

Delivery Hero SE – Annual General Meeting 2019

Agenda Item 12:

Resolution on the amendment of the resolution of the Extraordinary General Meeting of 13 June 2017 on the authorization to grant subscription rights to members of the Management Board of the Company, to members of the management of affiliated companies as well as to selected executives and employees of the Company and affiliated companies in Germany and abroad (Stock Option Program 2017) and adjustment of the Conditional Capital 2017/II as well as the corresponding amendment of Article 4 (10) of the Articles of Association

Report of the Management Board regarding agenda item 12 of the General Meeting

The Management Board submits the following report in connection with the intended creation of the Conditional Capital 2017/II:

The Stock Option Program 2017 serves to provide long-term compensation for members of the Company's Management Board, members of the management of affiliated companies, and selected executives and employees of the Company and affiliated companies in Germany and abroad.

The proposed authorization runs until 30 June 2020 and comprises the issue of up to 3,485,000 stock options with subscription rights for a total of up to EUR 3,485,000 no-par value registered shares of the Company. To service the subscription rights arising from the stock options, it is also proposed to amend the existing Conditional Capital 2017/II pursuant to § 4 (10) of the Company's Articles of Association.

The proposed authorization and the associated Conditional Capital 2017/II have the following background:

According to modern standards, share-price-based compensation is an important component of compensation systems and is widely used internationally. The issue of stock options is a form of share-price-based remuneration that has the considerable advantage for the company of saving liquidity, which it can instead use to generate profit. Share-price-based compensation systems strengthen the alignment of shareholders' interests with those of employees of the Company and its affiliated companies. This is because an increase in the price level of the Company's shares leads both to an advantage for the shareholders and to an advantage for those entitled under the stock option plan. Any dilution of shareholder rights is offset by the fact that the subscription rights can only be exercised by the beneficiaries if the performance target is achieved. The subscription rights can only be exercised if the waiting period has expired and the performance target has been achieved. The performance target is achieved if the compound annual growth rate (CAGR) of the Delivery Hero Group's sales on a comparable ("like-for-like") basis is at least 20 % in the reference period. The reference period comprises the financial years of the Company beginning with the financial year preceding the financial year in which the issue date falls and ending with the financial year preceding the financial year in which the waiting period expires.

The achievement of the performance target is equivalent to an increase in the value of the Company's shares. The issue of stock options increases the possibility for the Supervisory Board and the Management Board to bind the beneficiaries to the Company as long as possible and to motivate them to pursue a business policy geared to the interests of the shareholders. The exercise price per share for the Stock Option Program 2017 corresponds to the volume-weighted three-month average price of the Delivery Hero share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange prior to the issue date of the stock options.

This ensures that occasional price fluctuations do not unduly influence the exercise price in both positive and negative respects.

The waiting period of at least four years is provided for by law and is considered appropriate by the Management Board and Supervisory Board in order to ensure that the Company's long-term and sustainable development is taken into account. The stock options may only be issued until June 30, 2020 at the latest, so that it is recognizable to shareholders at the latest after three years how many subscription rights have been issued under the specified conditions. Under the Stock Option Program 2017, the subscription rights can be exercised within two years of expiry of the respective waiting period, after which they expire without compensation.

The key points for the issue of stock options under the Stock Option Plan 2017 are set out in the proposed resolution under agenda item 12 of this invitation to the Annual General Meeting. With the issue of the stock options, the beneficiaries are to receive their own subscription right to shares of the Company from the new Conditional Capital 2017/II.

The periods for issuing and exercising stock options are to be made more flexible. The previous authorization only provided for stock options to be exercisable within four weeks, beginning on the third working day following the announcement of the results for the half-year or financial year. The limitation to these two periods proved to be an obstacle in the implementation of the stock option program resolved under the authorization, as the exercisability was not possible in each case if there existed inside information with respect to shares of Delivery Hero SE. Since the existence of such inside information, for example in the context of an M&A transaction, is regularly assumed very early by the Federal Financial Supervisory Authority, the blocked period can be very long and it can therefore be very difficult for option holders to exercise their options despite the achievement of the performance target and the expiration of the waiting period. The authorization shall therefore provide for greater flexibility in this respect. The Management Board and Supervisory Board will ensure that the greater flexibility cannot be used to unlawfully exploit inside information.

The Conditional Capital 2017/II will enable the Company to service the claims under the Stock Option Plan 2017 with new shares from conditional capital. In order to satisfy these stock options, the Company therefore does not have to use any financial resources to acquire its own shares or make a cash payment and is at the same time hedged against an increase in the value of the stock options associated with an increase in the share price. The use of new shares from Conditional Capital 2017/II to service the stock options issued under the Stock Option Program 2017 thus reduces the risks that may arise for the Company as a result of market movements and enables these stock options to be serviced in the interest of the Company while preserving liquidity.

The shareholders do not have a statutory subscription right to the subscription shares issued within the framework of the Conditional Capital 2017/II. Otherwise, the intended purpose of the Conditional Capital 2017/II to enable the servicing of the stock options issued under the Stock Option Program 2017 would not be achieved.

The Stock Option Program 2017, as a long-term performance-related remuneration element whose performance depends both on the achievement of long-term growth targets and on the development of the Company's share price, is in the interest of the Company and its shareholders. For the reasons set out above, the Management Board therefore considers the proposed resolution under agenda item 12 of this invitation to the Annual General Meeting to be appropriate and appropriate overall, taking into account the interests of the Company and its shareholders.

The Management Board

Niklas Östberg
Chair of the
Management Board

Emmanuel Thomassin
Member of the
Management Board