



***Delivery Hero***

**Financial statement of** Delivery Hero GmbH

DECEMBER 31, 2016

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01.

# Combined Management Report

# A. Group Profile

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## 01 BUSINESS MODEL

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

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

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

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

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

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

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

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

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

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

## 02 SEGMENTS

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

The Group distinguishes between four geographically structured segments

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

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

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

## Europe

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

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

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

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

## MENA

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

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

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

## Asia

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

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

## Americas

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

### 03 MANAGEMENT SYSTEM

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

### 04 RESEARCH AND DEVELOPMENT

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

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

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

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

## B. Report on the Business Situation

### 01 GENERAL BUSINESS AND INDUSTRY ENVIRONMENT

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

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

Region <sup>03</sup>	2016	2015
Worldwide	3.1	3.2
Eurozone	1.7	2.0
MENA	3.2	2.1
Turkey	2.7	4.0
Asia	6.5	6.6
Latin America	-1.3	-0.3

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

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

01 *International Monetary Fund*

02 *World Bank*

03 *Internationaler Währungsfonds; Asien insgesamt und Lateinamerika insgesamt: Institut für Weltwirtschaft an der Universität*

04 *International Monetary Fund*

05 *World Bank*

06 *International Monetary Fund*

07 *Kiel Institute for the World Economy*

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

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

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

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

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

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

08 *Kiel Institute for the World Economy*

09 *Kiel Institute for the World Economy*

10 *International Monetary Fund*

11 *International Monetary Fund*

12 *Federal Statistical Office*

13 *European Central Bank*

## 02 BUSINESS PERFORMANCE

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### a) Revenue

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

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

### b) Financing Measures

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

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

### c) Acquisitions

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

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

### d) Discontinued Operations

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

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

### e) Financial and Non-Financial Performance Indicators

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

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

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

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

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

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

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

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

- + Number of orders: This performance indicator records the number of orders made by end customers in the time period described.
- + GMV: This performance indicator shows the value of goods (including sales tax) provided to the restaurants and is used as the basis for commissions.

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

<b>Non-financial performance indicators</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>No. of orders in thousand</b>			
Europe	51,647	38,961	12,686
MENA	69,988	31,692	38,296
Asia	29,549	22,809	6,740
Americas	19,563	9,877	9,686
<b>Total</b>	<b>170,747</b>	<b>103,339</b>	<b>67,408</b>
<b>GMV in KEUR</b>			
Europe	850,728	663,395	187,333
MENA	784,031	334,141	449,890
Asia	457,309	308,801	148,508
Americas	231,761	124,067	107,694
<b>Total</b>	<b>2,323,829</b>	<b>1,430,404</b>	<b>893,425</b>

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

## **f) Business Development**

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

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

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

### 03 EMPLOYEES

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

By individual functional area, the situation is as follows:

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

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

## 04 BUSINESS SITUATION

### a) Earnings Situation

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

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

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

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

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

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

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

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

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

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

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

## b) Financial Position

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

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

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

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

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

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

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

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

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

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

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

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

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

### c) Financial Performance

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

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

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

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

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

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

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

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

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

#### **d) Overall Assessment**

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

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

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

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

## C. Outlook, Opportunities and Risks

### 01 OUTLOOK

#### a) Future General Business and Industry Situation

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

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

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

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

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

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

15 Kiel Institute for the World Economy

16 Kiel Institute for the World Economy

17 Kiel Institute for the World Economy

18 Kiel Institute for the World Economy

19 International Monetary Fund

20 International Monetary Fund

21 McKinsey & Company

22 McKinsey & Company

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

## b) Future Development of the Group

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

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

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

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

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

### **c) Overall Assessment from the Management**

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

The assumptions on the economic development of the market and the industry are based on assessments which the management of the Delivery Hero Group considers realistic in line with currently available information. However, these estimates are subject to 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.

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

## **02 RISK REPORT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 03 OPPORTUNITY REPORT

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

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

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

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

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

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

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

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

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

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

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

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

## D. Use of Financial Instruments

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### 01 RISK MANAGEMENT

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

### 02 LIQUIDITY RISK

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

### 03 MARKET RISK

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

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

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

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

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

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

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

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

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

### 01 BUSINESS MODEL

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

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

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

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

## 02 BUSINESS SITUATION

### a) Earnings Situation

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

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

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

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

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

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

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

## b) Financial Position

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

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

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

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

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

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

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

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

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

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

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

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

### c) Financial Performance

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

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

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

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

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

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

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

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

#### **d) Overall Assessment**

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

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

Berlin, April 24, 2017

Niklas Östberg  
Managing Director



**Delivery Hero**

02.

# **Balance sheet**

# Balance sheet

Delivery Hero GmbH, Berlin (formerly: Delivery Hero Holding GmbH) Balance sheet as of December 31, 2016

<b>Assets</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Purchased trademarks and software	3,808,619.10	127,707.00
2. Advance payments and assets under development	20,188.99	525,640.84
	<b>3,828,808.09</b>	<b>653,347.84</b>
<b>II. Property, plant and equipment</b>		
1. Other equipment, operating and office equipment	4,087,922.28	922,336.99
2. Advance payments and construction in progress	0.00	974,728.28
	<b>4,087,922.28</b>	<b>1,897,065.27</b>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	1,543,017,779.80	1,091,917,077.50
2. Loans to affiliated companies	296,972,737.36	212,366,749.57
3. Investments	3,368,841.62	6,910,359.42
4. Other loans	1,885,750.11	1,420,533.31
	<b>1,853,161,839.26</b>	<b>1,315,165,132.91</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
Advance payments	15,991.41	277,554.60
<b>II. Receivables and other assets</b>		
1. Trade receivables	305,231.25	233,716.95
2. Receivables from affiliated companies	61,758,357.21	47,767,683.27
3. Other assets	866,098.15	1,656,806.81
	<b>62,929,686.61</b>	<b>49,658,207.03</b>
<b>III. Cash on hands and bank balances</b>		
	774,175.52	70,354,633.16
	<b>63,719,853.54</b>	<b>120,290,394.79</b>
Deferred expenses	2,842,979.22	1,646,887.81
	<b>1,919,724,672.02</b>	<b>1,437,102,415.51</b>

<b>Equity and liabilities</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>A. Equity</b>		
<b>I. Issued capital</b>		
1. Subscribed capital	401,462.00	394,477.00
2. Par value of own shares	-5,400.00	-5,400.00
	<b>396,062.00</b>	<b>389,077.00</b>
<b>II. Capital reserve</b>	1,221,112,849.55	1,201,849,472.34
<b>III. Loss carryforward</b>	-131,369,458.81	-48,336,699.22
<b>IV. Net loss for the year</b>	-16,998,238.24	-83,032,759.58
	<b>1,073,141,214.50</b>	<b>1,070,869,090.54</b>
<b>B. Contributions to increase capital</b>	364,289,461.71	0.00
	<b>364,289,461.71</b>	<b>0.00</b>
<b>C. Provisions</b>		
1. Tax provisions	2,936,770.54	1,056,770.54
2. Other provisions	55,483,458.62	38,925,998.92
	<b>58,420,229.16</b>	<b>39,982,769.46</b>
<b>D. Liabilities</b>		
1. Trade payables	4,741,458.03	5,079,136.05
2. Liabilities to affiliated companies	153,502,728.37	1,081,765.12
3. Liabilities to shareholders	249,227,348.05	314,852,265.43
4. Other liabilities		
– thereof for taxes: EUR 400,551.77		
“(PY: EUR 444,555.01) –”	13,617,642.63	5,237,388.91
– thereof for social security:		
EUR 73.369,44		
“(PY: EU 22.458,61) –”		
	<b>421,089,177.08</b>	<b>326,250,555.51</b>
<b>E. Deferred income</b>	101,855.49	0.00
<b>F. Deferred tax liabilities</b>	2,682,734.08	0.00
	<b>1,919,724,672.02</b>	<b>1,437,102,415.51</b>

03.

# Income statement

# Income statement

Delivery Hero GmbH, Berlin (formerly: Delivery Hero Holding GmbH)

<b>Income statement for the period from January 1 to December 31, 2016</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
<b>1. Revenue</b>	27,310,752.79	28,140,261.21
<b>2. Other operating income</b>	118,740,915.59	3,899,157.04
<b>3. Cost of materials</b>		
a) Cost of raw materials, supplies and purchased merchandise	-1,011,144.33	-119,749.08
b) Cost of purchased services	0.00	0.00
	<b>-1,011,144.33</b>	<b>-119,749.08</b>
<b>4. Personnel expenses</b>		
a) Wages and salaries	-23,876,234.57	-37,139,797.74
b) Social security and post-employment benefits – thereof for pensions: EUR -39,948.75 (PY: EUR -31,230.62) –	-2,846,658.39	-2,197,371.03
	<b>-26,722,892.96</b>	<b>-39,337,168.77</b>
<b>5. Amortization, depreciation and write-downs</b>		
a) intangible assets and depreciation of property, plant and equipment	-1,327,053.72	-320,170.80
b) Write-downs on current assets exceeding ordinary write-downs usual for the Company	-4,050,509.11	0.00
	<b>-5,377,562.83</b>	<b>-320,170.80</b>
<b>6. Other operating expenses</b>	-41,168,073.33	-43,287,429.76
<b>7. Income from investments</b> – thereof from affiliated companies: „EUR -3,345,770.00 (PY: EUR 0.00) –“	3,345,770.00	0.00
<b>8. Income from the lending of financial assets</b> – thereof from affiliated companies: “EUR 13,100,836.68 (PY: EUR 6,676,334.00) –”	13,100,836.68	6,676,334.00
<b>9. Interest and similar income</b>	106,972.97	1,107,100.29
<b>10. Write-downs of financial assets</b>	-79,665,203.16	-27,568,886.56
<b>11. Interest and similar expenses</b> – thereof to affiliated companies: “EUR -8,640,302.22 (PY: EUR -18,610.29) –”	-21,077,628.66	-11,972,204.22
<b>12. Income taxes</b> – thereof for deferred taxes: “EUR -2,682,734.08 (PY: EUR 0.00) –”	-4,562,734.10	-249,860.93
<b>13. Earnings after taxes</b>	<b>-16,979,991.34</b>	<b>-83,032,617.58</b>
<b>14. Other taxes</b>	-18,246.90	-142.00
<b>15. Net loss for the year</b>	<b>-16,998,238.24</b>	<b>-83,032,759.58</b>

04.

# Notes to the financial statements for the 2016 financial year

# Notes to the financial statements for the 2016 financial year

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## 01 GENERAL INFORMATION

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As of the balance sheet date (December 31, 2016), Delivery Hero GmbH was a large corporation as defined by Section 267 (3) and (4) of the German Commercial Code [HGB]. The Company is registered in the commercial register under 135090 B, with its business address at Oranienburger Straße 70, 10117 Berlin.

The financial statements have been prepared in accordance with the accounting provisions for corporations of the German Commercial Code [HGB], taking into account the relevant provisions of the German Limited Liability Companies Act [GmbHG].

The financial year is the calendar year.

Delivery Hero GmbH closed out the 2016 financial year with a net loss for the year of KEUR -16,998 (PY: KEUR -83,033). Despite another negative cash flow of KEUR 69,580, we expect that Delivery Hero GmbH has/will have sufficient liquidity and capital resources to be able to continue as a going concern. These financial statements were therefore prepared on a going concern basis.

Effective December 22, 2016, Delivery Hero Holding GmbH was renamed Delivery Hero GmbH.

The financial statements were prepared in accordance with the provisions of the German Commercial Code [HGB] as amended by the EU Accounting Directive Implementation Act [BilRUG].

The prior-year revenue figures are thus not comparable due to the revised version of Section 277 (1) HGB on account of BilRUG. Upon application of Section 277 (1) HGB as amended by BilRUG, revenue in the prior year would have amounted to KEUR 28,615 (prior to BilRUG: KEUR 28,140).

## 02 ACCOUNTING POLICIES AND PRESENTATION METHODS

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### a) General information

The income statement has been prepared using the total cost (nature of expense) method pursuant to Section 275 (2) HGB.

In the interest of clarity and transparency, some explanatory notes, which according to statutory regulations can be optionally provided in the balance sheet, are presented in the notes to the financial statements.

### b) Accounting policies

The following accounting policies were applied in preparing the financial statements:

#### ASSETS

##### *Fixed assets*

Intangible fixed assets acquired for valuable consideration are recognized at cost, and if they have a limited life, amortized on a straight-line basis over their useful lives. Purchased IT programs are amortized over a useful life of two to three years, with the exception of IT programs acquired at a cost of EUR 150 or less, which are expensed as incurred. Licenses are amortized using the useful life specified in the license agreement.

Property, plant and equipment are stated at cost less straight-line depreciation. Additions to property, plant and equipment are depreciated pro rata temporis. The depreciation rates used are based on their estimated useful lives and largely in line with those of the tax depreciation tables.

Low-value assets are presented in the financial statements pursuant to commercial law in accordance with Section 6 (2) of the German Income Tax Act [EStG]. The cost of depreciable movable fixed assets, which can be used independently, is expensed in full in the year of acquisition, production or contribution, if the cost of the individual asset, less input tax, does not exceed EUR 410. Shares in affiliated companies and other investments, presented under financial assets, are stated at the lower of cost and fair value. Loans are stated at the lower of nominal and fair value.

Impairment losses are recognized for fixed assets that are permanently impaired. Impairment losses are reversed if the reasons for impairment cease to apply.

### *Current assets*

Inventories include advance payments, which are recognized at nominal value or at the lower fair value.

Receivables and other assets are stated at the lower of nominal or fair value as of the balance sheet date. Receivables identified as at risk of not being paid pack are written down appropriately; uncollectible receivables are written off.

Cash and cash equivalents are stated at nominal value as of the reporting date. Prepaid expenses are payments made before the reporting date that relate to expenses within a specified period after that date.

## **EQUITY AND LIABILITIES**

Subscribed capital is stated at nominal value.

Provisions are recognized at the settlement amount deemed necessary based on sound business judgment.

A provision for virtual share options was made using the Black-Scholes model for the valuation of options. The related expense will be taken into account pro rata temporis over the tender period.

Provisions with a remaining term of more than one year are discounted using the average market interest rate for the previous seven financial years applicable to their remaining term to maturity.

Provisions for future expenses arising from statutory retention obligations with regard to business documents were made in the respective settlement amounts, i.e. by taking into account of the cost expected to apply on the settlement date. An average residual retention period of 5.5 years and anticipated price and cost rise of 0.9% p.a. was used for determining the provisions for archiving costs.

Liabilities are stated at their settlement amount.

### *Deferred tax assets and liabilities*

Any tax charges arising on differences between the amounts stated for financial reporting and tax purposes of assets, liabilities and prepaid/deferred items, which are expected to reverse in future years, are recognized as deferred tax liabilities in the balance sheet. Any resulting tax relief is not recognized in exercising the option provided under Section 274 (1) sentence 2 HGB.

## 03 EXPLANATORY NOTES ON THE BALANCE SHEET ITEMS

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### Fixed assets

Movements in fixed asset, including amortization and depreciation during the financial year, are presented in Appendix I to the notes (statement of movements in fixed assets).

Details of shares in affiliated companies and investments (shareholdings) – i.e. those companies in which the Company directly or indirectly holds at least 20% of the shares – disclosed under financial assets, are presented in Appendix II to the notes.

The loans to affiliated companies amounting to KEUR 296,973 (PY: KEUR 212,367) result from intercompany financing.

Impairment losses due to anticipated permanent impairment were recognized for shares in affiliated companies and investments in the amount of KEUR 69,298 (PY: KEUR 24,874) and for loans in the amount of KEUR 10,367 (PY: KEUR 2,677).

### Receivables and other assets

Other assets include security deposits in the amount of KEUR 178 (PY: KEUR 4) with remaining terms exceeding one year. As in the prior year, all other receivables and assets are due within one year.

Most of the receivables from affiliated companies are trade receivables.

The increase in prepaid expenses is mainly due to accrued transaction costs for a loan, insurance premiums already paid until 2022 as well as user fees for software licenses prepaid in the financial year.

### Equity

Delivery Hero GmbH's subscribed capital amounts to EUR 401,462 (PY: EUR 394,477). As part of seven capital increases, 6,985 new shares with a par value of EUR 1.00 were issued in 2016. The Company holds 5,400 own shares at a par value of EUR 1.00 (PY: EUR 5,400). The par value of treasury shares is deducted from subscribed capital on the face of the balance sheet pursuant to Section 272 (1a) HGB.

The capital reserve increased by KEUR 19,263 to KEUR 1,221,113 in 2016 due to premiums paid in the course of capital increases.

As part of a non-cash contribution as of December 31, 2016, Emerging Markets Online Food Delivery Holding S.à r.l. was contributed to Delivery Hero GmbH by a shareholder. As of the balance sheet date, the Company applied at the corresponding commercial register for a non-cash capital increase by issuing 62,249 shares, which however, had not yet been carried out. Therefore, the Company fully disclosed the capital increase of KEUR 364,289 as contributions paid to increase capital.

## Other provisions

Other provisions as of December 31, 2016 mainly include provisions for employee benefits, outstanding invoices, legal and advisory fees and year-end closing expenses. The provisions for share-based payment amounting to KEUR 50,229 (PY: KEUR 35,287) are long-term provisions; all other provisions mature within one year.

As of the reporting date, 28,101 (PY: 14,955) virtual shares had been issued. The provision was measured based on the Company's option pricing model, specifically the Black-Scholes model.

<b>in KEUR</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>
Employee benefits	50,839	36,251
Outstanding invoices	3,692	1,521
Legal and advisory fees, year-end closing expenses	673	772
Other	280	382
	<b>55,483</b>	<b>38,926</b>

## Liabilities

The breakdown of liabilities by remaining term is shown in the following schedule of liabilities:

in KEUR	Total	Remaining term		
		up to 1 year	1 to 5 years	more than 5 years
– Trade payables	4,741	4,741	0	0
<i>thereof to affiliated companies</i>	0	0	0	0
– Liabilities to affiliated companies	153,503	12,901	140,602	0
– Liabilities to shareholders	249,227	59,227	190,000	0
– Other liabilities	13,618	10,132	3,486	0
<i>thereof for taxes</i>	0	0	0	0
	<b>421,089</b>	<b>87,001</b>	<b>334,088</b>	<b>0</b>

Liabilities to shareholders in the amount of KEUR 190,000 (PY: KEUR 319,608) are secured by liens on bank accounts, intellectual property and shares in affiliated companies. There is no other collateralization.

Deferred tax liabilities of KEUR 2,683 (PY: KEUR 0) were recognized in 2016. Timing differences relate to financial assets, other provisions and liabilities. The underlying company-specific tax rate equals 30.18%.

## 04 EXPLANATORY NOTES ON THE INCOME STATEMENT

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### Revenue

In 2016, revenue amounted to KEUR 27,311 (PY: KEUR 28,140) and exclusively consisted of intra-group charges and cost recharges.

### Other operating income

Other operating income in 2016 especially includes gains from the sale of financial assets (KEUR 106,583; PY: KEUR 0), foreign currency translation (KEUR 2.778; PY: KEUR 2,683) and the reversal of provisions (KEUR 311; PY: KEUR 520). Other income relating to other periods equaled KEUR 202 in 2016 (PY: KEUR 39).

### Other operating expenses

Other operating expenses include expenses from foreign currency translation of KEUR 2.452 (PY: KEUR 0). Other expenses include other period expenses in the amount of KEUR 374 (PY: KEUR 320).

### Write-downs of financial assets

Impairment losses on shares in affiliated companies were recognized in the amount of KEUR 69,298 (PY: EUR 24,874) and on loans in the amount of KEUR 10,367 (PY: KEUR 2,677). The impairment losses on treasury shares in affiliated companies mainly refer to shares in Delivery Hero Germany GmbH (Berlin), RGP Local Holding I GmbH (Berlin), Cearon B.V. (Rotterdam, the Netherlands) and TakeEatEasy.be SA (Brussels, Belgium), which were written off in full.

### Income taxes

Income taxes (KEUR 4,563; PY: KEUR 250) include expenses for deferred tax liabilities (KEUR 2,682; PY: KEUR 0).

## 05 OTHER DISCLOSURES

### Employees

Average number of employees in financial year 2016:

	2016	2015
Sales	0	1
Marketing	54	63
IT	113	133
Management	3	3
Office Admin	132	69
<b>Total</b>	<b>302</b>	<b>268</b>

### Advisory Board

DH's Advisory Board had six members as of the balance sheet date. The following members were elected at the shareholders' meeting:

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

In addition, Chris Caulkin and Nevzat Aydin sit on the Advisory Board as non-voting members. As Chairman, Lukasz Gadowski has two votes; the other members of the Advisory Board each hold one vote. The members of the Advisory Board receive no remuneration for their activities.

## Management

Delivery Hero GmbH's Managing Director in 2016 financial year was

+ Niklas Östberg, Managing Director, businessman, Zollikon, Switzerland.

The Managing Director is the Company's sole representative. He is authorized to conduct legal transactions with himself and with himself as legal representative.

As only one Managing Director received remuneration from the Company, his remuneration was not disclosed pursuant to Section 286 (4) HGB.

## Contingent liabilities

Guarantees (comfort letters) have been issued to subsidiaries in the amount of KEUR 100,315 (PY: KEUR 26,000). Under these guarantees, the Company is obliged to provide the entities concerned with the necessary resources so that they can meet all their financial and commercial obligations to their creditors.

No provisions were recognized for guarantees, as they are not expected to be utilized based on the Company's currently projected net assets, financial position, and results of operations.

As part of rent deposit guarantee, Delivery Hero GmbH and a subsidiary are jointly and severally liable in the amount of KEUR 2,850 (PY: KEUR 0).

## Other financial obligations

The Company's other financial commitments totaled KEUR 33,909 as of the reporting date (PY: KEUR 29,163). Specifically, these commitments relate to the following items:

in KEUR	Total	Remaining term		
		up to 1 year	1 to 5 years	more than 5 years
– from rental, tenancy and leasing agreements	28,057	1,505	12,659	13,893
<i>thereof to affiliated companies</i>	0	0	0	0
– from other agreements	5,852	3,116	2,736	0
<i>thereof to affiliated companies</i>	0	0	0	0
	<b>33,909</b>	<b>4,621</b>	<b>15,395</b>	<b>13,893</b>

Apart from the other financial commitments, guarantees and other commitments itemized above, there are no off-balance sheet transactions of significance to the Company's financial position.

The rental and lease agreements mainly refer to the administration building in Berlin and specific office equipment (copiers and printers). All of these were operating leases, which do not require recognition of the leased items at the Company.

## Shareholders and Group affiliation

As the Parent Company, Delivery Hero GmbH, Berlin, prepared consolidated financial statements as of December 31, 2016, for the financial year from January 1, 2016 to December 31, 2016. The consolidated financial statements are published on the website of the German Federal Gazette [Bundesanzeiger].

## Appropriation of profit

The management proposes that the accumulated net loss of KEUR -148,368, resulting from the net loss for the year of KEUR -16,998 and loss carried forward of KEUR -131,369, be carried forward to the following year.

## 06 SUBSEQUENT EVENTS

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After registering the capital increase in the commercial register on January 24, 2017, a contribution was made to increase capital (KEUR 364,289) by raising subscribed capital by EUR 62,249 and the capital reserve by KEUR 364,227.

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

Berlin, April 21, 2017

Niklas Östberg  
Managing Director

## APPENDIX I

**Delivery Hero GmbH, Berlin (formerly: Delivery Hero Holding GmbH) Statement of movements in fixed assets during the 2016 financial year (gross presentation)**

in KEUR	Cost					Accumulated amortization, depreciation and write-downs				Book value	
	Carried forward Jan. 1, 2016	Additions	Reclas-sifications	Dispo-sals	Dec. 31, 2016	Carried for-ward Jan. 1, 2016	Amorti-zation and write-downs during the financial year	Dispo-sals	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2015
<b>I. Intangible assets</b>											
1. Purchased trademarks and software	407	3.671	526	0	4.603	279	516	0	795	3.809	128
2. Advance payments and assets under development	526	20	-526	0	20	0	0	0	0	20	526
	<b>932</b>	<b>3.691</b>	<b>0</b>	<b>0</b>	<b>4.623</b>	<b>279</b>	<b>516</b>	<b>0</b>	<b>795</b>	<b>3.829</b>	<b>653</b>
<b>II. Property, plant and equipment</b>											
1. Operating and office equipment	1,312	3,175	803	2	5,288	389	811	1	1,200	4,088	922
2. Advance payments and construction in progress	993	0	-803	172	18	18	0	0	18	0	975
	<b>2,305</b>	<b>3,175</b>	<b>0</b>	<b>174</b>	<b>5,306</b>	<b>408</b>	<b>811</b>	<b>1</b>	<b>1,218</b>	<b>4,088</b>	<b>1,897</b>
<b>III. Financial assets</b>											
1. Shares in affiliated companies	1,116,791	543,949	10	63,109	1,597,641	24,874	49,413	19,663	54,624	1,543,017	1,091,917
2. Loans to affiliated companies	212,488	108,563	0	0	321,051	121	23,957	0	24,078	296,973	212,367
3. Investments	6,910	1,800	-10	0	8,700	0	5,332	0	5,332	3,369	6,910
4. Other loans	4,097	1,429	0	0	5,526	2,677	963	0	3,640	1,886	1,421
	<b>1,340,286</b>	<b>655,742</b>	<b>0</b>	<b>63,109</b>	<b>1,932,919</b>	<b>27,672</b>	<b>79,665</b>	<b>19,663</b>	<b>87,674</b>	<b>1,845,245</b>	<b>1,312,615</b>
	<b>1.343.523</b>	<b>662.608</b>	<b>0</b>	<b>63,283</b>	<b>1.942.848</b>	<b>28.358</b>	<b>80.992</b>	<b>19.664</b>	<b>89.686</b>	<b>1.853.162</b>	<b>1.315.165</b>

## APPENDIX II

**List of shareholdings pursuant to Section 313 of the German Commercial Code [HGB]**

<b>Name and registered office of the affiliated company</b>	<b>Share of capital in 2016 (%)</b>	<b>Functional currency</b>	<b>Amount of equity (KEUR)</b>	<b>Net income (loss) for the year (KEUR)</b>
<b>Germany:</b>				
9Cookies GmbH, Berlin	100.00	EUR	-12,046.34	-4,098.51
Bambino 78. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	-413.17	-22.86
Brillant 1421. GmbH (Holding CEE/CIS), Berlin	100.00	EUR	17,000.99	21.95
Brillant 1424 GmbH & Co. 13. Verwaltungs KG, Berlin	95.51	EUR	1,387.65	-4.29
Brillant 1424 GmbH & Co. 15. Verwaltungs KG, Berlin	96.13	EUR	1,231.76	-18.37
Brillant 1424 GmbH & Co. 21. Verwaltungs KG, Berlin	99.13	EUR	493.48	-8.89
Delivery Hero Austria GmbH, Berlin	100.00	EUR	-832.23	-401.99
Delivery Hero Germany GmbH, Berlin	100.00	EUR	-39,998.61	7,481.41
Delivery Hero Local Verwaltungs GmbH, Berlin	100.00	EUR	13.40	-0.75
Foodora Holding GmbH (ehem. Delivery Hero MENA GmbH), Berlin	100.00	EUR	25.51	2.14
Foodora GmbH (ehem. Volo Logistics UG), Berlin	94.89	EUR	-25,213.62	-17,945.58
Foodpanda GmbH (Holding Asia), Berlin	100.00	EUR	111,458.14	-15,714.51
Foodpanda GP UG (haftungsbeschränkt), Berlin	100.00	EUR	0.50	-0.02
Foodpanda Services GmbH, Berlin	100.00	EUR	117,377.23	-310.17
Hungry House GmbH, Berlin**	80.63	EUR	1,578.48	351.02
Jade 1343 GmbH & Co. 10. Verwaltungs KG, Berlin	88.89	EUR	707.31	-12.34
Jade 1343 GmbH & Co. 13. Verwaltungs KG, Berlin	96.10	EUR	3,565.30	3.52
Jade 1343 GmbH & Co. 15. Verwaltungs KG, Berlin	92.40	EUR	-5,832.82	-13,008.73
Jade 1343 GmbH & Co. Dritte Verwaltungs KG, Berlin	96.56	EUR	4,522.30	6.70
Jade 1343 GmbH & Co. Fünfte Verwaltungs KG, Berlin	97.85	EUR	-4,169.40	-12,973.88
Jade 1343 GmbH & Co. Neunte Verwaltungs KG, Berlin	98.71	EUR	2,734.69	-3.23

<b>Name and registered office of the affiliated company</b>	<b>Share of capital in 2016 (%)</b>	<b>Functional currency</b>	<b>Amount of equity (KEUR)</b>	<b>Net income (loss) for the year (KEUR)</b>
<b>Germany:</b>				
Jade 1343 GmbH & Co. Siebte Verwaltungs KG, Berlin	96.67	EUR	24,590.11	-33.56
Jade 1343 GmbH & Co. Verwaltungs KG, Berlin	96.49	EUR	5,994.82	-12.72
Jade 1343 GmbH & Co. Vierte Verwaltungs KG, Berlin	95.56	EUR	2,157.78	-3.26
Jade 1343 GmbH & Co. Zweite Verwaltungs KG, Berlin	94.85	EUR	7,167.33	10.32
Juwel 199. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	29.01	-0.30
Juwel 212. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	-3.66	-1.94
Juwel 220. VV UG (haftungsbeschränkt), Berlin	100.00	EUR	11.92	-2.40
RGP Local Commons I GmbH & Co. KG, Berlin*	70.39	EUR	-4.19	0.00
RGP Local Holding I GmbH, Berlin*	95.91	EUR	6,149.86	180.98
RGP Local Holding IV GmbH, Berlin	84.06	EUR	5,572.25	32.64
RGP Trust GmbH, Berlin	100.00	EUR	10.68	-0.06
SSC Volo GmbH (ehem. Jade 1215. GmbH), Berlin	94.89	EUR	-24,007.51	-16,533.60
Valk Fleet Deutschland GmbH (ehem. Rushy Logistik; Brillant 2219), Berlin	100.00	EUR	-680.62	-611.83
Valk Fleet Holding GmbH & Co. KG, Berlin	100.00	EUR	-7,344.79	6,475.23
Valk Fleet Verwaltungs GmbH, Berlin	100.00	EUR	21.61	-1.74

<b>Name and registered office of the affiliated company</b>	<b>Share of capital in 2016 (%)</b>	<b>Functional currency</b>	<b>Amount of equity (KEUR)</b>	<b>Net income (loss) for the year (KEUR)</b>
<b>International:</b>				
20140726 Holding S.a r.l., Senningerberg (LU)	95.93	EUR	953.58	-158.24
20140824 Holding S.a r.l., Senningerberg (LU)	99.85	EUR	16,462.20	230.85
20140825 Holding S.a r.l., Senningerberg (LU)	96.83	EUR	-638.25	4.39
Aravo S.A., Montevideo (UY)**	81.32	UYU	18,159.27	42.59
Baedaltong Co. Ltd., Seoul (KR)	100.00	KRW	-12,608.72	-1,958.49
CD-Inversiones Delivery Hero CMR S.A. (ehem. Hellofood Hallo Essen Hollesen S.A.), Quito (EC)**	77.17	USD	-1,023.51	-573.85
Ceraon B.V., Rotterdam (NL)	100.00	EUR	-34.04	-88.63
Click Delivery Cyprus Limited, Nikosia (CY)	100.00	EUR	-95.48	-83.83
Click Delivery Digital Processing of Telematics Data Societe Anonyme, Athens (GR)	100.00	EUR	1,870.98	898.22
ClickDelivery S.A.C, Lima (PE)**	77.17	PEN	-1,520.43	-1,746.85
ClickDelivery S.A.S., Bogota (CO)**	77.17	COP	-7.09	-1.45
Damejido s.r.o., Prag (CZ)	100.00	CZK	-2,584.99	-1,044.94
DeliverMe Technologies Inc (Hurrier), Toronto (CAN)	94.89	CAD	-58.32	71.12
Delivery Hero Pty Ltd., Sydney (AUS)	95.91	AUD	-19,204.04	-2,075.29
Digital Services XXXIV (GP) S.à.r.l., Senningerberg (LU)	94.89	EUR	-9.50	-13.71
Digital Services XXXVI (GP) S.à.r.l., Senningerberg (LU)	94.89	EUR	8,381.48	-1,939.00
Digital Services XXXVI Italy Srl, Bolzano (ITA)	94.89	EUR	-3,338.69	-2,542.95
Digital Services XXXVI S.à.r.l., Senningerberg (LU)	94.89	EUR	8,154.84	-771.68
Donesi d.o.o., Podgorica (MNE)	100.00	EUR	-43.98	-31.15
Donesi d.o.o., Banja Luka (BIH)	100.00	EUR	-74.25	-33.96
Eatoye (PVT) Limited, Khayaban-e-Tanzeem (PAK)	100.00	PKR	789.11	-339.90
Ecommerce Business 10 S.à. r.l., Luxembourg (LU)	100.00	EUR	-2,044.14	-1,422.79
Emerging Markets Online Food Delivery Holding S.A R.L., Senningerberg (LU)	98.97	EUR	390,168.62	13,829.31

Name and registered office of the affiliated company	Share of capital in 2016 (%)	Functional currency	Amount of equity (KEUR)	Net income (loss) for the year (KEUR)
<b>International:</b>				
Fast Food Innovations Europe AB, Stockholm (SE)	100.00	SEK	35.14	-60.47
Food Basket Elektronik İletişim Gıda Ticaret Ltd. Şti, Istanbul (TR)	100.00	TRY	133.14	41.87
Food Delivery Holding 11. S.à r.l., Senningerberg (LU)	90.00	EUR	-429.73	-104.20
Food Delivery Holding 12. S.à r.l., Senningerberg (LU)	90.00	EUR	5,196.77	1,392.47
Food Delivery Holding 14. S.à r.l., Senningerberg (LU)	100.00	EUR	-0.48	-11.72
Food Delivery Holding 15 S.à r.l., Senningerberg (LU)	94.89	EUR	-9,724.68	-9,569.82
Food Delivery Holding 19. S.à r.l., Senningerberg (LU)	100.00	EUR	2,252.31	-111.15
Food Delivery Holding 2. S.à r.l., Senningerberg (LU)	95.88	EUR	2,436.00	-4.73
Food Delivery Holding 20. S.à r.l., Senningerberg (LU)	100.00	EUR	-2.33	-17.79
Food Delivery Holding 21. S.à r.l., Senningerberg (LU)	100.00	EUR	-2.33	-17.79
Food Delivery Holding 24. S.à r.l., Senningerberg (LU)	100.00	EUR	19.32	2.45
Food Delivery Holding 5. S.à r.l., Senningerberg (LU)	90.00	EUR	5,968.49	-94.90
Food Panda Philippines Inc., Philippines (PHL)	99.99	PHP	-4,668.95	-1,439.81
Foodarena GmbH, Biel (CH)**	48.46	CHF	-121.17	137.16
Foodonclick.com/Jordan Private Shareholding Company, Amman (JR)	100.00	JOD	210.72	100.11
Foodonclick-com FZ-LLC, Dubai (UAE)	100.00	AED	1,508.10	295.68
Foodora Delivery Services LLC, Dubai (UAE)	94.89	AED	-949.36	-344.34
Foodora France SAS, Paris (FRA)	94.89	EUR	-9,733.03	-8,000.16
Foodora Inc. (Canada), Toronto (CAN)	94.89	CAD	-3,956.29	-3,255.10
Foodora Norway AS, Oslo (NOR)	94.89	NOK	-2,249.49	-1,795.04
Foodpanda (B) SDN BHD, Berakas (BRN)	99.00	BND	-528.83	-173.15
Foodpanda Co. Ltd., Bangkok (THA)	100.00	THB	-3,507.24	-1,598.15
Foodpanda Bangladesh Ltd., Dhaka (BGD)	99.99	BDT	-1,803.30	-383.70

Name and registered office of the affiliated company	Share of capital in 2016 (%)	Functional currency	Amount of equity (KEUR)	Net income (loss) for the year (KEUR)
<b>International:</b>				
Foodpanda Bulgaria EOOD, Sofia (BRG)	100.00	BGN	-1,729.89	-602.58
Foodpanda Georgia LLC, Tbilisi (GEO)	100.00	GEL	-489.41	-50.76
Foodpanda HK Ltd., Hong Kong (HKG)	100.00	HKD	-13.49	-12.80
Foodpanda Kazakhstan LLP, Almaty (KAZ)	100.00	KZT	-1,171.98	-332.88
Foodpanda Malaysia Sdn. Bhd., Jalan (MSY)	99.98	MYR	-5,704.86	-1,211.76
Foodpanda RO SRL, Bucharest (ROU)	90.00	RON	-1,743.98	-725.39
Foodpanda Singapore Pte. Ltd. (SGP)	100.00	SGD	-9,100.81	1,484.35
Foodpanda Taiwan Co. Ltd., Daan Dist Taipei (TWN)	100.00	TWD	-9,156.36	-2,703.15
Hellofood Egypt LLC, New Cairo (EGY)	100.00	EGP	-200.23	-21.71
Hungerstation LLC, King Fahad (KSA)	63.37	SAR	7,736.44	110.44
Hungerstation SPC Ltd. (UAE)	62.37	AED	2,679.02	-628.05
Hungry House Holdings Ltd., London (GB)	80.63	GBP	2,105.95	-28.27
Hungry House.com Ltd., London (GB)**	80.63	GBP	-35,493.15	-9,790.22
Inversiones CMR S.A.S, Bogota (CO)**	77.17	COP	-3,271.47	-4,442.99
Lokanta Net Elektronik İletişim Gıda Ticaret A.Ş., Istanbul (TR)	100.00	TRY	6.22	-4.22
Luxembourg Investment Company 43 S.à r.l., Luxembourg (LU)	100.00	EUR	678,537.66	198.27
Maidan Limited, Hong Kong (HK)	100.00	HKD	201.18	-627.51
Mjam GmbH, Wien (AT)	100.00	EUR	-979.91	-582.15
Mobile Solutions Experts LLC, Dubai (UAE)	100.00	AED	-773.75	-721.76
OFD Online Food Delivery Services Ltd., Nicosia (CY)	100.00	EUR	513.14	-295.59
Online Delivery AE, Athens (GR)	100.00	EUR	-383.12	-708.81
Online Pizza Norden AB, Stockholm (SE)	100.00	SEK	10,955.53	5,459.61
Otlob for Restaurants Reservations Services S.A.E, New Maadi (EGY)	100.00	EGP	1,513.08	-314.00

<b>Name and registered office of the affiliated company</b>	<b>Share of capital in 2016 (%)</b>	<b>Functional currency</b>	<b>Amount of equity (KEUR)</b>	<b>Net income (loss) for the year (KEUR)</b>
<b>International:</b>				
OZON MEDIA d.o.o., Zagreb (HRV)	100.00	HRK	1,538.25	83.35
PedidosJá Ltda., São Paulo (BR)**	81.32	BRL	-2,999.76	-2,004.76
PedidosYa S.A. (ehem. Kinboy S.A.), Montevideo (UY)**	81.32	USD	-6,632.66	-2,999.44
PedidosYa S.A., Buenos Aires (AR)**	81.32	ARG	-2,971.50	-5,787.76
PedidosYa SPA, Santiago (CL)**	81.32	CLP	-510.17	-295.84
Pisces eServices Private Ltd., Gurgaon (IND)	99.997	INR	1,371.70	-6,374.30
Plotun d.o.o., Krusevac (SRB)	100.00	RSD	1,363.67	114.90
Restaurant Internet Solutions DMCC, Dubai (UAE)	100.00	AED	-790.65	-764.33
Restaurant Partner Polska Sp. z.o.o., Lodz (PL)**	89.71	PLN	-12,643.67	-3,430.70
Restaurant Partner Suomi Oy, Espoo (FI)	100.00	EUR	2.48	-3.16
RGP Korea Ltd., Seoul (KR)	84.06	KRW	-60,257.54	-13,148.98
Rocket Food Limited, Sheung Wan (HKG)	100.00	HKD	-2,912.28	4,496.53
R-SC Internet Services Finland OY, Helsinki (FIN)	94.89	EUR	0.00	0.00
R-SC Internet Services Pakistan (PVT) Limited, Khayaban-e-Tanzeem (PAK)	99.98	PKR	-3,031.29	-725.65
Singapore-Dine Private Limited, Singapore (SGP)	100.00	SGD	284.14	-6.34
SLM Finland Oy, Kerava (FI)	100.00	EUR	5,754.96	2,847.78
Subdelivery Ltda., São Paulo (BR)**	81.32	BRL	-196.48	-78.34
Supertime Australia Pty, Sydney (AUS)	94.89	AUD	-9,722.52	-7,313.74
Talabat Electronic Services Company W.L.L, Maskat (OM)	99.00	OMR	-2,369.52	-966.13
Talabat General Trading & Contracting Company W.L.L, Sharq (KW)	100.00	KWD	19,836.65	9,731.47
Talabat Middle East Internet Services Company L.L.C, Dubai (UAE)	99.00	AED	-2,350.77	628.17
Talabat Restaurants Company W.L.L, Riyadh (KSA)	99.00	SAR	-5,439.35	-2,292.11
Talabat Services Company W.L.L, Doha (QA)	100.00	QAR	-2,207.59	-118.83

<b>Name and registered office of the affiliated company</b>	<b>Share of capital in 2016 (%)</b>	<b>Functional currency</b>	<b>Amount of equity (KEUR)</b>	<b>Net income (loss) for the year (KEUR)</b>
<b>International:</b>				
Talabat Services Company W.L.L, Manama (BH)	99.00	BHD	611.22	1,143.48
TBL Sweden AB, Stockholm (SE)	100.00	SEK	169.66	-0.11
Valk Fleet s.r.o., Prague (CZ)	100.00	CZK	-205.92	-212.75
Valk Fleet Sweden AB, Stockholm (SE)	100.00	SEK	17.60	-238.03
VF Poland Sp. z o.o., Lodz (PL)	100.00	PLN	-981.83	-767.42
Viala Kft, Budapest (HU)	100.00	HUF	14,894.71	-388.34
Volo DS XXXVI 9 GmbH (former CM Foratis 12 VV GmbH), Wien (AT)	99.00	EUR	-2,748.94	-1,730.30
Volo Netherlands B.V., Amsterdam (NL)	87.70	EUR	-6,256.90	-5,457.39
Yemek Sepeti (Dubai) B.V., Rotterdam (NL)	100.00	EUR	8,619.98	-60.30
Yemek Sepeti Elektronik İletişim Tanıtım Pazarlama Gıda Sanayi ve Ticaret A.Ş., İstanbul (TR)	100.00	TRY	39,092.16	20,618.18
Yogiyo Media Company Ltd., Seoul (KR)	84.06	KRW	-1.32	-0.07

*\*Allocated to DHH due to the VIE structure typical for foreign shareholders in China*

*\*\*Due to application of the anticipated acquisition method, the legal shareholding shown here may deviate from the minority interests stated in accordance with IFRS in the consolidated financial statements.*

[www.deliveryhero.com](http://www.deliveryhero.com)



# Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the combined management report of Delivery Hero GmbH (until December 21, 2016: Delivery Hero Holding GmbH), Berlin, for the financial year from January 1 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report is consistent with the annual financial statements and, as a whole provides, a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

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

Berlin, April 28, 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Sternberg  
Wirtschaftsprüfer  
[German Public Auditor]

Knorr  
Wirtschaftsprüfer  
[German Public Auditor]