.

b) NCI

As of December 31, 2017 the Group has material NCI (37%) in its Hungerstation subsidiary (Kingdom Saudi Arabia (KSA)) and 16% in its RGP Korea (Korea) subsidiary.

Hungerstation was acquired as part of the foodpanda group as of December 31, 2016. The following tables provide summarized financial information before intragroup elimination:

Summarized statement of financial position of Hungerstation LLC

EUR million	Dec. 31, 2017	Dec. 31, 2016
Current		
Assets	**7.4**	5.1
Liabilities	**11.8**	5.8
Current net assets/net debt	**–4.4**	–0.7
Non-current		
Assets	**117.9**	134.8
Liabilities	**0.3**	0.1
Non-current net assets	**117.6**	134.7
Total net assets	**113.2**	**134.0**

Summarized statement of comprehensive income of Hungerstation LLC

EUR million	2017	2016
Revenue	**23.9**	–
Earnings before income taxes	**–4.6**	–
Income taxes	**2.2**	–
Earnings after taxes	**–2.4**	–
Other comprehensive income	**–15.9**	–
Total comprehensive income	**–18.4**	**–**
Comprehensive loss attributable to non-controlling interests	**–1.1**	–

Summarized statement of cash flows of Hungerstation LLC

EUR million	2017	2016
Cash generated from operations	**1.2**	–
Net cash generated from operating activities	**1.2**	–
Net cash flows from investing activities	**–1.1**	–
Net cash flows from financing activities	**2.5**	–
Net change in cash and cash equivalents	**2.6**	–
Cash and cash equivalents at the beginning of the period	**0.9**	–
Effect of exchange rate movements in cash and cash equivalents	**–0.2**	–
Cash and cash equivalents at the end of the period	**3.3**	–

Accumulated non-controlling interests of Hungerstation, KSA amounts to € 2.4 million as of December 31, 2017 (December 31, 2016: € 3.5 million).

As of December 31, 2016 the Group had material NCI (16%) in its subsidiary RGP Korea Ltd. As of December 31, 2017 all NCI of RGP Korea Ltd. was assumed to be acquired based on the put option right of the minority shareholder that became exercisable upon IPO which will be settled in a fixed number of Delivery Hero AG shares (refer to section H. 02. a)).

Accumulated non-controlling interests of RGP Korea Ltd. was n.a. as of December 31, 2017 (previous year: € –10,1 million).

The following table provides summarized financial information before intragroup elimination:

Summarized statement of financial position of RGP Korea Ltd.

EUR million	**Dec. 31, 2017**	Dec. 31, 2016
Current		
Assets	**–**	14.0
Liabilities	**–**	20.8
Current net assets	**–**	–6.8
Non-current		
Assets	**–**	8.4
Liabilities	**–**	65.3
Non-current assets	**–**	–56.9
Total net assets	**–**	**–63.8**

Summarized statement of comprehensive income of RGP Korea Ltd.

EUR million	**2017**	2016
Revenue	**51.8**	28.0
Earnings before income taxes	**–2.3**	–12.4
Earnings after taxes	**–2.5**	–14.0
Other comprehensive income	**0.6**	–0.6
Total comprehensive income	**–1.9**	**–14.6**
Comprehensive loss attributable to non-controlling interests	**–0.1**	–2.2

Summarized statement of cash flows of RGP Korea Ltd.

EUR million	**2017**	2016
Cash generated from operations	**15.3**	–2.3
Net cash generated from operating activities	**15.3**	–2.3
Net cash flows from investing activities	**–11.8**	–1.3
Net cash flows from financing activities	**10.0**	5.8
Net change in cash and cash equivalents	**13.5**	2.2
Cash and cash equivalents at the beginning of the period	**6.4**	4.1
Effect of exchange rate movements in cash and cash equivalents	**0.2**	0.1
Cash and cash equivalents at the end of the period	**20.1**	6.4

c) Associated companies

As of December 31, 2017 the DH Group has interest in three individually immaterial associates (December 31, 2016: three) (refer to section H. 10.). Following disposal of a 51% stake in Restaurant Partner Polska Sp. z.o.o. in April 2017, DH Group's stake decreased to 49%. Consequentially from thereon this associate is accounted at equity. Fly & Company ceases to represent an associate upon acquisition of the remaining shares in October 2017 (refer to section B. 02. b)).

The carrying amount of the associated companies as of December 31, 2017 amounts to € 5.9 million (previous year: € 3.3 million), the share of loss attributable to DH Group in 2017 amounts to € 1.6 million (previous year share of loss: € 5.1 million).

d) Loss of control of subsidiaries

In December 2017 the DH Group sold a 95% stake of its foodpanda India business to Ola, India in return for a minority stake in the Ola group. The resulting disposal gain (€ 20.3 million) is recognized in other operating income. The fair value of the 5% investment retained in foodpanda India amounted to € 1.1 million as of December 31, 2017. In April 2017 51% of Restaurant Partner Polska Sp. z.o.o. was sold, resulting in a loss of control. The remaining 49% was accounted under the equity method.

At the time when control was lost foodpanda India and Restaurant Partner Polska Sp. z.o.o in aggregate had cash and equivalents of € 7.9 million, assets other than cash and cash equivalents of € 7.2 million and liabilities of € 6.6 million.

e) Discontinued operations

Sale of the hungryhouse group

On December 15, 2016 the Company announced its intent to sell its hungryhouse group, which operates an online food ordering portal for the British market, in line with Delivery Hero's strategy to further build its leadership positions and consolidate markets. The buyer of the shares is Just Eat plc ("Just Eat"). The divestment, which was subject to approval by the United Kingdom Competition and Markets Authority (CMA) and received on November 17, 2017, was executed on January 31, 2018 (refer to Subsequent events – section I.). The sales price amounts to GBP 240 million. As a result, the assets of the hungryhouse group are recognized as Assets included in a disposal group classified as held for sale and the liabilities of the hungryhouse group are classified as liabilities included in a disposal group classified as held for sale as of December 31, 2017 and 2016[1].

The hungryhouse group represents a material geographical operation within the DH Group and is therefore presented as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income for 2017 and 2016. 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 discontinued operations are as follows:

Profit or loss from the discontinued operation

EUR million	2017	2016
Revenue	52.1	43.9
Consolidation of intragroup revenue	–11.6	–8.4
External revenue	40.5	35.6
Expenses	–68.0	–56.6
Consolidation of intragroup expenses	18.0	17.6
External expenses	–50.1	–39.0
Profit or loss from discontinued operations	**–9.6**	**–3.4**
Income taxes	–0.4	–0.2
Profit or loss from discontinued operations after taxes	**–10.0**	**–3.6**

In 2017 the OCI (net) includes foreign currency translation gains from discontinued operation of € 1.4 million (2016: gains of € 4.0 million).

Cash flows from discontinued operations are as follows:

Cash flows from the discontinued operation

EUR million	2017	2016
Net cash flows from operating activities	–23.9	0.4
Net cash flows from investing activities	–	–
Net cash flows from financing activities	35.7	0.8
Net cash flows for the year	**11.7**	**1.2**

The assets and liabilities of the disposal group are as follows:

EUR million	Dec. 31, 2017
Intangible assets	11.4
Property, plant and equipment	0.1
Deferred tax assets	0.1
Inventories	0.3
Trade and other receivables	2.5
Other current assets	0.1
Cash and cash equivalents	13.6
Assets held for sale	**28.1**
Other liabilities	–
Deferred tax liabilities	0.1
Other current provisions	5.0
Current trade and other payables	7.0
Other non-financial liabilities (current)	1.7
Income tax liabilities (current)	0.1
Liabilities held for sale	**13.9**

[1] For the restatement of assets and liabilities allocated to the disposal group refer to section A. 02.

E. OPERATING SEGMENTS

01. Segmentation principles

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

The Group's business activity is segmented according to geographical attributes. There is separate internal reporting to the Management Board 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 respective markets. 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, (iii) expenses for reorganization measures, (iv) expenses for the implementation of information technology, (v) expenses for the achievement of capital market capability, and (vi) 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. Segment revenue in 2017 is presented as follows:

EUR million	2017	2016	Change EUR million	Change %
Europe	**198.8**	140.6	58.2	41.4
MENA	**153.3**	75.5	77.7	>100
Asia	**144.8**	49.3	95.5	>100
Americas	**47.4**	24.8	22.5	90.8
Segment revenue	**544.2**	**290.3**	**253.9**	**87.5**
Consolidation	**–**	–	–	–
Reconciliation effects	**–0.5**	–0.4[1]	–0.1[1]	17.0[1]
Group revenue	**543.7**	**289.9[1]**	**253.9[1]**	**87.6[1]**

[1] The 2016 comparative Group revenue and reconciliation effects are adjusted. Contractual provisions have been misinterpreted by assuming the DH Group to act as principal for certain food sales to end customers with the result of recognizing revenue and cost of sales on a gross basis. 2016 Group revenues and reconciliation effects are adjusted by (€ –7.1 million). Cost of sales are adjusted correspondingly by this amount.

Revenue reconciliation effects reflect segment classification and measurement (particularly foreign currency translation convention) differences.

b) Adjusted EBITDA

EUR million	2017	2016	Change EUR million	Change %
Europe	**–45.5**	–47.5	2.1	–4.4
MENA	**23.9**	21.2	2.7	12.6
Asia	**–47.1**	–25.1	–22.0	87.8
Americas	**–25.4**	–19.7	–5.7	28.8
Adjusted EBITDA of the segments	**–94.2**	**–71.2**	**–23.0**	**32.3**
Consolidation adjusments	**–2.1**	–0.6	–1.5	>100
Management adjustments	**–32.9**	–11.2	–21.7	>100
Expenses for share-based compensation	**–69.5**	–15.8	–53.8	>100
Other reconciliation items	**8.3**	–8.1	16.4	>100
Amortization and depreciation	**–54.7**	–52.9	–1.8	3.3
Net interest and other financial result	**–91.3**	–42.5	–48.9	>100
Earnings before income taxes	**–336.4**	**–202.3**	**–134.1**	**66.3**

In 2017 the management adjustments include expenses for services in connection with business transactions and financing of € 22.3 million (previous year: € 6.3 million), expenses for the realization of capital market viability of € 5.0 million (previous year: € 2.4 million), expenses for reorganization measures of € 5.1 million (previous year: € 1.8 million), and expenses for the implementation of information technologies of € 0.5 million (previous year: € 0.8 million).

Other reconciliation items do include non-operating income and expenses. In 2017 this item included in particular gains from the disposal of subsidiaries of € 19.5 million (previous year: € –1.5 million), impairment of other assets and receivables of € 0.6 million (previous year: € 2.9 million), as well as non-income-tax of € 6.2 million (previous year: € 2.6 million).

03. Information about geographical areas

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

a) Revenue

EUR million	2017	2016
Germany	**90.3**	72.7
Korea	**73.0**	40.8
Turkey	**49.4**	39.8
Kuwait	**47.5**	21.3
Other countries	**283.4**	115.3[1]
Subtotal continuing operations	**543.7**	**289.9[1]**
United Kingdom	**40.3**	35.6
Total	**584.1**	**325.5[1]**

[1] Adjusted (refer to section E. 02. a)).

b) Non-current assets

EUR million	Dec. 31, 2017	Dec. 31, 2016
Germany	**281.5**	281.5
Turkey	**353.2**	436.0
Kuwait	**192.2**	129.1
Saudi Arabia	**122.8**	121.9
Other countries	**302.6**	355.5
Total	**1,252.4**	**1,323.9**

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

F. DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

01. Intangible assets

a) Reconciliation of carrying amount

Intangible assets declined by € 71.4 million in the current year. This change is primarily due to foreign currency effects notably as a result of the appreciation of the Euro. The decline in goodwill caused by foreign currency differences was offset by the addition of goodwill from the acquisition of the Carriage Group as well as Fly & Company Ltd. and Appetito24 (refer to section D. 02.).

Goodwill is not subject to amortization.

The useful life of the brands identified as part of the acquisitions in 2017 is between three and five years and that of the customer and supplier relationships is three years. The remaining useful life of the other brands may extend from two to twenty-two years; that of the other customer and supplier relationships ranges between three and ten years.

Amortization of intangible assets is recognized in administrative expenses. For the overall amount of amortization in the financial year, refer to section G. 05.

Movements in intangible assets:

EUR million	Goodwill	Licenses and similar rights	Trademarks	Software	Internally generated intangible assets	Customer/ supplier base and other intangible assets	**Total**
Cost							
As of Jan. 1, 2017	**706.7**	**4.9**	**479.2**	**15.4**	**6.7**	**177.9**	**1,390.8**
Additions through business combinations	93.0	–	3.7	0.9	1.1	1.9	**100.7**
Disposals due to deconsolidation	–4.8	–0.9	–0.7	–0.3	–0.1	–	**–6.7**
Additions	0.1	0.5	–	2.7	1.8	1.5	**6.6**
Reclassifications	–	1.1	0.1	0.4	–	–0.8	**0.8**
Disposals	–	–	–	–0.3	–0.2	–0.1	**–0.6**
Translation differences	–62.1	–0.6	–55.8	–0.4	–0.7	–11.7	**–131.3**
As of Dec. 31, 2017	**733.0**	**5.1**	**426.5**	**18.4**	**8.5**	**168.9**	**1,360.3**
Accumulated amortization and impairment losses							
As of Jan. 1, 2017	**–15.5**	**–3.5**	**–42.2**	**–5.4**	**–0.4**	**–29.8**	**–96.8**
Additions through business combinations	–	–	–	–0.9	–1.0	–	**–1.9**
Disposals due to deconsolidation	–	0.5	0.3	0.1	0.1	–	**0.9**
Amortization	–	–0.6	–21.9	–2.4	–2.6	–15.6	**–43.2**
Impairment losses	–4.0	–	–0.1	–0.2	–	–0.1	**–4.4**
Reclassifications	–	–0.5	–0.1	–0.6	–	0.4	**–0.8**
Disposals	–	0.1	–	0.1	0.1	–	**0.3**
Translation differences	–	0.4	5.2	0.3	0.2	2.2	**8.2**
As of Dec. 31, 2017	**–19.5**	**–3.6**	**–58.8**	**–9.1**	**–3.7**	**–42.9**	**–137.7**
Carrying amount as of Dec. 31, 2017	**713.5**	**1.4**	**367.7**	**9.3**	**4.8**	**126.0**	**1,222.6**
Carrying amount as of Jan. 1, 2017	**691.2**	**1.5**	**437.0**	**10.0**	**6.3**	**148.0**	**1,294.0**

EUR million	Goodwill	Licenses and similar rights	Trademarks	Software	Internally generated intangible assets	Customer/ supplier base and other intangible assets	**Total**
Cost							
As of Jan. 1, 2016	**527.4**	**1.4**	**517.7**	**8.5**	**1.9**	**165.1**	**1,222.1**
Additions through business combinations	215.9	–	10.7	5.3	3.8	13.0	**248.7**
Disposals due to deconsolidation	–2.0	–0.1	–4.4	–	–	–1.5	**–8.0**
Additions	–	0.6	–0.1	4.1	1.5	2.2	**8.3**
Reclassifications	–11.0[1]	3.0	–1.5	–1.6	–	–2.1	**–13.2[1]**
Disposals	–	–	–	–0.6	–	–	**–0.7**
Translation differences	–23.6	0.1	–43.4	–0.3	–0.4	1.2	**–66.5**
As of Dec. 31, 2016	**706.7[1]**	**4.9**	**479.2**	**15.4**	**6.7**	**177.9**	**1,390.8[1]**
Accumulated amortization and impairment losses							
As of Jan. 1, 2016	**–7.9**	**–0.9**	**–27.9**	**–4.7**	**–0.2**	**–19.0**	**–60.4**
Disposals due to deconsolidation	2.0	0.1	4.3	–	–	1.5	**8.0**
Amortization	–	–0.6	–22.6	–1.3	–0.3	–14.4	**–39.2**
Impairment losses	–9.6	–	–0.1	–0.1	–	–0.2	**–10.1**
Reclassifications	–	–2.0	1.5	0.3	–	2.1	**1.8**
Disposals	–	–	–	0.1	–	–	**–**
Translation differences	0.1	–0.1	2.6	0.2	–	0.2	**3.0**
As of Dec. 31, 2016	**–15.5[1]**	**–3.5**	**–42.2**	**–5.5**	**–0.4**	**–29.8**	**–96.8[1]**
Carrying amount as of Dec. 31, 2016	**691.2[1]**	**1.5**	**437.0**	**10.0**	**6.3**	**148.0**	**1,294.0[1]**
Carrying amount as of Jan. 1, 2016	**519.6**	**0.6**	**489.8**	**3.8**	**1.7**	**146.1**	**1,161.7**

[1] Restated (refer to section A. 02.).

b) Breakdown of goodwill

For the purpose of testing for impairment, the Group allocates the goodwill to the cash-generating units. At December 31, 2017 and 2016 the goodwill was allocated as follows taking into account the recognized impairment losses:

EUR million	**2017**	2016
Yemek Sepeti group	**136.0**	165.7
Delivery Hero Germany GmbH (formerly Lieferheld GmbH)	**125.7**	125.7
Hungerstation group	**107.6**	–
Carriage group	**75.0**	–
Talabat group	**55.6**	62.4
Subtotal	**499.9**	**353.8**
Goodwill of other CGUs	**213.6**	337.4[1]
Total	**713.5**	**691.2[1]**

[1] Restated (refer to section A. 02.).

Goodwill of the CGU Yemek Sepeti group declined as of December 31, 2017 compared with previous year as a result of foreign currency translation movements.

The CGU Hungerstation has been acquired as part of the acquisition of the foodpanda group in 2016. As of December 31, 2016 Hungerstation was subsumed in the foodpanda CGU and subsequently allocated into a discrete CGU.

The recoverable amount of all CGUs exceeded their carrying amount in course of the 2017 annual impairment test, except for the CGU Croatia where € 2.0 million of impairment losses were recognized in relation to goodwill. The recoverable amount of the CGU Croatia that is part of the segment Europe was € 2.8 million. In addition, the net assets of 9Coockies were written off resulting in the impairment loss of € 2.0 million. The total impairment losses of € 4.0 million were recorded within other operating expenses.

In 2016 goodwill impairment losses of € 9.6 million were recognized for the CGU Delivery Hero Germany GmbH.

The fair value less costs of disposal of the CGUs (categorized as level 3 of the fair value hierarchy) was calculated by applying the discounted cash flow method. Basis for determining the expected future cash flows is a detailed planning period of three years for each CGU. As the businesses are not expected being in steady state, the expected future cash flows (before interest and taxes) of each CGUs are determined under consideration of CGU-specific revenue growth and EBITDA growth assumptions. The perpetuity was calculated on this basis as well.

The following table shows the key planning assumptions in 2017:

CGU 2017

%	Yemek Sepeti group	Delivery Hero Germany GmbH	Hungerstation group	Carriage group	Talabat group	Other goodwill
Revenue growth p.a. in planning period (CAGR)	23.9	8.9	16.6	26.5	14.0	16.8
Average EBITDA margin in planning period	49.3	10.9	17.7	18.8	41.6	10.8
Terminal value revenue growth	6.9	1.3	1.7	2.6	2.2	2.2
EBITDA margin after end of planning period	51.8	35.0	30.0	30.0	45.0	33.7
Average discount rate in planning period/WACC	16.3	8.0	9.2	9.9	9.7	11.2
Age of company (years)	16	9	3	3	6	8

The following table shows the key planning assumptions in 2016:

CGU 2016

%	Yemek Sepeti group	Delivery Hero Germany GmbH	Hungerstation group	Carriage group	Talabat group	Other goodwill
Revenue growth p.a. in planning period (CAGR)	22.3	8.7	n.a.	n.a.	30.1	32.7
Average EBITDA margin in planning period	56.3	22.9	n.a.	n.a.	54.1	8.9
Terminal value revenue growth	7.6	1.0	n.a.	n.a.	3.2	2.1
EBITDA margin after end of planning period	60.0	37.4	n.a.	n.a.	49.1	30.0
Average discount rate in planning period/WACC	16.2	7.7	n.a.	n.a.	10.1	9.9
Age of company (years)	15	8	n.a.	n.a.	5	7

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 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 together with central management.

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

Costs, except for marketing, are planned using revenue based percentages.

The equity component of 2017 WACC is based on a uniform risk-free base rate of 1.25% for the Euro area (previous year: 1.00%) and a CGU-specific risk premium between 6.0% and 25.0% (previous year: 6.5% to 18.0%). The risk premium mainly contains adjustment components for inflation and country risk as well as market risk and CGU-specific premiums. These CGU-specific premiums depend on the age of the CGU and decline towards maturity. In addition, an entity-specific risk factor (beta factor) of 1.04 is used across all CGUs. Tax rates of between 0% and 35% are applied dependent on the CGU/country. Due to the assumption of full equity financing, the WACC contains no debt component.

As part of the annual impairment testing in 2017, a sensitivity analysis was conducted. In each scenario, an increase of the base rate by 100 basis points (bps) and an absolute reduction of the planned EBITDA margin by five percentage points were assumed. None of these scenarios, in non-impairment situations, triggered additional impairment in other CGU.

02. Property, plant and equipment

Movements in property, plant and equipment:

EUR million	Leasehold improvements	Operating and office equipment	Advance payments for property, plant and equipment	**Total**
Cost				
As of Jan. 1, 2017	**4.9**	**21.3**	**–**	**26.1**
Additions through business combinations	0.1	1.4	–	**1.5**
Disposals due to deconsolidation	–	–1.4	–	**–1.4**
Additions	1.9	10.6	4.1	**16.6**
Reclassifications	3.1	0.4	–3.5	**–**
Disposals	–0.4	–3.1	0.1	**–3.5**
Translation differences	–0.1	–1.2	–0.5	**–1.8**
As of Dec. 31, 2017	**9.3**	**28.0**	**0.2**	**37.6**
Accumulated depreciation				
As of Jan. 1, 2017	**–1.5**	**–9.1**	**–**	**–10.6**
Additions through business combinations	–	–0.5	–	**–0.5**
Disposals due to deconsolidation	–	1.0	–	**1.0**
Depreciation	–0.6	–6.1	–	**–6.8**
Impairment losses	–	–	–	**–**
Reclassifications	–	–	–	**–**
Disposals	0.4	1.6	–	**2.1**
Translation differences	0.1	0.5	–	**0.6**
As of Dec. 31, 2017	**–1.7**	**–12.5**	**–**	**–14.2**
Carrying amount as of Dec. 31, 2017	**7.6**	**15.5**	**0.2**	**23.4**
Carrying amount as of Jan. 1, 2017	**3.3**	**12.2**	**–**	**15.5**

EUR million	Leasehold improvements	Operating and office equipment	Advance payments for property, plant and equipment	**Total**
Cost				
As of Jan. 1, 2016	**1.7**	**11.0**	**1.1**	**13.8**
Additions through business combinations	–	3.5	–	**3.5**
Disposals due to deconsolidation	–	–1.0	–	**–1.0**
Additions	2.3	8.1	–	**10.4**
Reclassifications	1.0	–	–1.1	**–0.1**
Disposals	–	–0.3	–	**–0.3**
Translation differences	–0.1	–0.1	–	**–0.2**
As of Dec. 31, 2016	**4.9**	**21.3**	**–**	**26.1**
Accumulated depreciation				
As of Jan. 1, 2016	**–1.3**	**–4.9**	**–**	**–6.1**
Additions through business combinations	–	–1.5	–	**–1.5**
Disposals due to deconsolidation	–	0.3	–	**0.3**
Depreciation	–0.4	–3.3	–	**–3.7**
Impairment losses	–	–	–	**–**
Disposals	–	0.1	–	**0.1**
Translation differences	–	0.1	–	**0.1**
As of Dec. 31, 2016	**–1.5**	**–9.1**	**–**	**–10.6**
Carrying amount as of Dec. 31, 2016	**3.3**	**12.2**	**–**	**15.5**
Carrying amount as of Jan. 1, 2016	**0.4**	**6.2**	**1.1**	**7.7**

The increase in operating and office equipment is primarily the result of growth and increased business activities. The reclassifications from prepayments to leasehold improvements relates to the preparation of and relocation to new office premises in Turkey in 2017. For acquisitions in the financial year, please also refer also to section D. 02.

To a minor extent operating and office equipment is leased to third parties on a short-term basis. The lessee generally has the right to terminate the lease at any time. The carrying amount of this equipment is as follows:

EUR million	**2017**	2016
Cost as of Jan. 1	**1.2**	1.1
Accumulated depreciation on Jan. 1	**−0.4**	−0.2
Translation differences	**–**	–
Depreciation	**−0.2**	−0.2
Carrying amount as of Dec. 31	**0.5**	**0.7**

03. Other financial assets

Other non-current financial assets are composed as follows:

EUR million	**Dec. 31, 2017**	Dec. 31, 2016
Investments	**28.7**	2.5
Loans granted	**1.8**	1.9
Miscellaneous	**0.9**	2.3
Total	**31.4**	**6.7**

Investments as of December 31, 2017 mostly relate to shares in ANI Technologies Private Limited (ANI), holding company of the Ola group. ANI is located in Bengaluru, India and operates a mobility platform in India. The ANI shares, with a fair value of € 26.5 million, were received as consideration for the 95% stake in the DH Group's subsidiary Pisces eServices Private Limited (foodpanda India) sold in December 2017. Investments further include the remaining 5% stake in foodpanda India.

04. Trade and other receivables

The following table gives an overview of Group receivables:

EUR million	**Dec. 31, 2017**	Restated Dec. 31, 2016
Receivables from payment service provider	**37.0**	10.6
Trade receivables	**36.7**	28.6
Receivable from former group company	**12.3**	–
Purchase price receivable	**–**	10.7
Miscellaneous	**2.8**	0.8
Total	**88.8**	**50.8**

Receivable against former group company relates to settlement of intercompany transactions with a former Indian subsidiary disposed in December 2017 (refer to section D. 03. d)), settled at the beginning of 2018. The purchase price receivable in 2016 primarily included the remaining receivable from the sale of Delivery Club OOO (former subsidiary of foodpanda group).

05. Other assets

Other assets are composed as follows:

EUR million	Dec. 31, 2017	Restated Dec. 31, 2016
Advance payments/ prepaid expenses	**9.7**	6.2
Value-added-tax receivables	**7.1**	2.9
Miscellaneous other assets	**1.1**	2.0
Total	**17.9**	**11.1**
thereof current	**17.6**	11.3
thereof non-current	**0.3**	0.1

06. Deferred income taxes

Deferred tax assets and liabilities as of December 31, 2017 and 2016 are as follows:

	Dec. 31, 2017		Dec. 31, 2016	
EUR million	Assets	Liabilities	Assets	Liabilities
Deferred taxes	**28.2**	**109.9**	**27.1**	**130.8**
Current	**3.1**	**2.1**	3.8	0.1
Non-current	**25.2**	**107.9**	23.3	130.8
Offsetting	**–28.2**	**–28.2**	**–22.8**	**–22.8**
Total	**–**	**81.7**	**4.4**	**108.1**

The change in deferred tax assets and liabilities between December 31, 2017 and 2016 mainly results from the amortization of intangible assets identified in previous acquisitions but also from currency effects. All deferred taxes are reported as non-current, including when current utilization is assumed.

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

EUR million	Dec. 31, 2017	Dec. 31, 2016
Deferred tax assets	**–**	4.4
Deferred tax liabilities	**81.7**	108.1
Net deferred taxes recognized	**81.7**	**103.7**
Year-on-year change	**–22.0**	**–25.5**
thereof recognized in profit or loss	**12.2**	21.5
thereof recognized directly in equity	**–**	–
thereof recognized upon acquisitions	**–0.9**	–3.7
Translation differences	**10.7**	7.7

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 € 34.0 million (previous year: € 16.6 million). In addition, deferred tax assets are not recognized for interest carryforwards (potentially tax deductible in future periods) amounting to € 18.7 million in 2017 (previous year: € 15.3 million). Furthermore, no deferred tax assets are recorded for trade tax loss carryforwards of € 196.7 million (previous year: € 100.1 million) or for corporation tax loss carryforwards of € 490.2 million (previous year: € 383.3 million). The trade tax loss carryforwards have no limitations on utilization. The limitation on utilization of corporation tax loss carryforwards is as follows:

EUR million	Dec. 31, 2017	Dec. 31, 2016
Total corporation tax loss carryforwards	**490.2**	**383.3**
Expiration		
Within 5 years	**36.0**	86.1
After 5 years	**95.8**	71.2
Eligible to be carried forward indefinitely	**358.4**	226.1

Significant unrecognized deferred tax assets for unused tax loss carryforwards relate to Delivery Hero GmbH amounting to € 140.5 million (previous year: € 87.5 million) and RGP Korea Ltd. amounting to € 43.9 million (previous year: € 50.0 million).

Classes of assets and liabilities related to temporary differences:

	Dec. 31, 2017			
EUR thousands	Deferred tax assets	Deferred tax liabilities	Change during the year	thereof recognized in profit or loss
Assets				
Non-current assets				
Intangible assets	12	107,303	19,479	8,955
Property, plant and equipment	48	547	–174	–180
Other financial assets	891	3	2,043	2,047
Trade and other receivables	–	1	–1	–1
Current assets				
Inventories	4	–	–	–
Trade and other receivables	1,297	322	654	687
Other assets	–	1	–374	–332
Cash and cash equivalents	–	20	–20	–22
Equity and liabilities				
Non-current liabilities				
Financial liabilities	–	–	461	461
Pension provisions	112	–	85	93
Other provisions	473	–	118	141
Trade and other payables	2	–	1,686	1,686
Other liabilities	26	–	26	26
Current liabilities				
Financial liabilities	–	–	–40	–40
Other provisions	1,334	–	–1,055	–738
Trade and other payables	252	1,736	–2,051	–2,198
Other liabilities	194	–	143	153
Total temporary differences	**4,645**	**109,933**	**20,980**	**10,738**
Tax loss carryforwards	**23,603**	**–**	**1,024**	**1,462**
Total	**28,248**	**109,933**	**22,004**	**12,200**
Offsetting	**–28,248**	**–28,248**	**–**	**–**
Total after offsetting	**–**	**81,685**	**–**	**–**

EUR thousands	Dec. 31, 2016 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	–	−1	–
Trade and other receivables	345	24	1,121	1,106
Other assets	373	–	375	384
Equity and liabilities				
Non-current liabilities				
Financial liabilities	–	461	−461	−461
Pension provisions	27	–	6	9
Other provisions	355	–	−1,192	−1,127
Trade and other payables	1	1,685	7,997	8,000

EUR thousands	Dec. 31, 2016 Deferred tax assets	Deferred tax liabilities	Change during the year	thereof recognized in profit or loss
Current liabilities				
Financial liabilities	40	–	40	40
Other provisions	2,389	–	192	473
Trade and other payables	598	31	−5,145	−5,152
Total temporary differences	**4,552**	**130,820**	**12,261**	**9,985**
Tax loss carryforwards	**22,579**	**–**	**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**	**–**	**–**

Neither deferred tax assets nor deferred tax liabilities on temporary differences relating to interests in subsidiaries of € 68.1 million (previous year: nil) and € 33.6 million (previous year: € 51.0 million) respectively were recognized, as it is not probable that the temporary differences will be reversed in the foreseeable future.

07. Inventories

Inventories mainly consists of hardware, packaging materials such as pizza boxes, and advertising materials that are sold to partner restaurants.

Inventories are composed as follows:

EUR million	**Dec. 31, 2017**	Restated Dec. 31, 2016
Merchandise	**2.2**	0.4
Advance payments	**0.2**	0.1
Total	**2.4**	**0.5**

The amount of inventories recognized as an expense during the period amounts to € 0.9 million (previous year: € 2.3 million).

08. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

EUR million	**Dec. 31, 2017**	Restated Dec. 31, 2016
Cash at banks	**625.6**	227.6
Cash on hand	**1.8**	1.3
Total	**627.3**	**228.8**

Besides the increased negative cash flows from operating activities due to the continuing investments in the growth of the Group, primarily marketing investments, the change in cash and cash equivalents mainly consists of the following developments:

Cash inflows

— IPO € 467.9 million (refer to section I. 03.)
— Naspers financing round € 301.4 million (refer to section A. 01.)
— Capital increase in December 2017 € 360.1 million (refer to section A. 01.)

Cash outflows

— Shareholder loan settlements € 273.0 million (refer to section F. 13.)
— Repayment Bank Loan € 118.5 million (refer to section F. 10.)
— Acquisition of the Carriage group € 84.8 million (refer to section D. 02.).

Refer to the consolidated statement of cash flows for a detailed presentation of the cash flows of the period.

Cash and cash equivalents were not subject to any significant restrictions as of the reporting date.

09. Equity

The change in legal form from Delivery Hero GmbH (HRB 135090B) to Delivery Hero AG (HRB 187081B) became effective with entry in the commercial register on May 29, 2017.

The change in equity in 2017 is explained below.

a) Subscribed capital

Between January 1, 2017 and December 31, 2017 the number of shares increased from 463,711 to 182,498,900 in the course of eight capital increases. As of the reporting date, 20,300 shares (previous year: 5,400) are held as treasury shares.

The nominal amount is € 1.00 per share. The subscribed capital of Delivery Hero AG as of December 31, 2017 was fully paid up.

The change in subscribed capital is summarized below:

EUR	2017
Subscribed capital on January 1	463,711
thereof treasury shares	–5,400
Issuances for non-cash contribution	3,079
Issuances for cash contribution	29,493,373
Capital increase from company funds	152,538,737
Registered capital on December 31	182,498,900
thereof treasury shares	–20,300

The capital increase from company funds in June 2017 resulted in a reclassification of € 152.5 million from the capital reserves to subscribed capital. A multiple of 300 was applied to the number of shares existing immediately prior to this capital increase.

During the course of the IPO, 19.0 million new shares were issued on June 30, 2017.

During the course of a capital increase, 10.5 million new shares were issued on December 6, 2017.

b) Authorized capital

The authorized capital of Delivery Hero AG as of December 31, 2017 consists of 130,729,010 shares (December 31, 2016: 175,444 shares).

c) Capital reserves

DH's capital reserves increased by € 1,078.4 million in the reporting year; this is mainly attributable to the following circumstances:

— € 301.4 million from the Naspers financing round (refer to section A. 01.).
— Contribution of the premium from issuing new shares in the course of the IPO as of June 30, 2017, of € 464.3 million net of related transactions costs of € 15.3 million (refer to section A. 01.).
— Contribution of the premium from issuing new registered shares in the course of the capital increase as of December 6, 2017, of € 348.4 million net of transaction cost (€ 3.3 million) (refer to section A. 01.).
— In connection with the conversion of Delivery Hero GmbH into Delivery Hero AG on May 29, 2017 the Group has restructured its existing virtual share option programs into a new uniform share option program. The new share option program is classified as equity-settled award, whereas the previous programs were classified as cash-settled, resulting in an overall effect of as of December 31, 2017 of € 110.4 million on capital reserves, thereof € 91.4 million reclassification from other provisions (refer to section H. 01.).

— In 2017 various Non-Controlling Interest (NCI) were acquired in connection with the simplification of the group structure prior to IPO. Most notably the acquisition of NCI from RGP Korea Ltd., including the reclassification of the related put-liability, resulted in a net increase of capital reserves of € 13.9 million.

Contrary the capital reserve decreased due to the reclassification to subscribed capital in connection with the capital increase from company funds of € 152.5 million (refer to section A. 01.).

d) Retained earnings and other reserves

OCI for the period developed as follows:

EUR million	Attributable to the owners of the parent: Currency translation reserve	Attributable to the owners of the parent: Revaluation reserve for pension commitments	Attributable to the owners of the parent: Total	Non-controlling interests	Total other comprehensive income (loss)
2017					
Effect from foreign currency translation differences	–97.6	–	**–97.6**	–0.6	**–98.2**
Remeasurement of net liability from defined benefit plans	–	–0.3	**–0.3**	–	**–0.3**
Total	**–97.6**	**–0.3**	**–97.8**	**–0.6**	**–98.4**
2016					
Effect from foreign currency translation differences	–61.5	–	**–61.5**	–0.2	**–61.7**
Remeasurement of net liability from defined benefit plans	–	0.1	**0.1**	–	**0.1**
Total	**–61.5**	**0.1**	**–61.4**	**–0.2**	**–61.6**

The effect of movement in exchange rates in 2017 and 2016 is mainly attributable to the appreciation of the Euro as well as devaluation of other currencies, most notably the Turkish Lira against the Euro.

e) Treasury shares

Despite the utilization of treasury shares in 2017 the number of treasury shares increased due to the capital increase from company funds to 20,300 as of December 31, 2017 (previous year: 5,400).

f) Non-controlling interests

In 2017 various NCIs were acquired in connection with the simplification of the Group structure prior to IPO. Furthermore in 2017 the remaining 16% NCI of RGP Korea Ltd. was assumed to be acquired based on the put option right of the minority shareholder that became exercisable upon IPO which will be settled in a fixed number of Delivery Hero AG shares (refer to section H. 02. a)). Accordingly negative NCI of € 9.3 million was reclassified. Remaining NCI as of December 31, 2017, mainly relates to Hungerstation LLC, King Fahad (KSA), (refer to section D. 03. b)).

10. Liabilities to banks

All bank liabilities (as of December 31, 2016: € 116.4 million) became due immediately after the IPO on June 30, 2017 and were repaid.

11. Pension provisions

In accordance with statutory requirements the DH Group maintains defined benefit plans in Korea and Turkey. In Korea, beneficiaries are entitled to one month salary for each year of employment after one year of continuous employment. The payment is measured on the average monthly pay during the final three months of employment and is awarded as a lump-sum. The retirement age in Korea is 60 years. In Turkey, lump-sum termination indemnities are provided to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Aside organic growth, the increase the provision is determined using the projected unit credit method. The actuarial assumptions underlying the calculation are summarized below:

%	2017	2016
Actuarial interest rate	**1.50–8.42**	2.45–8.42
Salary trend	**2.50–11.60**	2.90–11.60
Mortality – males	**0.02**	0.01–0.05
Mortality – females	**0.02**	0.01–0.02
Expected return on plan assets	**n.a.**	n.a.
Turnover rate	**7.10–11.55**	8.73–11.55

Sensitivities of the present value of the defined benefit obligations (DBO) are presented below:

EUR million	2017	2016
DBO on the basis of the current discount rate assumption	**1.9**	1.2
DBO given an increase in the discount rate of 1 percentage point	**1.8**	1.2
DBO given a decrease in the discount rate of 1 percentage point	**2.1**	1.4
DBO on the basis of the current salary trend assumption	**1.9**	1.2
DBO given an increase in the salary trend of 1 percentage point	**2.1**	1.4
DBO given a decrease in the salary trend of 1 percentage point	**1.8**	1.2

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

EUR million	2017	2016
DBO on Jan. 1	**1.2**	0.8
Addition due to business combination	**0.2**	–
Service cost	**2.0**	0.8
Pension benefits	**–1.0**	–0.3
Interest expense	**–**	–
Actuarial losses	**0.1**	–0.1
Currency translation	**–**	–
DBO on Dec. 31	**2.4**	**1.2**

The DH Group has no qualifying plan assets recognized in the consolidated statement of financial position as of December 31, 2017 and 2016.

Changes in obligations in the statement of financial position including plan assets

EUR million	2017	2016
Present value of pension obligations	**1.9**	1.2
Fair value of plan assets	**–**	–
thereof contributions to plan assets	**–**	–
thereof payments on plan assets	**–**	–
Obligations in the statement of financial position on Dec. 31	**1.9**	**1.2**

Pension payments of € 0.3 million are expected for the financial year 2018.

12. Other provisions

The decrease in other provisions in 2017 primarily results from the reclassification of the share-based payment provision.

As part of the conversion of Delivery Hero GmbH into a German stock corporation on May 29, 2017, the Group restructured its existing share-based compensation programs through combination into a new uniform stock option program. Before the restructuring, the share-based programs were classified as cash-settled share-based payment arrangements. Under the terms of the new share-based compensation programs, the Group plans to settle by means of equity instruments and classifies the program as equity-settled share-based payment arrangement. Accordingly, obligations for share based compensation of € 91.4 million as of May 29, 2017 was reclassified into capital reserves (refer to section H. 01.).

As of December 31, 2017, provisions for share-based payment reflect the liability from the cash settled VSP Korea awards (refer to section H. 01.). The DH Group expects to settle the liability over the next twelve months.

The allocation to the personnel provisions mainly relates to bonuses and redundancy payments. DH Group expects to settle the liability over the next twelve months.

Restoration obligations arise from lease arrangements for office premises in several countries. Settlement of these liabilities is contingent on the underlying lease terms. The DH Group expects to settle the liability over the next nine years.

As of the reporting date, contingent liabilities amount to € 0.3 million. In the previous year, contingent liabilities amounted to € 2.8 million and related to legal disputes.

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

EUR million	Restoration obligation	Personnel	Share-based payment	Others	**Total**
As of Jan. 1, 2017	**2.9**	**10.8**	**64.6**	**1.9**	**80.2**
Addition	–	10.2	59.1	1.8	**71.1**
Utilized	−0.4	−5.3	−8.6	−1.3	**−15.6**
Reclassification	–	−5.1	−93.1	–	**−98.1**
Reversed	−0.8	−0.1	−9.6	−0.4	**−10.9**
Exchange rate differences	–	−1.5	−0.1	−0.1	**−1.7**
Disposals due to deconsolidation	–	−0.3	–	–	**−0.3**
As of Dec. 31, 2017	**1.8**	**8.6**	**12.3**	**1.9**	**24.7**
Non-current	1.4	1.2	–	1.0	**3.6**
Current	0.4	7.5	12.3	1.0	**21.2**

13. Trade and other payables

Trade and other payables are composed as follows:

EUR million	**Dec. 31, 2017**	Restated Dec. 31, 2016
Current financial liabilities		
Trade payables	**28.8**	38.9
Liabilities for outstanding invoices	**20.4**	11.5
Financial liabilities from put option on NCI	**2.6**	26.5
Finance leases	**1.3**	1.1
Security deposits received	**0.7**	0.1
Contingent purchase price obligation	**–**	6.8
Other payables	**81.3**	36.4
Total current financial liabilities	**135.1**	**121.4**
Non-current financial liabilities		
Finance leases	**2.4**	3.5
Trade payables	**0.1**	0.1
Security deposits received	**0.4**	0.5
Loans payable	**–**	230.8
Contingent purchase price obligation	**–**	14.2
Derivative financial instruments	**–**	12.8
Financial liabilities from put option on NCI	**–**	1.7
Other	**–**	1.6
Total non-current liabilities	**2.8**	**265.0**

Financial liabilities from put options on NCI consist of obligations to acquire NCI shares of some subsidiaries. The decrease in 2017 resulted from the settlement of these liabilities prior to IPO on June 30, 2017.

Other payables amounting to € 81.3 million (previous year: € 36.4 million), consist mainly of liabilities to restaurants.

The contigent purchase price liability existing in the previous year (previous year: € 21.0 million) from the acquisition of e-food was settled during the financial year.

All loan payables (as of December 31, 2016: € 230.8 million) became due immediately after the IPO on June 30, 2017 and were repaid. Consequently, the related separated embedded derivatives (as of December 31, 2016: € 12.8 million) were derecognized.

14. Other liabilities

Other liabilities are composed as follows:

EUR million	Dec. 31, 2017	Restated Dec. 31, 2016
Non-current other liabilities		
Other long-term employee benefits	**15.1**	–
Miscellaneous	**0.1**	0.2
Total non-current other liabilities	**15.2**	**0.2**

EUR million	Dec. 31, 2017	Restated Dec. 31, 2016
Current other liabilities		
Taxes and charges	**11.2**	8.5
Liabilities to employees	**11.5**	8.9
Received prepayments	**6.7**	7.0
Deferred income	**1.8**	2.1
Social security liabilities	**2.5**	0.9
Other long-term employee benefits (current portion)	**0.3**	–
Miscellaneous	**7.9**	5.8
Total current other liabilities	**41.9**	**33.2**

Other long-term employee benefit liabilities arose during the acquisition of the Carriage group, Fly & Company and Appetito24 in 2017 (refer to section B. 02.). Employees of these entities are entitled to payments contingent on performance targets over an agreed service period.

Received prepayments relate to a GBP payment in December 2016 for the intended sale of the hungryhouse group (refer to section D. 03. e)). Changes in the liability between December 31, 2016 and 2017 relate to foreign currency movements.

Liabilities to employees primarily relate to wages and salaries of € 6.9 million (previous year: € 6.1 million) and unused vacations of € 4.5 million (previous year: € 2.7 million).

15. Income tax liabilities

Income tax liabilities arose in group entities with positive taxable income.

Reimbursement claims from overpayment of trade and corporation taxes are shown in income tax receivables.

G. DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

01. Revenue

Revenue is composed as follows:

EUR million	2017	2016	Change EUR million	Change %
Revenue from				
Commissions	**408.0**	217.3	190.7	87.8
Delivery fees	**47.3**	15.9	31.4	> 100
Prime placings	**41.5**	29.9	11.6	38.7
Other	**47.0**	26.8[1]	20.2[1]	75.3[1]
Total	**543.7**	**289.9**[1]	**253.8**[1]	**87.6**[1]

[1] Adjusted (refer to section E. 02. a)).

Refer to section E. 02. a) for the development of revenue per segment. Aside organic growth in all segments, the acquisition of the foodpanda group as of December 31, 2016 positively contributed to the growth in revenue.

02. Cost of sales

Cost of sales are composed as follows:

EUR million	2017	2016	Change EUR million	Change %
Delivery expenses	**–144.0**	–50.8	–93.3	> 100
Fees for payment services	**–23.6**	–11.4	–12.2	> 100
Server hosting	**–7.6**	–3.1	–4.4	> 100
Purchase of terminals and other POS systems	**–6.1**	–4.5	–1.6	36.5
Expenses for data transfer	**–6.0**	–2.6	–3.4	> 100
Goods and merchandise	**–2.6**	–1.9[1]	–0.8[1]	40.7[1]
Call center expenses	**–0.4**	–0.5	0.1	–21.1
Other costs of sales	**–7.5**	–2.4	–5.1	> 100
Total	**–197.8**	**–77.2[1]**	**–120.6[1]**	**> 100[1]**

[1] Adjusted (refer to section E. 02. a)).

Aside organic growth in all segments, the acquisition of the foodpanda group as of December 31, 2016 contributed to the increase in cost of sales.

Delivery expenses includes own rider personnel (2017: € 66.0 million, previous year: € 29.2 million) but also external riders and other operating delivery personnel (2017: € 78.0 million, previous year: € 21.9 million).

Fees for payment services increased in 2017 as a result of general business growth and a higher online payment share.

03. Marketing expenses

Marketing expenses are composed as follows:

EUR million	2017	2016	Change EUR million	Change %
Customer acquisition	**–180.0**	–108.3	–71.8	66.3
Restaurant acquisition	**–73.6**	–56.2	–17.4	31.0
Amortization of brands	**–21.7**	–22.2	0.4	–2.0
Expenses for write-downs on customer/ supplier base	**–16.8**	–15.9	–1.0	6.0
Other marketing expenses	**–34.9**	–20.1	–14.8	73.7
Total	**–327.1**	**–222.6**	**–104.5**	**46.9**

Aside organic growth as well as increased competition in certain markets in 2017, the acquisition of the foodpanda group as of December 31, 2016 contributed to the increase in Marketing expenses.

04. IT expenses

IT expenses are composed as follows:

EUR million	2017	2016	Change EUR million	Change %
Personnel expenses	**–33.1**	–22.4	–10.7	47.9
Other non-personnel IT expenses	**–12.0**	–9.0	–3.1	34.0
Total	**–45.1**	**–31.3**	**–13.8**	**43.9**

Aside organic growth, the acquisition of the foodpanda group as of December 31, 2016 contributed to the increase of IT expenses.

IT expenses primarily relate to research and development (2017: € 29.0 million; 2016: € 16.5 million) of new features and services that may be added to the Group's platforms but also to improvement and maintenance of the existing functionalities.

05. General administrative expenses

General administrative expenses are composed as follows:

EUR million	2017	2016	Change EUR million	Change %
Personnel expenses	**–63.7**	–26.3	–37.5	> 100
Audit and consulting expenses	**–29.4**	–21.8	–7.6	34.7
Share-based payment expenses	**–69.5**	–15.8	–53.8	> 100
Rent and lease expenses	**–12.5**	–9.3	–3.2	34.1
Other office expenses	**–9.1**	–5.1	–4.0	78.1
Depreciation and amortization	**–9.2**	–4.5	–4.7	> 100
Travel expenses	**–6.6**	–3.8	–2.8	73.7
Other (non-income) taxes	**–6.2**	–2.6	–3.6	> 100
Tele-communications	**–2.5**	–2.3	–0.3	11.0
Miscellaneous	**–12.7**	–9.5	–3.2	34.2
Total	**–221.5**	**–100.9**	**–120.6**	**> 100**

Aside organic growth, the increase in General administrative expenses is affected by the acquisition of the foodpanda group as of December 31, 2016.

Share-based payment expenses in 2017 increased as a result of an increased number of awards granted following the roll-over of minorities preceding the IPO as well as valuation effects. Prior to the restructuring of the multiple share option schemes into the new stock option program of Delivery Hero AG (DH SOP) in May 2017 (refer to section H. 01.), the share option schemes were classified as cash-settled and therefore remeasured upon reclassification as equity settled awards.

For further information about the share-based payment program refer to section H. 01.

06. Other operating income

Other operating income is composed as follows:

			Change	
EUR million	**2017**	2016	EUR million	%
Gain from disposal of subsidiaries	**20.3**	1.0	19.3	>100
Miscellaneous	**5.1**	1.2	3.9	>100
Total	**25.3**	**2.2**	**23.2**	**>100**

The disposal of foodpanda India in December 2017 resulted in a disposal gain of € 20.3 million (refer to section D. 03. d)).

07. Other operating expenses

Other operating expenses are composed as follows:

			Change	
EUR million	**2017**	2016	EUR million	%
Expenses for bad debt	**−15.3**	−6.0	−9.3	>100
Loss from disposal of subsidiaries	**−0.8**	−2.5	1.7	−69.4
Losses on the disposal of fixed assets	**−0.6**	−0.6	−0.1	9.5
Impairment of goodwill	**−4.0**	−9.6	5.7	−58.8
Miscellaneous	**−2.0**	−1.2	−0.8	68.6
Total	**−22.6**	**−19.9**	**−2.7**	**13.7**

The increase in expenses for bad debt in 2017 corresponds with the increase in trade receivables as of December 31, 2017 and results from increase in business activities and the acquisition of the foodpanda group as of December 31, 2016.

Impairments of goodwill in 2017 relate to the CGU Croatia and CGU 9Cookies amounting to a total of € 4.0 million. Goodwill impairment in the previous year related to the CGU Pizza.de (refer to section F. 01. b)).

Losses from disposal of subsidiaries include mainly losses from selling the Group’s operations in Kazachstan and Georgia as well as the loss (€ 0.4 million) from the disposal of 51% in RPP (Poland) in August 2017 that was subsequently accounted at equity.

08. Net interest cost

Net interest cost is composed as follows:

			Change	
EUR million	**2017**	2016	EUR million	%
Interest and similar income	**3.7**	0.9	2.8	>100
Interest and similar expenses	**−21.7**	−34.0	12.3	−36.3
Total	**−17.9**	**−33.1**	**15.2**	**−45.8**

The decrease in interest expenses results mainly from the early repayment of the financial liabilities in connection with the IPO on June 30, 2017 (refer to sections F. 10. and F. 13.). Interest expenses relates mainly to the repaid loans.

09. Other financial result

Other financial result is composed as follows:

			Change	
EUR million	**2017**	2016	EUR million	%
Losses from remeasurement of other financial liabilities	**−44.1**	−10.7	−33.4	>100
Gains/losses from remeasurement of derivatives	**0.8**	5.9	−5.1	−86.4
Losses from derecognition of loans payable	**−3.6**	–	−3.6	>100

			Change	
EUR million	**2017**	2016	EUR million	%
Foreign currency gains/losses	**–27.4**	8.7	–36.1	> 100
Gains/losses from derecognition of equity-accounted investees	**2.5**	–0.9	3.3	> 100
Result from equity-accounted investees	**–1.6**	–5.1	3.5	–69.1
Impairment of equity-accounted investees	**–**	–7.1	7.1	–100.0
Total	**–73.4**	**–9.3**	**–64.1**	**> 100**

The losses from remeasurement of other financial liabilities relate to liabilities resulting from put options on NCIs as well as contingent purchase price obligations. In 2017 this items further includes a loss of € 4.8 million from the remeasurement of financial liabilities that were subsequently settled with equity instruments.

The gains/losses from remeasurement of derivatives relate to separated embedded derivatives all of which were derecognized in 2017 when the respective loan liabilities were repaid. The losses from the derecognition of the loans payable represent the difference between the carrying amount of the respective liabilities and the repayment amounts.

Foreign currency gains/losses in 2017 predominantly resulted from the appreciation of Euro in connection with intercompany loan agreements and foreign currency balances.

In connection with the acquisition of Fly & Company, Korea in October 2017 (refer to section D. 02.), the equity accounted 21% stake in Fly & Company was derecognized resulting in a disposal gain of € 1.4 million.

The 2017 result from equity-accounted investees results primarily from Restaurant Partner Polska Sp. z.o.o. and Fly & Company. The remaining stake in Fly & Company was acquired in October 2017 (refer to section D. 02. b)). The 2016 result from equity-accounted investees related mainly to Fly & Company but also to takeeateasy, Belgium, which was impaired in this period.

10. Income taxes

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

			Change	
EUR million	**2017**	2016	EUR million	%
Income tax expense/(income)	**–1.7**	**11.0**	**–12.7**	**> 100**
Current income taxes	**–13.9**	**–10.5**	**–3.4**	**32.3**
2017 income taxes	**–13.8**	–10.5	–3.3	31.0
Prior period income taxes	**–0.1**	–	–0.1	> 100
Deferred income taxes	**12.2**	**21.5**	**–9.3**	**–43.2**
2017 income taxes	**10.0**	20.5	–10.5	–51.2
Prior period income taxes	**2.2**	1.0	1.2	> 100

The effective income tax expense/(income) is reconciled as follows:

EUR million	**2017**	2016
Earnings before income taxes	**–336.4**	**–202.3**
Income tax using the Company's domestic tax rate (2017: 30.18%; 2016: 30.18%)	**101.5**	**61.1**
Adjustments		
Deviations between the Company's domestic and foreign tax rates	**–7.3**	–3.9
Non-deductible operating expenses	**–29.7**	–9.4
Tax-exempt income	**2.6**	1.4
Tax effects from adding and deducting for local taxes	**–1.5**	–0.9
Effects from partnerships	**–0.1**	–
Effects from the non-recognition of deferred tax assets on tax loss carryforwards	**–51.6**	–31.6
Effects from the recognition/ non-recognition of deferred tax assets on temporary differences	**–4.7**	–4.8
Previous-period deferred income taxes	**2.2**	1.0
Previous-period current income taxes	**–0.1**	–
Effects from consolidation measures	**5.9**	16.6
Effects of equity-accounted investees	**–0.4**	–1.5
Effects of goodwill impairment	**–1.0**	–2.9
Permanent differences	**–17.0**	–12.7
Other tax effects	**–0.6**	–1.5
Income tax expense/(income)	**–1.7**	**11.0**

The tax rate applied to determine the expected tax income corresponds to the tax rate of Delivery Hero AG and comprises 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, discontinued operations had an income tax income in 2017 of € 0.4 million (previous year: income tax expense of € 0,2 million).

H. OTHER DISCLOSURES

01. Share-based payments

The DH Group has been operating share-based payment programs since 2011. The beneficiaries of the share-based payment programs are members of management bodies of the DH Group.

During the reporting period some of the existing share-based compensation programs were restructured into a uniform stock option program. In addition, a new virtual shares program (VSP) was introduced in 2017.

DH Stock Option Program (DH SOP)

Terms and conditions

As part of the conversion of Delivery Hero GmbH into a German stock corporation on May 29, 2017, the Group restructured its share-based compensation programs by combining the existing six virtual shares programs (VSP I-VI), the foodora VSP and the foodora option program into a new, uniform stock option program “DH SOP”. The former six VSPs granted to the beneficiaries the right for a cash payment contingent on the virtual shares price development of Delivery Hero AG (former Delivery Hero GmbH). Similarly the foodora virtual share and the foodora option programs entitled the beneficiaries to payments contingent on the virtual share price performance of several individually defined operating foodora subsidiaries. The VSP I-VI, foodora virtual share and foodora option program were classified as cash settled. As result of the restructuring into the DH SOP, the beneficiaries received option rights, entitling them to subscribe for shares in Delivery Hero AG subject to certain conditions. All other terms and conditions remained substantially the same. The awards vest gradually over a period of 48 months subject to individual cliff provisions of 12 to 24 months. If a beneficiary leaves the Company before completing the vesting requirements, the individual forfeits its rights under the program.

Before the replacement, the share-based programs listed above were classified as cash-settled share-based payment arrangements. Under the terms of the new DH SOP, the has an option to settle in equity instruments or in cash. The Group plans to settle by means of equity instruments and classifies the program as an equity-settled share-based payment arrangement. In the event of certain exit events (e.g. a change of control), the program conditions provide for a cash settlement by the Group. However, the occurrence of such an event is currently considered unlikely.

As a result, the replacement of the previous programs was accounted for as modification whereby the former cash-settled awards were reclassified into equity-settled awards. On the date of reclassification, the liability in the amount of € 91.4 million was recorded in capital reserves reflecting the fair value of the granted awards at the modification date to the extent the services were received.

Measurement of fair values

The grant date fair value of the DH SOP awards was determined on the date of reclassification from cash-settled to equity settled share-based payment awards on May 29, 2017, using an option pricing model (Black-Scholes model). The key inputs used in the measurement of the fair value were as follows: share price of € 23.39, volatility of 36.21%, exercise price of € 1 to € 18, weighted average expected life of 37 months, and a risk-free interest rate of 0.0%. The expected volatility was derived by applying a standard peer group. The share price was derived from the Naspers financing round that took place in May 2017. The measurement resulted in the weighted average fair value of € 13 per option.

At December 31, 2016 the previous cash-settled awards were also measured using an option pricing model (Black-Scholes model). The key inputs used in the measurement of the fair values were as follows:

	DH VSP	foodora VSP	foodora option
Share-price (K EUR)	5.3	3.3	3.3
Volatility (%)	40	50	50
Weighted average exercise price (EUR/share)	1–5,000	408 (1 or 723)	70 (1 or 723)
Weighted average expected life (months)	32	45	41
Risk-free rate (%)	0,0	0,0	0,0
Weighted average fair value per option (EUR)	3,015	2,898	2,852

The fair value of the liabilities as of December 31, 2016 was € 57.4 million, thereof € 47.5 million for DH VSP, € 2.0 million for foodora VSP and € 7.9 million for foodora option.

Reconciliation of outstanding share options

	2017		2016[1]	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding as of January 1	**29,464**	**2,223 (1–5,000)**	**11,406**	**1,824 (1–4,500)**
Awards not participating in the replacement[2]	–2,094	1.00	–	–
Outstanding as of January 1 (reflecting share split of 1: 300 effective June 12, 2017)	**8,211,000**	**7.41 (1–17)**	**–**	**–**
Forfeited during the year	–799,725	14.72 (1–17)	–2,338	3,570 (1–4,500)
Granted during the year	2,539,125	12.95 (1–18)	20,396	2,601 (1–5,000)
Exercised during the year	–245,900	5.46 (4–6)	–	–
Outstanding at December 31	**9,704,500**	**11.13 (1–18)**	**29,464**	**2,223 (1–5,000)**
Exercisable at December 31	70,000	3.51	–	–

[1] 2016 comparative information subsume VSP I-VI, foodora virual share awards and foodora awards.
[2] Two beneficiaries did not participate in the replacement of existing awards into the DH SOP in May 2017. One individual was settled during the reporting period. The remaining awards, classified as equity settled, vest over a period of 48 months. An expense of € 0.3 million was recognized for the period between May 2017 and December 31, 2017.

Total expense for the period was € 64.9 million in 2017 (previous year: € 13.3 million, thereof € 3.4 million for DH VSP; € 2.0 million for foodora VSP; and € 7.9 million for foodora option). At December 31, 2017, the weighted average expected life is 18 months.

Virtual Share Program (VSP) 2017

Terms and conditions

In the fourth quarter of 2017, DH Group initiated a new VSP 2017. Virtual shares entitle the beneficiaries to a compensation based on the appreciation in DH AG shares over strike price as specified in individual contracts, subject to certain conditions. Under the terms of the VSP, the Group has an option to settle in equity instruments or in cash. The Group plans to settle by means of equity instruments and classifies the program as an equity-settled share-based payment arrangement.

The awards vest gradually over a period of 48 months, subject to individual cliff provisions of 12 to 24 months. If a beneficiary leaves the Company before completing the vesting requirements, the individual forfeits his/her rights under the program.

Measurement of fair values

The grant date fair value was determined using an option pricing model (Black-Scholes model). The key inputs used in the measurement of the fair value were as follows: share price on grant dates in Q4 2017, volatility of 44%, weighted average strike price of € 16.88, weighted average expected life of 36 months, and a risk-free interest rate of 0.0%. Expected volatility was derived by applying a standard peer group. The measurement resulted in the weighted average fair value of € 12.65 per option.

Reconciliation of outstanding options

	Number of options	Weighted average exercise price (EUR)
Outstanding as of Jan. 1, 2017	–	–
Forfeited/Expired during the year	–	–
Granted during the year	258,600	16.88
Exercised during the year	–	–
Outstanding as of Dec, 31, 2017	**258,600**	**16.88**

The options outstanding at December 31, 2017 had a strike price in ranging from € 16.67 to € 17.67 (previous year: n.a.) and a weighted-average contractual life of 36 months (previous year: n.a.).

Total expense for the period is € 0.5 million in 2017 (previous year: n.a.).

Other share-based compensation arrangements

RGP Korea

The VSP Korea exists since 2014. The awards vest gradually over a period of 48 months and are accounted for as a cash-settled share-based payment arrangement. The total expense for the period amounts to € 7.0 million (previous year: € 2.9 million). At December 31, 2017 the liability was € 12.3 million (previous year: € 5.3 million).

E-Food Greece

On May 2, 2015 ECommerce Business 10 S.à r.l. granted the senior executives of OFD Online Delivery Services Ltd (OFD) options for shares in OFD. The option program allows senior executives to participate in the performance of OFD. The option program is accounted for as an equity-settled share-based payment arrangement.

The program includes two tranches. The vesting period for tranche 1 is up to December 31, 2018, and the vesting period for tranche 2 up to December 31, 2019. The vested purchase rights can be exercised between December 31, 2019, and March 31, 2020, and will expire after this time period.

Total expense for the period is € 0.8 million in 2017 (previous year: € 1.4 million).

A reconciliation of outstanding share options of other share based compensation arrangements is presented below.

	RGP Korea		E-Food	
	Number of options	Weighted average exercise price per share in EUR	Number of options	Weighted average exercise price per share in EUR
Outstanding as of Jan. 1, 2016	**1,990**	**1.00**	**70**	**18.29**
Forfeited during the year	–650	1.00	–	–
Granted during the year	615	1.00	–	–
Outsanding as of Dec. 31, 2016	**1,955**	**1.00**	**70**	**18.29**
Forfeited during the year	–191	1.00	–	–
Granted during the year	–	–	–	–
Oustanding as of Dec. 31, 2017	**1,763**	**1.00**	**70**	**18.29**
Exercisable at Dec. 31, 2017	1,494	1.00	–	–

Share-based compensation arrangements settled in 2017

In 2017 the Restaurant Partner Polska Sp. z.o.o. (RPP) (Poland) and PedidosYa (Uruguay) share-based compensation programs were settled. These programs were accounted for as cash-settled share-based payment arrangements. The fair value of the respective liabilities at December 31, 2016 was € 0.2 million for RPP and € 1.6 million for PedidosYa. The total expense under these programs recognized in 2017 was € 1.8 million (previous year: € 1.3 million).

02. Financial instruments

a) Fair value disclosures

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

The following abbreviations are used for the measurement categories:

- LaR: Loans and Receivables
- AfS: Available for Sale
- FLaAC: Financial Liability at Amortized Cost
- FVtPL: Financial Instruments at Fair Value through Profit or Loss

Dec. 31, 2017

EUR million	Classification pursuant to IAS 39	Measured at amortized cost		Measured at fair value	Fair value hierarchy	Total
		Carrying amount	Fair value	Carrying amount		
Non-current financial assets						
Investments	AfS	28.8	n.a.		n.a.	**28.8**
Loans granted	LaR	1.8	1.8		3	**1.8**
Security deposits	LaR	0.8	0.8		3	**0.8**
Other financial assets		**31.4**		–		**31.4**
Current financial assets						
Receivables against payment service providers	LaR	37.0	n.a.		n.a.	**37.0**
Trade receivables	LaR	36.7	n.a.		n.a.	**36.7**
Other receivables	LaR	15.1	n.a.		n.a.	**15.1**
Trade and other receivables		**88.8**		–		**88.8**
Cash and cash equivalents		**627.3**	**n.a.**	–		**627.3**
Total financial assets		**747.5**		–		**747.5**
Non-current financial liabilities						
Trade payables	FLaAC	0.1	0.1		3	**0.1**
Finance lease payables	n.a.[1]	2.4	2.4		3	**2.4**
Security deposits received	FLaAC	0.4	0.4		3	**0.4**
Trade and other payables		**2.8**		–		**2.8**
Current financial liabilities						
Trade payables	FLaAC	49.2	n.a.		n.a.	**49.2**
Finance lease payables	n.a.[1]	1.3	n.a.		n.a.	**1.3**
Security deposits received	FLaAC	0.7	n.a.		n.a.	**0.7**
Financial liabilities from put option on NCI	FLaAC	2.6	2.6		3	**2.6**
Other payables	FLaAC	81.3	n.a.		n.a.	**81.3**
Trade payables and other financial liabilties		**135.1**		–		**135.1**
Total financial liabilities		**137.9**		–		**137.9**

[1] Classification and measurements of finance lease payables meet the requirements of IAS 17 Leases.

Dec. 31, 2016

EUR million	Classification pursuant to IAS 39	Measured at (amortized) cost Carrying amount	Measured at (amortized) cost Fair value	Measured at fair value Carrying amount	Fair value hierarchy	Total
Non-current financial assets						
Investments	AfS	2.5	n.a.		n.a.	**2.5**
Loans granted	LaR	1.9	1.9		3	**1.9**
Derivative financial instruments	FVtPL			1.0	3	**1.0**
Security deposits	LaR	1.3	1.3		3	**1.3**
Other financial assets		**5.7**		**1.0**		**6.7**
Current financial assets						
Receivables against payment service providers	LaR	10.6	n.a.		n.a.	**10.6**
Trade receivables	LaR	28.6	n.a.		n.a.	**28.6**
Security deposits	LaR	–	n.a.		n.a.	**–**
Other receivables	LaR	11.5	n.a.		3	**11.5**
Trade and other receivables		**50.7**		**–**		**50.7**
Cash and cash equivalents		**228.9**				**228.9**
Total financial assets		**285.3**		**1.0**		**286.3**
Non-current liabilities						
Liabilities to banks	FLaAC	116.4	119.0	–	3	**116.4**
Trade payables	FLaAC	0.1	0.1		3	**0.1**
Finance lease payables	n.a.	3.5	3.5		3	**3.5**
Security deposits received	FLaAC	0.5	0.5		3	**0.5**
Derivative financial instruments	FAHfT	–		12.8		**12.8**
Contingent purchase price obligation	FVtPL	–		14.2		**14.2**
Loans payable	FLaAC	230.8	228.5			**230.8**
Financial liabilities from put option on NCI	FLaAC	1.7	1.7		3	**1.7**
Other financial liabilities	FLaAC	1.6	1.6		3	**1.6**
Trade payable and other payables		**238.1**		**27.0**		**265.2**
Current financial liabilities						
Trade payables	FLaAC	50.4	n.a.		n.a.	**50.4**
Finance lease payables	n.a.[1]	1.1	n.a.		n.a.	**1.1**
Security deposits received	FLaAC	0.1	n.a.		n.a.	**0.1**
Contingent purchase price obligation	FVtPL	–		6.8	3	**6.8**
Financial liabilities from put option on NCI	FLaAC	26.5	26.5		3	**26.5**
Other financial liabilities	FLaAC	36.4	n.a.		n.a.	**36.4**
Trade payables and other payables		**114.5**		**6.8**		**121.3**
Total financial liabilities		**469.0**		**33.8**		**502.9**

[1] Classification and measurements of finance lease payables meet the requirements of IAS 17 Leases.

The fair value information for investments that are measured at cost is not disclosed because their fair value is not reliably measurable. Furthermore, the fair value is not disclosed for some current financial assets and current financial liabilities, as they were not measured at fair value because their carrying amount is a reasonable approximation of fair value due to their short-term nature. The fair values of some non-current financial assets approximate their carrying amount because there were no significant changes in the measurement input, since their fair value was determined upon initial recognition.

When the Group adjusts the carrying amount of the financial liabilities resulting from the put options on NCI, the measurement of the revised estimated future cash flows is mainly based on financial and operational key performance indicators of the relevant subsidiaries. The measurement is made at each reporting date and as a result closely approximates the fair value through profit or loss measurement.

Level 3 financial instruments measured at fair value

Total gains and losses from the change in level 3 instruments measured at fair value are recognized in other financial result.

There are no separable embedded derivatives as of the reporting date. In previous periods, the fair value of the separable embedded derivatives was determined using an option pricing model.

There are no contingent purchase price obligations resulting from business combinations as of the reporting date. The fair values of this type of financial instrument were estimated in previous periods taking into account the underlying contingency as agreed with the seller in a particular business combination.

In addition, the Group incurred a liability resulting from a put option on non-controlling interests (NCI) of RGP Korea Ltd. during the reporting period. The liability became subsequent to the IPO in a fixed number of Delivery Hero AG shares and was reclassified as equity. Due to a complex pay off structure resulting from the embedded derivative, the Group designated this liability at fair value through profit or loss. The key inputs into the fair value measurement of this liability were financial and operational key performance indicators of the subsidiary as well as fair value changes in Delivery Hero AG shares.

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

	Assets	Liabilities		
EUR million	Separated embedded derivatives	Separated embedded derivatives	Contingent purchase price obligations	Liability from put option on NCI
As of Jan. 01, 2016	**2.9**	**19.2**	**9.7**	**–**
Additions	0.3	–		
Disposals	–1.7	–		
Gains recorded in profit or loss	–	6.5		
Losses recorded in profit or loss	–0.5	–	–11.3	
As of Dec. 31, 2016	**1.0**	**–12.8**	**21.0**	**–**
Additions	–	–	–	20.9
Disposals	–0.7	–11.7	–30.8	–44.1
Gains recorded in profit or loss	–	1.1	–	–23.2
Losses recorded in profit or loss	–0.3	–	–9.8	
As of Dec. 31, 2017	**–**	**–**	**–**	**–**

The net gains and losses recognized for individual measurement categories pursuant to IAS 39 are as follows:

Net income (loss) by measurement category

EUR million	**2017**	2016
LaR	**–**	–
AfS	**–**	–
FVtPL (assets)	**−0.3**	−0.5
FVtPL (liabilities)	**−31.9**	−4.9
FLaAC	**−14.2**	0.5
Total	**−46.4**	**−4.9**

Gains and losses related to LaR measurement category excludes impairment losses and interest income. The net result of the FLaAC measurement category includes gains and losses on derecognition as well as remeasurements of the carrying amounts due to changes in future estimated cash flows.

b) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows in the reporting period:

EUR million	Liabilities to banks[1]	Trade and other payables[1]	Finance lease liabilities	**Total**
Restated balance at Jan. 1, 2017	**115.4**	**243.6**	**4.6**	**363.6**
Proceeds from loans and borrowings	–	25.0	–	**25.0**
Repayment of borrowings	−118.5	−273.8	–	**−392.3**
Interest paid	−2.2	−9.0	–	**−11.2**
Payment of finance lease liabilities	–	–	−1.2	**−1.2**
Total changes from financing cash flows	**−120.7**	**−257.7**	**−1.2**	**−379.6**
Liability related changes				
New finance leases	–	–	0.2	**0.2**
Interest expense	5.0	11.8	–	**16.8**
Fair value changes related to embedded derivatives	0.3	−1.1	–	**−0.8**
Loss on derecognition	–	3.6	–	**3.6**
Balance at Dec. 31, 2017	**–**	**–**	**3.7**	**3.7**

[1] The carrying amount includes separated embedded derivatives.

c) Risk management

The DH Group is exposed to credit risk, liquidity risk and market risk, especially interest rate, foreign exchange risks and price risk. The DH Group actively monitors these risks and manages them using a risk management system. The risk management function is exercised in the Governance, Risk & Compliance (GRC) department.

d) Credit risk

The credit or default risk is the risk that the business partners are unable to fulfill their payment obligations. As in the previous year, such risks mainly relate to current trade receivables from a broad base of customers, mainly restaurants. The DH Group is not exposed to a major default risk from any single customer. 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.

The aging of trade receivables is as follows:

EUR million	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
As of Dec. 31, 2017							
Trade receivables	**36.7**	**28.2**	**4.6**	**1.9**	**1.2**	**0.4**	**0.5**
As of Dec. 31, 2016							
Trade receivables	28.6	23.5	2.6	0.5	0.6	0.3	1.1

Impairment losses for trade receivables changed as follows:

Allowance account

EUR million	
Jan. 01, 2016	**–5.6**
Change for the year	–6.3
Utilised	2.6
Dec. 31, 2016	**–9.3**
Change for the year	–15.4
Utilised	10.8
Dec. 31, 2017	**–14.0**

All other financial assets are neither past due nor impaired. The maximum default risk corresponds to the carrying amount of the financial assets.

At December 31, 2017, the Group held € 627.3 million (previous year: € 228.9 million) as cash and cash equivalents at banks. Most of these balances are held with banks which are rated A+ to BBB+.

The DH Group cooperates with known online payment providers, such as Mastercard, Paypal and Adyen. The receivables from online payment providers amounted to € 37.0 million at December 31, 2017 (previous period: € 10.6 million). They are short-term and carried very low credit risk at the reporting date.

e) Liquidity risk

As a result of the Naspers financing round in May 2017, the IPO in June 2017 as well as the capital increase in December 2017, the company has significantly increased its cash and cash equivalents and reduced external financing.

The following table presents contractual (undiscounted) interest and principal payments for the DH Group's financial liabilities. The maturity is based on the contractual payment terms.

Type of liability

EUR million	Carrying amount	Contractual cash flow Total	<1	1–5
As of Dec. 31, 2017				
Trade payables	49.3	**49.3**	49.2	0.1
Other payables	81.3	**81.3**	81.3	–
Financial liabilities from put option on NCI	2.6	**2.6**	2.6	–
Security deposits received	1.1	**1.1**	0.7	0.4
Total	**134.3**	**134.3**	**133.8**	**0.5**
As of Dec. 31, 2016				
Liabilities to banks	116.4	**118.5**	–	118.5
Trade payables	50.5	**50.5**	50.4	0.1
Security deposits received	0.6	**0.6**	0.1	0.5
Other payables	38.0	**38.0**	36.4	1.6
Contingent curchase price obligations	21.0	**21.0**	21.0	–
Financial liabilities from put option on NCI	28.2	**28.2**	26.5	1.7
Loan liabilities including separated embeded derivatives	243.6	**273.8**	–	273.8
Total	**498.3**	**530.6**	**134.4**	**396.2**

f) Market risk

Group entities are exposed to currency risk in particular with regard to loan obligations denominated in foreign currencies and intercompany receivables and payables. The following table shows the effects on profit or loss that would result if the foreign currencies had appreciated or depreciated by 10% as of the reporting date.

Changes

	Dec. 31, 2017		Dec. 31, 2016	
EUR million	+10%	–10%	+10%	–10%
EUR-KRW	7.7	–7.7	6.4	–6.4
EUR-TRY	–2.8	2.8	–0.1	0.1
EUR-GBP	3.2	–3.2	1.5	–1.5
EUR-USD	0.2	–0.2	–13.0	13.0
UYU-USD	–0.1	0.1	–1.4	1.4
EUR-PLN	–	–	1.2	–1.2

In the previous year some of the loans drawn by the Group had floating interest rates. Accordingly a 1% higher market interest rate would have led to an effect on 2016 profit or loss of negative € 0.8 million, a 1% lower market interest rate would have no effect on 2016 profit or loss due an interest floor.

At the reporting date, there were no instruments measured at fair value.

As of December 31, 2016, the sensitivity of fair value measurements to changes in the relevant market prices was as follows:

	Effect on profit or loss	
EUR million	+10%	–10%
Separable embedded derivatives	–0.7	0.9
Contingent purchase price obligation	–0.3	0.3

03. Capital management

For the purpose of the DH Group's capital management, capital includes subscribed capital, capital reserves and all other equity reserves attributable to the owners of the parent. The primary objective of the DH Group's capital management is to safeguard the Group's ability to continue as a going concern in order to finance the growth strategy and to reduce the cost of capital of the Group.

The capital management strategy, including policies and processes of capital management, is unchanged over the prior year. However, during 2017 substantial capital measures to strengthen equity (refer to section F. 09.) and to improve net debt were taken. Management further restructured the existing equity-settled share option programs in May 2017 into a uniform DH SOP plan that will be settled in equity of Delivery Hero AG (refer to section H. 01.).

Until the repayment of all bank and shareholder loans in 2017 (refer to sections F. 10. and F. 13.) the Group was subject to external covenants from loans, which were not breached either in 2017 or in the previous year.

The capital management is using the metrics cash and cash equivalents, net debt and debt to equity, which are presented below:

EUR million	Dec. 31, 2017	Dec. 31, 2016
Cash and cash equivalents	**–627.3**	–230.9
Current and non-current liabilities	**313.5**	739.9
Net debt	**–313.8**	**509.0**
Equity	**1,720.8**	892.2
Debt to equity (%)	**–18.2**	**57.1**

04. Earnings per share

Basic earnings per share were calculated based on the net loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding (in thousands). All figures for the shares include the effect of the share split at a ratio of 1:300, which was carried out in the second quarter of 2017.

		2017	2016	Change Absolut	Change %
Consolidated loss for the period from continuing operations	EUR million	**−338.1**	−191.3	−146.8	76.7
Loss from continuing operations attributable to non-controlling interests	EUR million	**−2.9**	−7.5	4.5	−60.6
Loss from continuing operations attributable to shareholders	**EUR million**	**−335.2**	**−183.8**	**−151.3**	**82.3**
Weighted average number of shares issued	number in thousands	**157,734**	118,091	39,643	33.6
Diluted and basic earnings per share from continuing operations	**EUR**	**−2.12**	**−1.56**	**−0.56**	**36.5**
Loss from discontinued operations	EUR million	**−10.0**	−3.6	−6.4	> 100
Consolidated loss for the period from continuing and discontinued operations attributable to shareholders	EUR million	**−345.1**	−187.4	−157.7	84.1
Weighted average number of shares issued	number in thousands	**157,734**	118,091	39,643	33.6
Diluted and basic earnings per share from discontinued operations	**EUR**	**−0.06**	**−0.03**	**−0.03**	**100**
Diluted and basic earnings per share from continued and discontinued operations	**EUR**	**−2.19**	**−1.59**	**−0.60**	**37.8**

Weighted-average number of ordinary shares (basic)

Thousands	2017	2016
Issued ordinary shares at 1 January	**139,113**	118,343
Effect of treasury shares held	**−960**	1,620
Effect of shares issued for the year	**19,581**	1,368
Weighted-average number of ordinary shares at 31 December	**157,734**	**118,091**

The following equity instruments were not taken into account in determining the diluted earnings per share because their effect would have been antidilutive.

Number of potential ordinary shares

Thousands	Dec. 31, 2017	Dec. 31, 2016
Share-based payments	**11,040**	9,328
Escrow loan	**–**	595
Liabilities from put option on NCI	**79**	1,358
Total number of potential ordinary shares	**11,119**	**11,281**

05. Disclosures on the cost of sales method

The DH Group classifies expenses by their function referred to as the cost of sales method. Included in these expenses are: expense for employee benefits of € 319.3 million in 2017 (2016: € 113.6 million) and expenses for depreciation and amortization of € 49.2 million in 2017 (2016: € 43.1 million).

06. Headcount

The DH Group employs an average of 12,882 people in the current financial year (2016: 6,848 employees). The distribution by employee groups can be derived from the following:

Average number of employees by group

	2017	2016
Delivery	**7,129**	3,698
Sales	**3,209**	1,135
Office Admin	**1,316**	753
Marketing	**522**	740
IT	**604**	449
Management	**102**	73
Total	**12,882**	**6,848**

Total personnel expenses in 2017 for continued operations amount to € 237.8 million (2016: € 132.1 million) and discontinued operation amounted to € 13.1 million (2016: € 7.8 million).

Total personnel expenses from continuing and discontinuing in 2017 include social security contributions of € 28.4 million (2016: € 18.4 million).

07. Total fee for the auditor

The auditor's fees for the German entities of the Group are broken down by service as follows:

EUR million	2017	2016
Audit services	**3.0**	0.8
Other audit services	**0.5**	0.2
Tax advisory services	**0.2**	1.2
Other services	**0.4**	–
Total	**4.0**	**2.3**

In 2017 the fees for audit services include services for the previous year of € 0.9 million.

Audit services are provided for the audit of the Consolidated Financial Statements and separate financial statements of Delivery Hero AG and other financial statements of subsidiaries in Germany. Furthermore, integrated with the audit procedures reviews of interim financial statements and analyses of selected components of the compliance management systems were performed.

Other audit services in 2017 include the issuance of comfort letters and the audit of financial information in connection with the IPO.

Tax advisory services consist of consulting services in connection with the analysis of transfer pricing structures and the development of transfer pricing concepts between Group subsidiaries, consulting services in connection with the preparation of tax returns as well as advisory services in connection with social security legislation.

Other services in 2017 consist of advisory services in connection with the General Data Protection Regulation and consulting services in connection with contracts.

08. Related party disclosures

a) Key management personnel transactions

The members of the Management Board and the members of the Supervisory Board (until May 2017 Advisory Board) represent key management personnel. Until May 2017, the time of the transformation into a German stock corporation (Aktiengesellschaft), the members of the C-Level management were also considered as key management personnel. This change reflects shifted responsibilities and the assignment of representative power to members of the management board only. Correspondingly the remuneration of the C-Level management is included until that date. The remuneration of the Management Board and the Supervisory Board in 2017 is as follows:

EUR million	2017	2016
Short-term employee benefits	**1.0**	1.1
Termination benefits	**–**	0.2
Expenses related to share-based compensation[1]	**12.6**	4.5

[1] For details see following illustration.

The total remuneration of the members of the Management Board amounted to a total of € 1.8 million in the financial year 2017, of which € 0.4 million related to the non-performance-related and € 1.4 million to the granting of new performance-related components. The total remuneration of the Supervisory Board in 2017 amounts to € 0.2 million. The Advisory Board discharged in the first half of the year did not receive any remuneration.The stock options granted to current related parties are as follows:

Measurement date

	Dec. 31, 2017[3]	Dec. 31, 2016[1]
No. of shares owed[2]	**1,266,600**	6,322
No. of tendered shares[2]	**1,177,909**	4,515
Fair value (EUR million)	**19.7**	13.1
Expenses recognized (EUR million)	**9.2**	4.9

[1] In 2016 and until the transformation of the company into a German stock corporation in May 2017, Key management personal were members of the management, members of the advisory board and members of the C-level.
[2] Data for 2017 reflects share split of 1:300 effective June 12, 2017.
[3] Information reflects information for the twelve months period ended December 31, 2017 for the members of the Management Board. To the members of the Supervisory Board no stock options were granted.

The members of the Management Board and the Supervisory Board were considered as related parties of Delivery Hero AG in accordance with IAS 24.

b) Members of the Management Board

Management Board	Occupation
Niklas Östberg	Chief Executive Officer
Emmanuel Thomassin	Chief Financial Officer

c) Members of the Supervisory Board

Name	Occupation	Other functions
Dr. Martin Enderle Chairman	Managing Director of allmyhomes GmbH	Egmont Foundation (Member of the Board of trustees), CEWE Stiftung & Co. KGaA (Member of the Board of Trustees), digi.me GmbH (Managing Director), Chaconne GmbH (Managing Director), feegoo invest UG (Managing Director)
Jeffrey Lieberman Deputy Chairman	Managing Director of Insight Venture Partners	Elo7 Ltd. (Member of the Board of Directors), Gainsight, Inc. (Member of the Board of Directors), Graph PAD Holdings, LLC (Member of the Board of Directors), HelloFresh SE (Chairman of the Supervisory Board), Hootsuite Media Inc. (Member of the Board of Directors), Mimecast Limited (Member of the Board of Directors), Open Education Holdings Inc. (Member of the Board of Directors), Qualtrics International Inc. (Member of the Board of Directors), Sift Science, Inc. (Member of the Board of Directors), SkinnyCorp, Inc. (Member of the Board of Directors), SkinnyCorp, LLC (Member of the Board of Directors), Tongal, Inc. (Member of the Board of Directors), Udemy, Inc. (Member of the Board of Directors)
Jonathan Green	Partner Luxor Capital Group, LP	Bridebook Limited (Director), EatStreet Inc. (Observer of the Supervisory Board), MarleySpoon GmbH (Advisory Board Member)
Georg Graf von Waldersee	German Certified Chartered Accountant	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (Chairman of the Supervisory Board), Evercore GmbH (Member of the Supervisory Board), Scope Management SE (Deputy Chairman of the Supervisory Board), Scope SE & Co. KGaA (Deputy of the Supervisory Board), Befesa S.A. (Member of the Board of Directors)
Patrick Kolek	Group Chief Operating Officer of Naspers Limited	MakeMyTrip Ltd (Member of the Board of Directors)

Kolja Hebenstreit and Lukasz Gadowski resigned from the Supervisory Board on June 3, 2017 and December 15, 2017 respectively.

d) Other related party transactions

Other related party transactions comprise exchanges of DH Group with related entities, primarily associated companies and entities controlled by key management personnel.

As of December 31, 2017 receivables and liabilities to other related parties are composed as follows:

EUR million	Dec. 31, 2017	Dec. 31, 2016
Financing committment to associates	1.0	–
Receivables from related entities	0.3	0.3
Liabilities to related entities	0.1	–

The result from transactions with other related parties is composed as follows:

EUR million	2017	2016
Income from transactions from related entities	3.0	0.2
Expenses from transactions with related entities	0.8	–

Income from transactions with related entities includes primarily recharges of IPO related transactions cost (€ 0.3 million) reflected in other operating income and gains from the assignment of vested shares to the Group (€ 1.7 million) from entities controlled by key management personnel.

Furthermore in 2017 the Group provided equity financing to associated companies in an amount of € 0.6 million.

09. Lease relations and other financial obligations

The Group entered a number of office lease agreements in Berlin and various other locations as well as vehicle and office equipment lease agreements classified as operating leases.

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

	Remaining term in years			
EUR million	< 1	1 – 5	> 5	Total
As of Dec. 31, 2017	**15.0**	**37.2**	**15.3**	**67.5**
As of Dec. 31, 2016	7.3	24.8	15.6	47.7

The expense for lease payments in the financial year 2017 amounted to € 12.7 million (previous year: € 8.6 million). In addition payments for subleases of € 0.2 million (previous year: € 0.0 million) were received in 2017. The lease for the office premises in Berlin grants a one-time contractual renewal option for further five years.

The finance leases of the Group primarily relate to office and operating equipment and with a net carrying amount of € 3.3 million as of December 31, 2017 (previous year: € 4.2 million).

	Future minimum lease payments		Interest		Present value of minimum lease payments	
EUR million	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Less than one year	1.4	1.3	0.1	0.2	1.3	1.1
More than one year and less than five years	2.5	3.7	0.1	0.2	2.4	3.5
More than five years	–	–	–	–	–	–
Subtotal	**3.9**	**5.0**	**0.2**	**0.4**	**3.7**	**4.6**

EUR million	Dec. 31, 2017	Dec. 31, 2016
Less than one year	1.3	1.1
More than one year and less than five years	2.4	3.5
More than five years	–	–
Total	**3.7**	**4.6**

Future cumulative obligations from other agreements amount to € 3.2 million as of December 31, 2017 (previous year: € 6.0 million). The other agreements primarily relate to the provision of hosting, advertising and similar services.

10. List of shareholdings pursuant to Section 313 of the German Commercial Code (HGB)

DH has an interest in the following fully consolidated companies as of December 31, 2017:

Name and registered office of the affiliated company	Share of capitals as of 31.12.2017 (%)	Functional currency	Share of capital as of 31.12.2016 (%)
Germany			
9Cookies GmbH, Berlin	100.00	EUR	100.00
Bambino 78. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	100.00
Brillant 1421. GmbH (Holding CEE/CIS), Berlin	100.00	EUR	100.00
Brillant 1424 GmbH & Co. 13. Verwaltungs KG, Berlin	100.00	EUR	100.00
Brillant 1424 GmbH & Co. 15. Verwaltungs KG, Berlin	100.00	EUR	100.00
Delivery Hero (Hong Kong) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. 15. Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (India) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Siebte Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (Malaysia) (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Dritte Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (Pakistan) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Neunte Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (Philippines) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. 13. Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (Singapore) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Fünfte Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (Taiwan) (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Zweite Verwaltungs KG), Berlin	100.00	EUR	100.00
Delivery Hero (Thailand) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Verwaltungs KG), Berlin	100.00	EUR	100.00
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 GmbH, Berlin	100.00	EUR	94.89
Foodora Holding GmbH (formerly Delivery Hero MENA GmbH), Berlin	100.00	EUR	100.00
Foodpanda GmbH (Holding Asia), Berlin	100.00	EUR	100.00
Foodpanda GP UG (haftungsbeschränkt), Berlin	100.00	EUR	100.00
Foodpanda GP UG (haftungsbeschränkt) & Co. Brilliant 21. Verwaltungs KG (formerly Brillant 1424 GmbH & Co. 21. Verwaltungs KG), Berlin	100.00	EUR	100.00
Hungryhouse GmbH, Berlin[1]	100.00	EUR	80.63
Jade 1343 GmbH & Co. 10. Verwaltungs KG, Berlin	100.00	EUR	100.00
Jade 1343 GmbH & Co. Vierte Verwaltungs KG, Berlin	100.00	EUR	100.00
Juwel 199. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	100.00
Juwel 220. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	100.00
RGP Local Holding IV GmbH, Berlin	90.76	EUR	84.06
RGP Trust GmbH, Berlin	100.00	EUR	100.00
SSC Volo GmbH, Berlin	100.00	EUR	94.89
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
International			
20140726 Holding S.a r.l., Luxembourg (LU)	100.00	EUR	100.00
20140824 Holding S.a r.l., Luxembourg (LU)	100.00	EUR	100.00
20140825 Holding S.a r.l., Luxembourg (LU)	100.00	EUR	100.00
Appetito Veinticuatro Ltda., San Jose (CR)	100.00	CRC	–
Aravo S.A., Montevideo (UY)[1]	100.00	UYU	81.32
Baedaltong Co. Ltd., Seoul (KR)	100.00	KRW	100.00
Carriage Delivery Services LLC, Abu Dhabi (UAE)	100.00	AED	–
Carriage Holding Company Ltd., Abu Dhabi (UAE)	100.00	AED	–

Name and registered office of the affiliated company	Share of capitals as of 31.12.2017 (%)	Functional currency	Share of capital as of 31.12.2016 (%)
Carriage Logistics General Trading Company LLC, Kuwait (KW)	100.00	SAR	–
Carriage Logistics SPC, Manama (BH)	100.00	KWD	–
Carriage Trading & Services Co. WLL, Doha (QA)	100.00	BHD	–
Ceraon B.V., Rotterdam (NL)	100.00	QAR	100.00
Click Delivery Cyprus Limited, Nicosia (CY)	100.00	USD	100.00
Click Delivery Digital Processing of Telematics Data Societe Anonyme, Athens (GR)	100.00	EUR	100.00
ClickDelivery S.A.C, Lima (PE)[1]	100.00	EUR	77.17
ClickDelivery S.A.S., Bogota (CO)[1]	100.00	EUR	77.17
Damejidlo cz.s.r.o. (formerly E-Aggregator s.r.o.), Prague (CZ)	100.00	PEN	100.00
Dámejídlo.cz. Logistiks s.r.o. (formerly Valk Fleet s.r.o.), Prague (CZ)	100.00	COP	100.00
DeliverMe Technologies Inc (Hurrier), Toronto (CAN)	100.00	CZK	94.89
Delivery Hero FZ-LLC, Dubai, (UAE)	100.00	CAD	–
Delivery Hero N.V., Amsterdam (NL)	100.00	AED	–
Delivery Hero Sweden AB (formerly Online Pizza Norden AB), Stockholm (SE)	100.00	EUR	100.00
DHH I SPC (DIFC) Ltd., Dubai (UAE)	100.00	SEK	–
DHH II SPC (DIFC) Ltd., Dubai (UAE)	100.00	AED	–
Digital Services XXXVI Italy Srl, Milan (ITA)	100.00	AED	94.89
Donesi d.o.o., Banja Luka (BIH)	100.00	EUR	100.00
Donesi d.o.o., Podgorica (MNE)	100.00	BAM	100.00
Eatoye (PVT) Limited, Karachi (PK)	100.00	EUR	100.00
Ecommerce Business 10 S.à. r.l., Luxembourg (LU)	100.00	PKR	100.00
Emerging Markets Online Food Delivery Holding S.A R.L., Luxembourg (LU)	100.00	EUR	100.00
Establishment of Abdullah Al Mutawa (KSA)	100.00	EUR	–
Fly & Company Inc., Seoul (KR)	100.00	KRW	21.00
Food Basket Elektronik İletişim Gıda Ticaret Ltd. Şti, Nikosia (Cyprus)	100.00	TRY	100.00
Food Delivery HH BG RO Holdco B.V., Amsterdam (NL)	100.00	EUR	100.00
Food Delivery Holding 11. S.à r.l., Luxembourg (LU)	100.00	EUR	100.00
Food Delivery Holding 12. S.à r.l., Luxembourg (LU)	100.00	EUR	100.00
Food Delivery Holding 15. S.à.r.l., Luxembourg (LU)	100.00	EUR	94.89
Food Delivery Holding 2. S.à r.l., Luxembourg (LU)	100.00	EUR	100.00
Food Delivery Holding 20. S.à r.l., Luxembourg (LU)	100.00	EUR	100.00
Food Delivery Holding 21. S.à r.l., Luxembourg (LU)	100.00	EUR	100.00
Food Delivery Holding 5. S.à r.l., Luxembourg (LU)	100.00	EUR	100.00
Food Panda Philippines Inc., Philippines (PHL)	100.00	PHP	100.00
Foodarena GmbH, Biel (CH)	49.20[2]	CHF	48.46
Foodonclick.com/Jordan Private Shareholding Company, Amman (JR)	100.00	JOD	100.00
Foodonclick-com FZ-LLC, Dubai (UAE)	100.00	AED	100.00
Foodora AB, Stockholm (SE)	100.00	SEK	94.89
Foodora Australia Pty Ltd. (formerly-Suppertime Australia Pty), Sydney (AUS)	100.00	AUD	94.89
Foodora Finland Oy formerly R-SC Internet Services Finland OY) Helsinki, (FI)	100.00	EUR	94.89
Foodora France SAS, Paris (FRA)	100.00	EUR	94.89
Foodora Inc. (Canada), Toronto (CAN)	100.00	CAD	94.89
Foodora Norway AS, Oslo (NOR)	100.00	NOK	94.89
Foodpanda (B) SDN BHD, Bandar Seri Begawan (BRN)	100.00	BND	100.00
Foodpanda Bangladesh Ltd., Dhaka (BGD)	100.00	BDT	100.00
Foodpanda Bulgaria EOOD, Sofia (BRG)	100.00	BGN	100.00
Foodpanda Co. Ltd., Bangkok (THA)	100.00	THB	100.00
Foodpanda HK Ltd., Hong Kong (HK)	100.00	HKD	100.00
Foodpanda Malaysia Sdn. Bhd., Jalan (MSY)	100.00	MYR	100.00

Name and registered office of the affiliated company	Share of capitals as of 31.12.2017 (%)	Functional currency	Share of capital as of 31.12.2016 (%)
Foodpanda RO SRL, Bucharest (RO)	100.00	RON	100.00
Foodpanda Singapore Pte. Ltd. Singapore (SGP)	100.00	SGD	100.00
Foodpanda Taiwan Co. Ltd., Daan Dist Taipei (TWN)	100.00	TWD	100.00
Hungerstation LLC, Dammam (KSA)	63.00	SAR	63.00
Hungerstation SPC Ltd., Dubai (UAE)	63.00	AED	63.00
Hungryhouse Holdings Ltd., London (GB)[1]	100.00	GBP	80.63
Hungryhouse.com Ltd., London (GB)	100.00	GBP	80.63
Inversiones CMR S.A.S, Bogota (CO)[1]	100.00	COP	77.17
Inversiones Delivery Hero CMR S.A. (formerly Hellofood Hallo Essen Hollesen S.A.), Quito (EC)[1]	100.00	TRY	77.17
Lokanta Net Elektronik İletişim Gıda Ticaret A.Ş., Istanbul (TR)	100.00	EUR	100.00
Luxembourg Investment Company 43 S.à r.l., Luxembourg (LU)	100.00	HKD	100.00
Maidan Limited, Hong Kong (HK)	100.00	EUR	100.00
Mjam GmbH, Vienna (AT)	100.00	AED	100.00
Mobile Solutions Experts LLC, Dubai (UAE)	100.00	USD	100.00
Mobile Venture Latin America Inc., Panama (PA)	100.00	KRW	–
Npot Incorporation's , Seoul (KR)	84.06	EUR	84.06
OFD Online Food Delivery Services Ltd., Nicosia (CY)	100.00	EUR	100.00
Online Delivery Promotion of Internet Services Société Anonyme, Athens (GR)	100.00	EGP	100.00
Otlob for Restaurants Reservations Services S.A.E, Cairo (EGY)	100.00	HRK	100.00
OZON MEDIA d.o.o., Zagreb (HR)	100.00	ARS	100.00
Pagos Ya S.A., Buenos Aires (AR)	100.00	BRL	100.00
PedidosJá Ltda., São Paulo (BR)[1]	100.00	USA	81.32
PedidosYa S.A. (formerly Kinboy S.A.), Montevideo (UY)[1]	100.00	ARS	81.32
PedidosYa S.A., Buenos Aires (AR)[1]	100.00	CLP	81.32
PedidosYa SPA, Santiago (CL)[1]	100.00	RSD	81.32
Plotun d.o.o., Krusevac (SRB)	100.00	UYU	100.00

Name and registered office of the affiliated company	Share of capitals as of 31.12.2017 (%)	Functional currency	Share of capital as of 31.12.2016 (%)
Repartos Ya S.A, Buenos Aires (AR)	100.00	ARS	–
Repartos Ya S.A, Montevideo, (UY)	100.00	AED	–
Restaurant Internet Solutions DMCC, Dubai (UAE)	63.00	KRW	63.00
RGP Korea Ltd., Seoul (KR)	100.00	HKD	84.06
Rocket Food Limited, Sheung Wan (HK)	100.00	PKR	100.00
R-SC Internet Services Pakistan (PVT) Limited, Karachi (PK)	100.00	SGD	100.00
Singapore-Dine Private Limited, Singapore (SGP)	100.00	EUR	100.00
SLM Finland Oy, Vantaa (FI)	100.00	BRL	100.00
Subdelivery Ltda., São Paulo (BR)[1]	100.00	OMR	81.32
Talabat Electronic Services Company L.L.C., Muscat (OM)	100.00	KWD	99.00
Talabat General Trading & Contracting Company W.L.L, Sharq (KW)	100.00	AED	100.00
Talabat Middle East Internet Services Company L.L.C, Dubai (UAE)	100.00	QAR	99.00
Talabat QFC LLC, Doha (QA)	100.00	SAR	–
Talabat Restaurants Company L.L.C. Riyadh (KSA)	100.00	QAR	99.00
Talabat Services Company L.L.C. Doha (QA)	100.00	BHD	100.00
Talabat Services Company L.L.C. Manama (BH)	100.00	CZK	99.00
Viala Kft, Budapest (HU)	100.00	HUF	100.00
Volo DS XXXVI 9 GmbH (formerly CM Foratis 12 VV GmbH), Vienna (AT)	100.00	EUR	99.00
Volo Netherlands B.V., Amsterdam (NL)	100.00	EUR	99.00
Yemek Sepeti (Dubai) B.V., Amsterdam (NL)	100.00	EUR	100.00
Yemek Sepeti Elektronik İletişim Tanıtım Pazarlama Gıda Sanayi ve Ticaret A.Ş., Istanbul	100.00	TRY	100.00
Yogiyo Media Company Ltd., Seoul (KR)	100.00	KRW	84.06

[1] 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.
[2] Consolidation of foodarena GmbH based on contractual and call option rights.

The following companies were included as associates in the DH Consolidated Financial Statements:

Name and registered office of the associated company

%	Share of capital 2017
Hungry Holding ApS (DK)	**24.50**
Restaurant Partner Polska Sp. z.o.o. (PL)	**49.00**
TakeEatEasy.be SA, Brüssel (BE)	**31.45**

11. Corporate Governance Code

The Management and Supervisory Boards of Delivery Hero AG have issued a statement of conformity pursuant to the German Corporate Governance Code (Section 161 of the German Stock Corporation Act (AktG)), which was published on the website of Delivery Hero AG in December 2017 (https://ir.deliveryhero.com/websites/delivery/English/4500/declaration-of-compliance.html).

I. SUBSEQUENT EVENTS

On January 2, 2018 the DH Group made an investment of USD 105.0 million for a minority stake in Rappi, Inc., a Delaware corporation, parent company of the Rappi Group. ("Rappi"). Rappi is the leading on-demand and multi-vertical delivery platform in Latin America.

On January 31, 2018 DH Group sold its Hungryhouse business to Just Eat for GBP 240.0 million. As explained in section D. 03. e) the business was classified as a discontinued operation in 2017 and 2016.

As at January 31, 2018, Delivery Hero Group acquired Deliveras S.A., Greece ("Deliveras"), a food delivery platform based in Athens. The entity operates a food delivery marketplace – offering vendor delivery services to end-customers.

The acquisition of 100% of the shares in Deliveras represents a strategic investment in the Greek market. The shares acquired are representative of the voting rights. The total consideration for the acquisition is € 4.7 million. It includes a contingent consideration of € 1.5 million. The contingent consideration depends on the future performance of the combined businesses; the maximum amount of the contingency is € 2.0 million.

No significant transaction costs were incurred on the acquisition.

EUR million	Fair values at the date of acquisition
Trademark	0.1
Customer Relationship	1.0
Trade and other receivables	0.1
Provisions and liabilities	–0.2
Trade payables	–0.7
Deferred tax liabilities	–0.3
Net assets	**–**
Fair value of consideration transferred	**4.7**
Goodwill	**4.7**

Trademark represents the Deliveras brand used in Greece. The fair value was calculated using the relief from royalty rate method.

Customer Relationship represents the existing customer base of Deliveras Greece and is amortised over a useful life of ten years. The fair value was derived using the multi period excess earnings method.

Goodwill consists primarily of not separable components such as positive business prospects and employee know-how and is not deductible for tax purposes.

The fair value of the trademark and the contingent consideration has been measured on provisional basis and is subject to completion of the Group's valuation procedures.

Berlin, April 24, 2018

Niklas Östberg
Chief Executive Officer

Emmanuel Thomassin
Chief Financial Officer

RESPONSIBILITY STATEMENT

We hereby confirm that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the Group's business development including its performance and financial position, and also describes significant opportunities and risks relating to the Group's anticipated development.

Berlin, April 24, 2018

Delivery Hero AG

Niklas Östberg
Chief Executive Officer

Emmanuel Thomassin
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), Berlin

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), Berlin, for the financial year from January 1 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

— the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2017, and of its financial performance for the financial year from January 1 to December 31, 2017, and

— the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

IMPAIRMENT OF INTANGIBLE ASSETS ARISING FROM ACQUISITIONS INCLUDING GOODWILL

For information on impairment of intangible assets arising from acquisitions including goodwill, please see Sections B. 05. and F. 01. in the notes to the consolidated financial statements.

The financial statement risk

Intangible assets arising from acquisitions including goodwill (trademarks, customer and supplier relationships, goodwill) amounted to EUR 1,207 million as of December 31, 2017, which represents 59% of total assets and thus a considerable share of asset value.

Intangible assets are tested for impairment if there are indications that their value has declined. As well as this, CGUs/groups of CGUs to which goodwill has been allocated are subject to an annual impairment test.

To test for impairment, the carrying amount of the respective CGU/group of CGUs is compared with the recoverable amount. If the carrying amount exceeds the recoverable amount, this indicates a requirement for impairment. The recoverable amount is the higher of the CGU/group of CGU's fair value less costs to sell and its value in use. The reporting date for impairment testing is November 30, 2017.

Impairment testing is complex and based on a range of assumptions that require judgment. This includes the expected business and earnings development of the CGUs/groups of CGUs for the next three years, the modelling of estimated surplus cash flow in a sustainable status, the assumed long-term growth rates and the discount rate used.

Based on the impairment tests conducted, the Company identified a need to recognize impairment losses totaling EUR 4 million for the Croatia CGU and the 9 Cookies CGU.

There is a risk for the financial statements that the impairment losses as of the reporting date were not recognized at an appropriate amount. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

We evaluated the Company's assessment of whether there were indications of impairment for significant intangible assets arising from acquisitions.

With the involvement of our planning and valuation experts, we have assessed the impairment tests in terms of the appropriateness of the key assumptions and calculation methods of the Company for CGUs/groups of CGUs selected according to risk considerations. For this purpose, we discussed with those responsible for planning the expected business and earnings development and the assumed long-term growth rates and the modelling of free cash flow in a sustainable status. We also reconciled this information with the budget prepared by the management board and approved by the supervisory board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

Furthermore, we evaluated the accuracy of the previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations. Since changes to the discount rate can have a significant impact on the results of impairment testing, we compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the CGU-specific risk premium and the beta coefficient, with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements.

In order to take account of forecast uncertainty, we investigated the impact of potential changes in earnings performance and the long-term growth rate on the recoverable amount by calculating alternative scenarios and comparing these with the values stated by the Company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on the impairment of intangible assets arising from acquisitions were appropriate. This also included an assessment of the appropriateness of disclosures in the notes on sensitivity in the event of a reasonably possible change in the key assumptions used for measurement.

Our observations

The underlying approach to impairment testing of intangible assets arising from acquisitions (including the calculation method) is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and parameters used for measurement are reasonable overall.

The related disclosures in the notes are appropriate.

ACQUISITION OF THE CARRIAGE GROUP

For information on the acquisition of the Carriage Group, please see Section D. 02. of the notes to the consolidated financial statements.

The financial statement risk

On June 14, 2017, the Delivery Hero Group acquired the Carriage Logistics General Trading Company LLC (Kuwait) with its subsidiaries in UAE, Bahrain and Qatar. The purchase price amounted to EUR 84.8 million. According to the preliminary purchase price allocation and taking into account the net assets acquired of EUR 5.0 million, this resulted in goodwill of EUR 79.8 million.

The acquisition involved earn-out agreements concluded with previous owners of the Carriage Group who are also part of Carriage Group's management and which are not incorporated into the total purchase price.

The acquired identifiable assets and assumed liabilities are usually recognized at fair value pursuant to IFRS 3 on the date of acquisition. The Company engaged an independent expert to determine and measure the identifiable assets acquired and the liabilities assumed.

The identification and measurement of assets acquired and liabilities assumed is complex and based on assumptions of the management board that require judgment. The significant assumptions concern the license fees utilized as well as the cost of capital. Recognition of the earn-out agreements in the statement of financial position also entails complexity and the use of judgment.

There is the risk for the financial statements that the assets acquired and liabilities assumed are identified improperly or measured inaccurately. There is also a risk for the financial statements that the earn-out agreements have been recognized inaccurately. There is also the risk that the disclosures in the notes to the consolidated financial statements are not complete and accurate.

Our audit approach

With the involvement of our own valuation experts, we assessed, among other things, the appropriateness of key assumptions and parameters as well as the identification and calculation methods used as part of the preliminary purchase price allocation and the accounting for the earn-out agreements. To that end, we first gained an understanding of the acquisition by consulting employees of the finance department and through an evaluation of the relevant agreements.

We evaluated how the earn-out agreements concluded with several previous owners of the Carriage Group as part of the acquisition had been recognized in the statement of financial position.

We reconciled the total purchase price with the underlying purchase agreements and the evidence of payment.

We assessed the competence, professional skills and impartiality of the independent expert engaged by Delivery Hero AG. We investigated the measurement methods used for their compliance with the accounting policies.

The license rates utilized to measure the intangible assets were compared with benchmarks from relevant databases. We compared the assumptions and parameters underlying the capital costs, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To assess computational accuracy, we verified selected calculations based on risk criteria. Finally, we assessed whether the disclosures in the notes regarding the acquisition of the Carriage Group were complete and accurate.

Our observations

The approach used at the acquisition of Carriage Group for identifying and measuring the assets acquired and liabilities assumed is appropriate and in line with the accounting policies to be applied. The key measurement assumptions and parameters are appropriate. The recognition of the earn-out agreements in the statement of financial position is consistent with the applicable accounting policies. The description in the notes to consolidated financial statements is complete and appropriate.

RECOGNITION AND MEASUREMENT OF THE MODIFIED STOCK OPTION PLAN (SOP)

For information on the modified stock option plan (SOP), please see Section H. 01 of the notes to the consolidated financial statements.

The financial statement risk

As part of the conversion of Delivery Hero GmbH into a German stock corporation (Aktiengesellschaft) on May 29, 2017, the Group transferred its existing, virtual stock option plans (VSP I-VI) to a new, standardized share-based payment program, DH SOP.

Until this modification, the previous programs were classified as cash-settled share-based payment arrangements. Under the terms of the new DH SOP, the Company is required to settle the program in cash if certain exit events (e.g. change of control) occur. Under all other circumstances, the Company has the option to settle the program either through issuing new shares or through cash settlement. Occurrence of exit events is currently seen as unlikely and the Company intends to settle the program by issuing new shares.

The reorganization of the programs, from cash settlement to equity settlement, was recognized as a modification as defined by IFRS 2. Accordingly, the liability arising from the programs at the date of the modification was reclassified to the capital reserve at the fair value at the date of reclassification of EUR 91.4 million. The beneficiaries' length of service in the Company was taken into account to determine the fair value at the date of reclassification.

The program was measured at the date of reclassification according to the Black Scholes model.

Classification of share-based payment programs including choice of settlement and measurement of the programs is complex and rests on assumptions of the management board that are based on judgment. The key assumptions relate to the reference price for a share at the date of reclassification, the volatility used, the expected remaining term of the options and the capital costs.

There is a risk for the financial statements that the option program has been classified inappropriately. There is also a risk that the modification has been recognized incorrectly and that the program at the date of modification has been measured incorrectly.

Our audit approach

We first gained an understanding of the share-based payment programs by consulting employees of the finance department and through an evaluation of the relevant agreements.

Referring to the contractual and legal basis, we evaluated the classification of the DH SOP and the recognition of the programs' modification. We evaluated the Company's assessment of the probability of occurrence of an exit event.

At the date of modification, with the involvement of our valuation specialists, we assessed the computational accuracy and IFRS conformity of the Company's valuation model and the appropriateness of the key assumptions that it includes. To assess computational accuracy, we verified selected calculations based on risk criteria.

We compared the share price used with the documentation on the Naspers financing round. We compared the volatility used, the expected remaining term of the options and the assumptions and parameters underlying the capital costs with our own assumptions and publicly available data.

Through a comparison of the numerical data of the redeemed share-based payment programs with the numerical data of the share-based payment programs (DH SOP) that replaced the redeemed programs, we investigated the completeness of the numerical data for the measurement of the DH SOP share-based payment program. On a sample basis, we examined the agreements with the beneficiaries concerning the modification.

We examined the adjustment of the numerical data as of December 31, 2017, by verifying the underlying facts and by inspecting documents.

Our observations

The approach used for recognition (including classification) and measurement of the DH SOP share-based payment program is appropriate and in line with the accounting policies to be applied. The key assumptions and parameters are appropriate.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

— is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
— otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of the internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the pur-

pose of expressing an opinion on the effectiveness of these systems.

— Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
— Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with (German) law, and the view of the Group's position it provides.
— Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting of Delivery Hero GmbH on May 19, 2017, as part of the Company’s being converted into a German stock corporation (AG). We were engaged by the supervisory board on November 24, 2017. We have been the group auditor of Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), without interruption since the financial year 2017.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Marius Sternberg.

Berlin, April 25, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

(Signature) Sternberg	(Signature) Knorr
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FURTHER INFORMATION

Try out our interactive table of contents.
You will be directed to the selected page.

FINANCIAL CALENDAR

May 9, 2018	Q1 Quarterly Statement 2018
June 6, 2018	Annual General Meeting in Berlin
September 13, 2018	Half-Year Report 2018
November 07, 2018	Q3/9M Quarterly Statement 2018

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DISCLAIMER

This information also contains forward-looking statements. These statements are based on the current view, expectations and assumptions of the management of Delivery Hero AG ("Delivery Hero"). Such statements are subject to known and unknown risks and uncertainties that are beyond Delivery Hero's control or accurate estimates, such as the future market environment and the economic, legal and regulatory framework, the conduct of other market participants, the successful integration of newly acquired companies and the realization of expected synergy effects, as well as measures by public authorities. If any of these or other uncertainties and imponderables materialize, or if the assumptions on which these statements are based prove to be incorrect, actual results could differ materially from those expressed or implied by such statements. Delivery Hero does not warrant or assume any liability that the future development and future actual results will be consistent with the assumptions and estimates expressed in this report. Delivery Hero does not intend or assume any obligation to update forward-looking statements to reflect events or developments after the date of this report, except as required by law.

Due to rounding, it is possible that single figures in this and other documents do not add up exactly to the specified sum and that the percentages shown do not exactly reflect the absolute values to which they relate.

This document is also published in German. In the event of discrepancies, the German version of the report shall take precedence over the English translation.

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We create an amazing takeaway experience.