Annual financial statement and combined management report

Delivery Hero AG (formerly Delivery Hero GmbH)

As of December 31, 2017

COMBINED MANAGEMENT REPORT

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COMBINED MANAGEMENT REPORT

A. GROUP PROFILE

01. BUSINESS MODEL

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

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

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

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

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

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

02. CORPORATE STRATEGY

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

Creating an amazing takeaway experience around food, ordering and service

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

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

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

Following a return-driven approach to refine the brand strategy

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

Improving revenue streams

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

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

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

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

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

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

03. GROUP STRUCTURE

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

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

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

04. SEGMENTS

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

The Group distinguishes between four geographically structured segments:

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

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

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

Europe

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

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

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

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

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

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

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

MENA

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

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

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

Asia

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

The acquisition of foodpanda in 2016 significantly expanded the geographical footprint of the Delivery Hero Group in Asia, allowing access to the growth potential of various young markets such as Bangladesh, Brunei, Hong Kong, Malaysia, Pakistan, the Philippines, Singapore, Taiwan and Thailand.

DH Group operates under its foodora brand in Australia.

Americas

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

05. MANAGEMENT SYSTEM

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

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

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

[2] Orders represent orders made by end consumers in the period indicated. Orders for our click-to-call operations (similar to a restaurant-specific business directory where customers click on a button that will connect them directly with the restaurant via telephone) have been estimated based on the number of phone calls made by users to restaurants through these click-to-call platforms in the relevant period that lasted 25 seconds or longer multiplied by 60%.
[3] “Like-for-like” presents Delivery Hero’s comparative 2016 results as if the acquisition of foodpanda had occurred on January 1, 2016 and excludes contributions from operations reported in discontinued operations. Furthermore Asia KPIs exclude our former operations in China, which were sold in May 2016.
[4] GMV refers to Gross Merchandise Value, which means the total value of orders (including VAT) transmitted to restaurants. GMV for our click-to-call operations (similar to a restaurant-specific business directory where customers click on a button that will connect them directly with the restaurant via telephone) have been estimated based on the number of phone calls made by users to restaurants through these click-to-call platforms in the relevant period that lasted 25 seconds or longer multiplied by 60% and by the average basket size for the orders placed through our Korean non-click-to-call online marketplaces during the same period.

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

[1] LfL – Like-for-like

06. RESEARCH AND DEVELOPMENT (R&D)

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

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

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

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

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

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

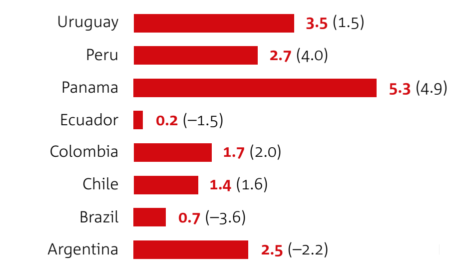
At the end of the financial year, 635 people were employed in our R&D activities. This represents 4.3% of total employees.

B. ECONOMIC REPORT

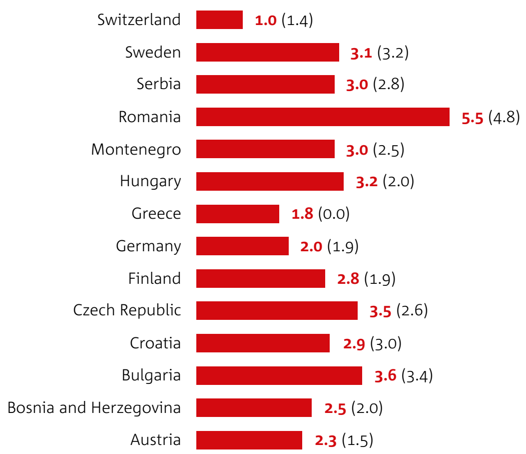
01. MARKET AND INDUSTRY ENVIRONMENT

a) Macroeconomic situation

GDP Development 2017 Americas
% (2016)

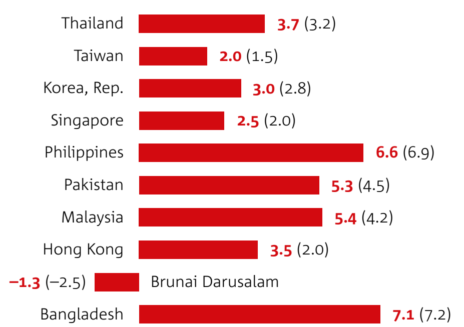


GDP Development 2017 Europe
% (2016)

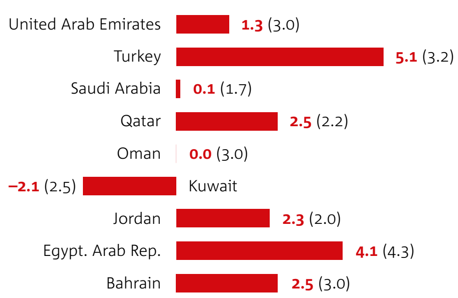


Source: International Monetary Fund, World Economic Outlook, October 2017

GDP Development 2017 Asia
% (2016)



GDP Development 2017 MENA
% (2016)



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

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

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

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

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

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

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

b) Sector development

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

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

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

02. BUSINESS PERFORMANCE

a) Performance

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

b) Financing measures

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

c) Acquisitions

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

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

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

d) Discontinued operations and divestments

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

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

03. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

a) Financial performance of the Group

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

Consolidated statement of profit or loss and other comprehensive income

The 2017 Group result from continuing operations developed as follows:

Continuing operations

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

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

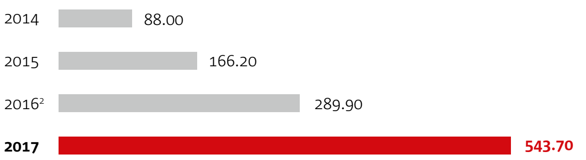
Continuing operations

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

Development of revenue (2014–2017):

Annual revenue growth[1]

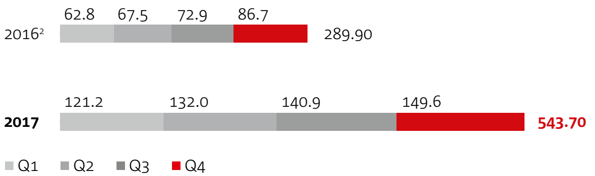
EUR million



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

Revenue by quarter[1]

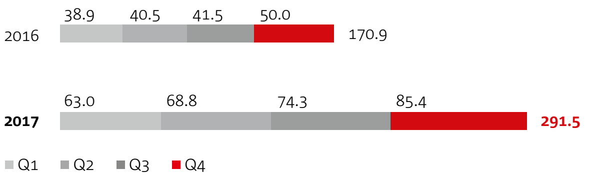
EUR million



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

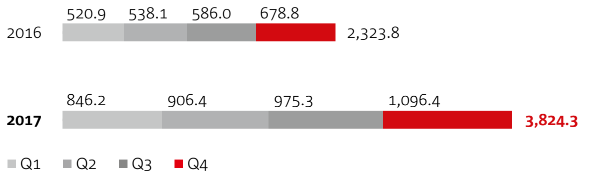
Orders by quarter[1]

million



GMV by quarter[1]

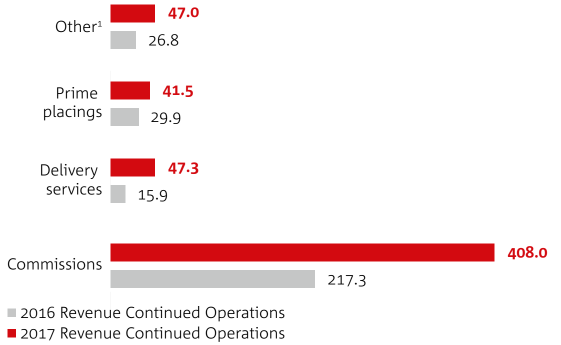
EUR million



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

Group revenue by type[1]

EUR million



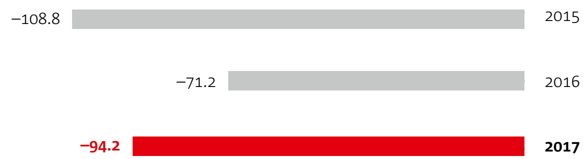
[2] Adjusted, refer to section E. 02. a) of the Consolidated Financial Statements.

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

Development of adjusted EBITDA

Adjusted EBITDA of the segments[1]

EUR million

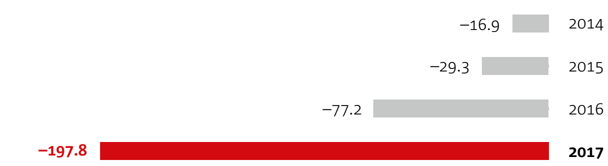


[1] Continuing operations.

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

Cost of sales

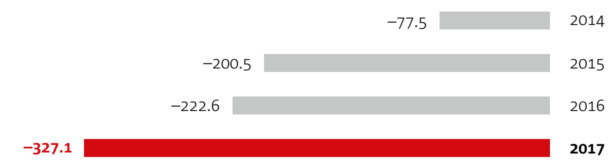
EUR million



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

Marketing expenses

EUR million



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

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

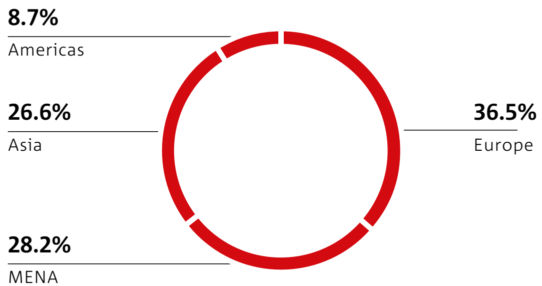
General administrative expenses amount to € 221.5 million in 2017 (previous year: € 100.9 million). This is mainly due to a € 53.8 million increase in share-based compensation expenses to € 69.5 million and a € 37.5 million increase in other personnel expenses to € 63.7 million. Share-based payment expenses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

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

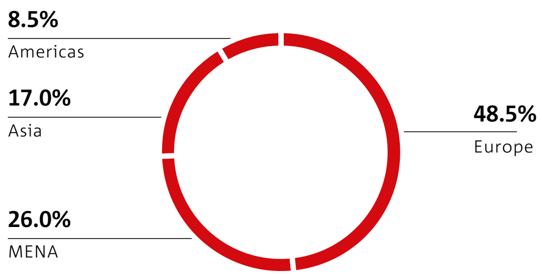
b) Business development by segment

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

Group revenue by segments 2017



Group revenue by segments 2016



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

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

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

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

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

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

Number of orders

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

GMV

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

Europe

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

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

MENA

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

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

Asia

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

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

Americas

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

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

c) Financial Position

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

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

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

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

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

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

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

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

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

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

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

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

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

d) Net assets

The Group's balance sheet is structured as follows:

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

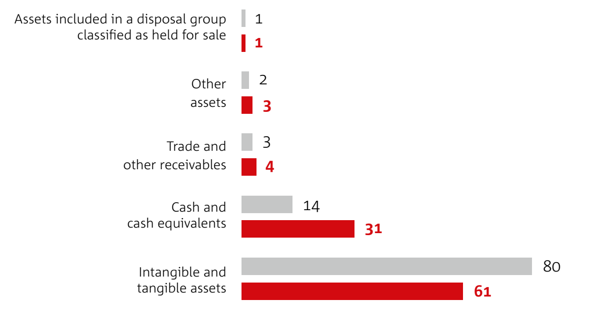
EUR million	Dec. 31, 2017	%	Dec. 31, 2016	%	Change
Equity	1,720.8	84	892.2	55	828.6
Non-current liabilities	105.2	5	502.6	31	−397.4
Current liabilities	222.2	11	237.3	15	−15.1
Total liabilities and equity	**2,048.2**	**100**	**1,632.1**	**100**	**416.1**

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

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

Structure of statement of financial position

(in % of total assets)

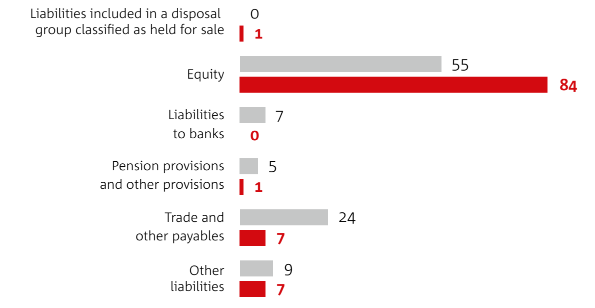


Non-current assets remain the largest portion of the balance sheet with 61% as of December 31, 2017 (previous year: 80%). They mainly comprise intangible assets of € 1,222.6 million (previous year: € 1,294.0 million), thereof goodwill € 713.5 million (previous year: € 691.2 million[12]), trademarks €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

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

Structure of statement of financial position

(in % of liabilities and equity)



[12] Restated.

Equity increased due to the following major measures in 2017:

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

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

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

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

e) Overall assessment

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

04. EMPLOYEES

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

C. RISK AND OPPORTUNITY REPORT

01. RISK POLICY PRINCIPLES AND RISK STRATEGY

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

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

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

a) Risk policy principles

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

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

b) Risk strategy

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

Risk appetite

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

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

Materiality thresholds

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

Delivery Hero distinguishes between two types of materiality thresholds:

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

02. GROUP-WIDE RISK MANAGEMENT SYSTEM (RMS)

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

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

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

a) Risk identification

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

b) Risk assessment

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

Risks are assessed in respect to two dimensions:

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

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

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

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

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

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

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

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

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

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

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

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

Risk matrix and financial impact scale of Delivery Hero

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

Gross versus net risk

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

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

c) Risk treatment

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

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

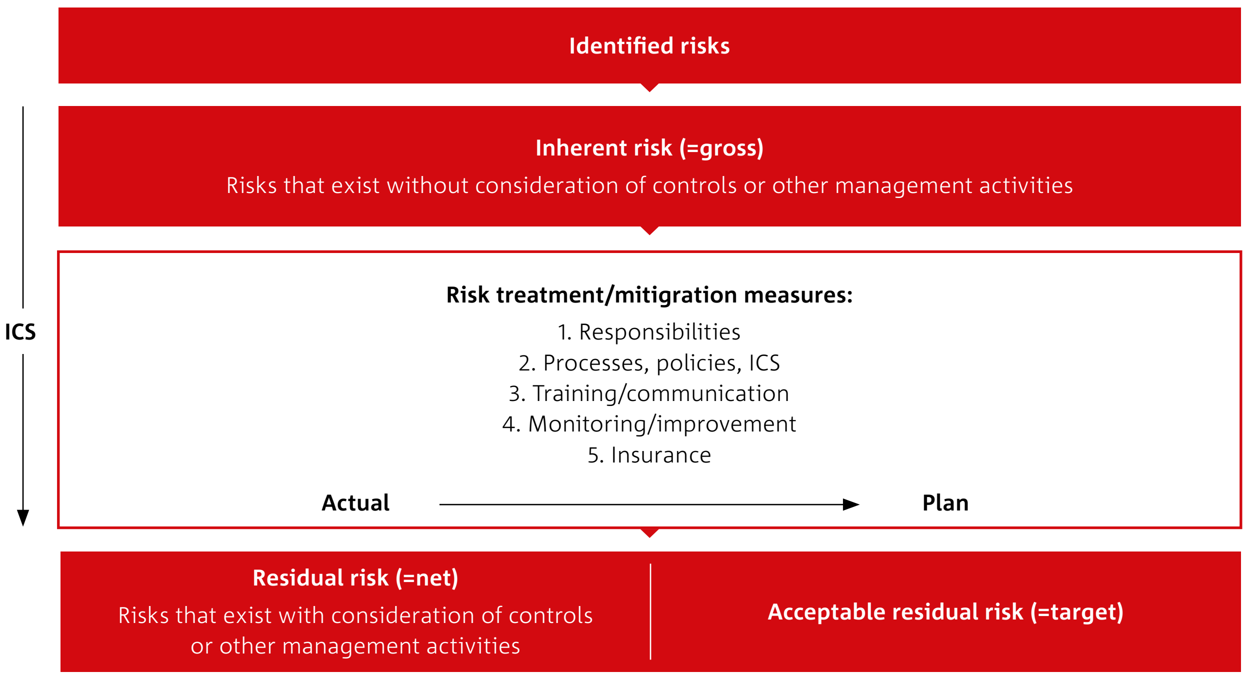
II. Risk reduction/mitigation: Risk can be reduced by taking necessary measures.

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

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

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

Differences between gross and net risk



d) Risk monitoring

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

e) Risk reporting

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

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

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

III. On demand updates to the Supervisory Board

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

03. SYSTEM OF INTERNAL FINANCIAL REPORTING CONTROLS

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

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

04. INTERNAL AUDIT SYSTEM

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

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

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

05. RISK REPORT

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

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

a) Strategic risks

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

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

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

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

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

b) Operational risks

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

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

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

c) Compliance risks

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

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

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

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

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

d) Financial risks

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

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

06. OPPORTUNITY REPORT

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

Macroeconomic development

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

Other market developments

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

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

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

Logistics

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

Personalization and customer experience

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

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

Technology

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

Personnel opportunities

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

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

D. SUBSEQUENT EVENTS AND OUTLOOK

01. SUBSEQUENT EVENTS

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

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

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

02. OUTLOOK

a) Macroeconomic and industry outlook

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

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

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

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

b) Company expectations

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

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

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

Due to the comparatively short history of the Group and the fact that Delivery Hero is operating in a relatively new market, any forecast on the earnings trend is subject to considerable uncertainty. Besides factors that can be impacted by Delivery Hero, adjusted EBITDA is also contingent on factors that cannot be influenced. For example, if the Group were forced to defend its position against new competitors in specific markets or to react to revenue downturns, then measures which may not have been scheduled previously may have to be implemented (e.g. increasing marketing expenditure) which can negatively affect adjusted EBITDA and trigger considerable deviations from the estimated results.

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

E. USE OF FINANCIAL INSTRUMENTS

01. RISK MANAGEMENT

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

02. LIQUIDITY RISK

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

[14] Euromonitor, Independent Consumer Foodservice.

03. MARKET RISK

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

Changes

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

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

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

04. DEFAULT RISK

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

F. OTHER DISCLOSURES

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

Please refer to the information at the end of the document.

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

Please refer to the information at the end of the document.

03. CORPORATE GOVERNANCE CODE

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

04. NONFINANCIAL STATEMENT FOR THE GROUP

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

05. TREASURY SHARES

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

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

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

01. BUSINESS MODEL

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

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

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

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

a) Results of operations

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

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

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

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

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

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

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

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

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

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

b) Financial position

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

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

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

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

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

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

c) Net assets

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

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

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

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

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

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

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

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

d) Overall assessment

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

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

TAKEOVER-RELATED DISCLOSURES AND EXPLANATORY NOTES BY THE MANAGEMENT BOARD

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

COMPOSITION OF SUBSCRIBED CAPITAL

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

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

RESTRICTIONS THAT CONCERN VOTING RIGHTS OR THE TRANSFER OF SHARES

Restrictions on transfer

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

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

Restrictions on voting rights

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

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

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

SHAREHOLDINGS EXCEEDING 10% OF VOTING RIGHTS

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

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

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

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

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

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE STRUCTURE OF THE COMPENSATION SYSTEM

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

NON-PERFORMANCE-BASED COMPENSATION

Base salary

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

Fringe benefits

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

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

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

PERFORMANCE-BASED COMPENSATION

Share-based compensation

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

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

Special compensation

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

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

PENSION COMMITMENTS

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

PAYMENTS AT THE END OF THE MANAGEMENT BOARD SERVICE

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

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

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

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

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

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

LOANS AND ADVANCES

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

DISCLOSURES PURSUANT TO THE REQUIREMENTS OF THE DCGK

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

GRANTED BENEFITS FOR THE REPORTING YEAR

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

PAYOUT FOR THE REPORTING YEAR

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

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

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

DISCLOSURES PURSUANT TO THE HBG

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

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

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

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

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

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

Stock options

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

FORMER MANAGEMENT BOARD MEMBERS' EMOLUMENTS

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

OTHER PROVISIONS

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

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

OUTLOOK FOR FINANCIAL YEAR 2018

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

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

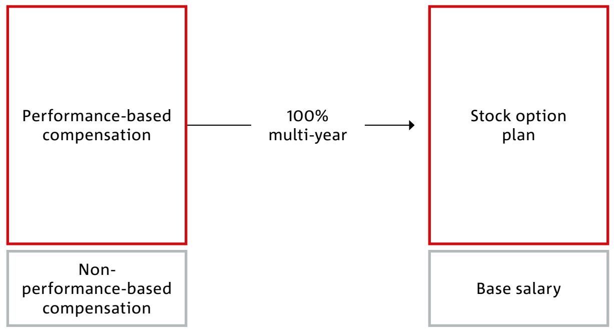
The Supervisory Board will regularly review and adjust the compensation system whenever necessary to allow for the Company's further development.

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

Performance-based compensation

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

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



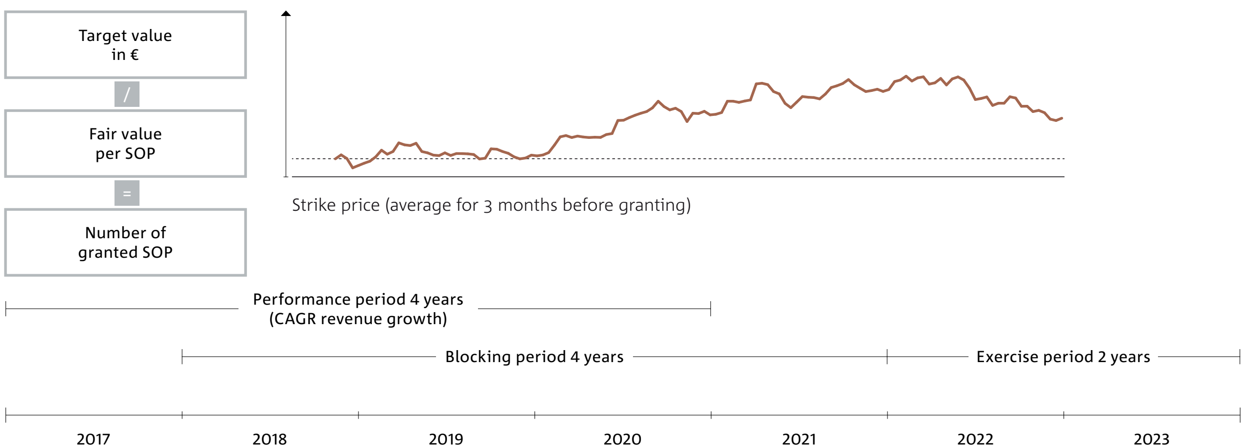
Share-based compensation

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

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

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

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



Payments at the end of the Management Board service

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

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

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

COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD OF DELIVERY HERO AG

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

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

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

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

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

Berlin, April 24, 2018

Niklas Östberg
Chief Executive Officer

Emmanuel Thomassin
Chief Financial Officer

Delivery Hero AG, Berlin formerly: Delivery Hero GmbH)
Balance as of December 31, 2017

assets

		31.12.2017		31.12.2016	
		EUR	EUR	EUR	EUR
A.	**Fixed assets**				
I.	**Intangible assets**				
1.	Internally generated intangible assets	600.336,33		0,00	
2.	Purchased trademarks and software	3.619.101,46		3.808.619,10	
3.	Advance payments and assets under development	0,00	4.219.437,79	20.188,99	3.828.808,09
II.	**Property, plant and equipment**				
1.	Plant and machinery	19.678,90		0,00	
2.	Office and other operating equipment	4.279.624,08	4.299.302,98	4.087.922,28	4.087.922,28
III.	**Financial assets**				
1.	Shares in affiliated companies	1.605.321.399,84		1.543.017.779,80	
2.	Loans to affiliated companies	409.960.810,24		296.972.737,36	
3.	Investments	9.045.426,29		3.368.841,62	
4.	Other loans	1.557.188,92	2.025.884.825,29	1.885.750,11	1.845.245.108,89
			2.034.403.566,06		1.853.161.839,26
B.	**Current assets**				
I.	**Inventories**				
	Advance payments		48.208,78		15.991,41
II.	**Receivables and other assets**				
1.	Trade receivables	264.405,40		305.231,25	
2.	Receivables from affiliated companies	129.940.232,46		61.758.357,21	
3.	Other assets	22.534.174,73	152.738.812,59	866.098,15	62.929.686,61
III.	**Cash on hands and bank balances**		402.981.999,67		774.175,52
			555.769.021,04		63.719.853,54
C.	**Deferred expenses**		2.647.859,63		2.842.979,22
			2.592.820.446,73		**1.919.724.672,02**

shareholder's equity and liabilities

	31.12.2017		31.12.2016	
	EUR	EUR	EUR	EUR
A. Shareholder's Equity				
I. Issued capital				
1. Subscribed capital	182.498.900,00		401.462,00	
2. Own shares (nominal value)	-20.300,00	182.478.600,00	-5.400,00	396.062,00
II. Capital reserve		2.667.941.331,07		1.221.112.849,55
III. Loss carryforward		-148.367.697,05		-131.369.458,81
IV. Net loss for the year		-190.663.142,18		-16.998.238,24
		2.511.389.091,84		1.073.141.214,50
B. Contribution to increase capital		0,00		364.289.461,71
		0,00		364.289.461,71
C. Provisions				
1. Tax provisions		2.957.000,00		2.936.770,54
2. Other provisions		8.822.485,70		55.483.458,62
		11.779.485,70		58.420.229,16
D. Liabilities				
1. Trade payables		437.836,79		4.741.458,03
2. Liabilities to affiliated companies		52.967.782,62		153.502.728,37
3. Liabilities to shareholders		0,00		249.227.348,05
4. Other liabilities		13.690.245,81		13.617.642,63
– thereof for taxes EUR 654.134,81 (PY. EUR 400.551,77) –				
– thereof for social security EUR 92.341,32 (PY: EUR 73.369,44) –				
		67.095.865,22		421.089.177,08
E. Deferred income		1.270.575,17		101.855,49
F. Deferred tax liabilities		1.285.428,80		2.682.734,08
		2.592.820.446,73		**1.919.724.672,02**

Delivery Hero AG, Berlin (formaly: Delivery Hero

Income statement for the period
from January 1 to December 31, 2017

			2017		2016	
			EUR	EUR	EUR	EUR
1.	Revenue			35.800.634,06		27.310.752,79
2.	Other operating income			34.476.797,10		118.740.915,59
3.	Cost of materials					
	a)	Cost of raw materials, supplies and purchased goods		-245.905,20		-1.011.144,33
4.	Personnel expenses					
	a)	Wages and salaries	-96.882.995,79		-23.876.234,57	
	b)	Social security and other benefits	-3.932.920,49	-100.815.916,28	-2.846.658,39	-26.722.892,96
		– thereof for pensions: EUR -32.074,75 (i. Vj. EUR -39.948,75) –				
5.	Amortization of					
	a)	intangible assets and depreciation of property, plant and equip	-2.313.097,92			-1.327.053,72
	b)	Write-downs on current assets exceeding ordinary write-downs usual for the Company	-673.198,83	-2.986.296,75		-4.050.509,11
6.	Other operating expenses			-88.847.870,29		-41.168.073,33
7.	Income from investments			7.250.000,00		3.345.770,00
	– thereof from affiliated companies: EUR 7.250.000,00 (PY: EUR 3.345.770,00) –					
8.	Income from the lending of financial assets			18.854.636,45		13.100.836,68
	– thereof from affiliated companies: EUR 18.854.636,45 (PY: EUR 13.100.836,68) –					
9.	Interest and similar income			89.710,68		106.972,97
10.	Write-downs of financial assets			-71.243.255,46		-79.665.203,16
11.	Interest and similar expenses			-22.441.284,68		-21.077.628,66
	– thereof to affiliated companies: EUR -7.803.283,85 (PY: EUR -8.640.302,22) –					
12.	Income taxes			-501.118,22		-4.562.734,10
	– thereof for deferred taxes: EUR 1.397.305,28 (PY: EUR -2.682.734,08) –					
13.	Earnings after taxes			-190.609.868,59		-16.979.991,34
14.	Other taxes			-53.273,59		-18.246,90
15.	**Net loss for the year**			**-190.663.142,18**		**-16.998.238,24**

Delivery Hero AG, Berlin
(formerly Delivery Hero GmbH)

Notes for the 2017 financial year

I. General disclosures

As of the balance sheet date, 31 December 2017, Delivery Hero AG with its registered office in Berlin has held the status of a large corporation pursuant to Section 267 (3) and (4) of the German Commercial Code (HGB). The company is registered in the commercial register of the local court Charlottenburg under number 187081 B and under the business address Oranienburger Straße 70, 10117 Berlin.

With entry in the commercial register on May 29, 2017, the transformation of Delivery Hero GmbH into Delivery Hero AG took place.

The annual financial statement was prepared according to the provisions of the German Commercial Code, taking into account the regulations of the German Stock Corporation Act (Aktiengesetz).

The financial year corresponds with the calendar year.

At the close of the 2017 financial year, Delivery Hero AG had recorded a net loss for the year of EUR -190.6 million (previous year: EUR -17.0 million). However, due to positive cash flow of EUR 403,1 million as well as cash and cash equivalents in the amount of € 403.0 million, we assume that Delivery Hero AG has sufficient liquidity and capital to continue its operations. The annual financial statement was therefore prepared under the assumption that the company is a going concern.

Declaration on the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) / Section 285 No. 16 of the German Commercial Code

The Delivery Hero AG Executive Board and Supervisory Board submitted the statement of compliance as per Section 161 of the German Stock Corporation Act on December 28th, 2017. The statement is permanently accessible at https://ir.deliveryhero.com/websites/delivery/German/4500/entsprechenserklaerung.html under Corporate Governance.

II. Disclosures on reporting, valuation and recognition methods

1. General disclosures

The income statement was prepared in accordance with the total cost (nature of expense) method as per Section 275 (2) of the German Commercial Code.

In the interests of clarity and structure, some items – which according to statutory provisions can be included in the balance sheet or the notes – are shown in the notes.

2. Accounting and valuation methods

The annual financial statement was prepared based mainly on the following accounting and valuation methods:

ASSETS

Fixed assets

Intangible assets acquired for valuable consideration are recognised at cost and, provided they are subject to wear and tear, are amortised on a regular basis using the straight-line method throughout their useful life. Computer programs acquired for valuable consideration are amortised over a period of two to three years. Excepted from this rule are computer programs costing below EUR 150, which are immediately charged in full to expenditure. Licences are amortised over the course of their useful lives as per the corresponding licence agreements. Use was made of the voting rights according to section 248 (2) of the German Commercial Code (HGB) to capitalize assets produced by the Company itself for the first time. Intangible assets produced by the Company itself are carried in the balance sheet based on their production costs and will be depreciated linearly on schedule with a useful life of two years. Pursuant to Section 255 (2) HGB, pro rata directly attributable overheads were also taken into account in the capitalization. No use was made of the option of recognizing costs of general administration and of reasonable expenses for company social facilities, voluntary social benefits and occupational pensions.

Property, plant and equipment is measured at cost less scheduled straight-line depreciation. As a rule, additions to property, plant and equipment are depreciated on a pro rata temporis basis. Depreciation takes place at depreciation rates that are based on the expected useful lives of the respective assets; these rates do not diverge significantly from those specified in the Afa tax tables (official German tax depreciation tables).

Pursuant to the German Commercial Code, **minor-value assets** are accounted for in accordance with the tax law provision in Section 6 (2) of the German Income Tax Act (EStG). The costs of acquiring or manufacturing movable depreciable assets capable of being used independently are recognised in full in the financial year in which the respective acquisition, manufacture or contribution took place, provided that the acquisition or manufacturing costs, less the corresponding input VAT amount, do not exceed EUR 410 per individual asset.

The shares in associated companies and participations shown under **financial assets** are measured at the lower of acquisition cost or fair value. Loans are recognised at the lower of nominal value or fair value.

The Company calculates the fair value of shares in affiliated companies as part of an impairment test using the discounted cash flow method. For loans, the discounted cash flow method is also used analogously, depending on the remaining term.

If fixed assets are subject to continual impairment, they are depreciated on an unscheduled basis. If the reasons for depreciation no longer apply, the corresponding write-ups are performed.

Current assets

Inventories contain effected down-payments recognised at the lower of nominal value or fair value.

Receivables and other assets are recognised at nominal value or at fair value as of the balance sheet date. Where the collectability of receivables is subject to clear risks, appropriate discounts are performed. Uncollectible receivables are written off. Foreign currency receivables are initially recognised at the mean rate of exchange applicable on the respective day. Receivables with a residual time to maturity of less than one year are measured at the spot exchange rate on the balance sheet date. With longer-term receivables, a lower exchange rate on the balance sheet date will result in a lower valuation charged to expenditure; higher exchange rates (valuation gains) are not taken into account.

Liquid funds are recognised at nominal value as of the balance sheet date.

Payments made before the balance sheet date are recognised as **prepaid expenses and deferred charges**, provided that they constitute an expense at a certain period subsequent to this date.

LIABILITIES

Subscribed capital is accounted for at nominal value.

In 2017 Delivery Hero AG transferred existing virtual stock option programs into a standard stock option program (DH SOP). As part of the stock option program, employees were basically granted options that entitle the beneficiaries to acquire shares in the company after a certain period of service has elapsed (equity-settled share-based payment). If certain exit events (change of control) occur, the company is obliged to settle the program in cash. In all other cases, the Company has the option to settle by issuing new shares or settling in cash. The occurrence of Exit Events is currently considered unlikely. It is planned not to use the cash settlement option, therefore the DH SOP is classified as a share-based compensation settled equity instrument. In the absence of explicit provisions in HGB on such share-based payments, these commitments are accounted for in accordance with the international regulations of IFRS 2 and the claims arising from the commitments are recognized in personal expenses with offsetting entry in equity in capital reserves. The valuation of the claim is made by means of an option valuation using the Black-Scholes model.

Provisions and accruals are recognised at the settlement amount deemed necessary according to sound business judgement.

For options for cash-settled virtual stock options, option pricing was determined using the Black-Scholes model. The effort is taken into account pro rata temporis during the delivery period.

Provisions with a remaining time to maturity of more than one year are discounted at a rate equivalent to the average market interest rate of the previous seven financial years.

To provide for future expenditure associated with the fulfilment of statutory retention periods for business documents, provisions corresponding with the respective settlement amounts, that is, with the anticipated costs applicable on the date of settlement, are formed. The provisions for archiving costs are calculated based on an average remaining period of retention of 5.5 years and an anticipated price/cost increase of 0.9 % per annum.

Liabilities are recognised at their respective settlement amount. Foreign currency receivables are recognised at the mean rate of exchange applicable on the day in question. Short-term foreign currency receivables with remaining times to maturity of one year or less are measured at the mean spot exchange rate. Long-term foreign currency receivables are charged to expenditure at a higher rate if the exchange rate on the balance sheet date is higher. Lower exchange rates are not taken into account (valuation gains).

DEFERRED TAXES

If differences exist between the carrying amounts and the tax basis of assets, debts and prepaid expenses and deferred charges, and if these differences are expected to diminish in later years, then the total tax burden thus arising is recognised under deferred tax liabilities in the balance sheet. The total tax relief resulting from the above is waived, pursuant to the option provided for in Section 274 (1) Sentence 2 of the German Commercial Code.

III. Notes to the individual balance sheet items

Fixed assets

Changes in fixed assets are reported in the statement of changes in fixed assets, where said assets are listed alongside their depreciation and impairment losses for the financial year. The statement of changes in fixed assets is found in Annex I to the notes.

The shares in associated companies and participations shown under financial assets – that is, the companies in which the Company directly or indirectly holds at least 20 percent of the shares – are listed in Annex II to the notes.

Loans issued to associated companies in the amount of EUR 410.0 million (previous year: EUR 297.0 million) resulted from Group-internal financing.

Non-scheduled write-downs due to prospective continual impairment amounting to EUR 46.5 million (previous year: EUR 69.3 million) are performed on shares in associated companies. For loans, such non-scheduled write-downs amounted to EUR 24.7 million (previous year: EUR 10.4 million).

EUR 0.6 million was recognized in the exercise of the voting right to capitalize internally generated intangible assets (previous year: EUR 0.0 million)

Receivables and other assets

Receivables due from associated companies are primarily trade accounts receivable.

Other assets include sureties amounting to EUR 0.3 million (previous year: EUR 0.2 million) whose remaining time to maturity exceeds one year. All other receivables and other assets are, as in the previous year, due within one year. Other assets include a down-payment of EUR 13 million for a participation. Furthermore the costs of the initial public offering of 30 June 2017 are included which were recharged on a pro rata basis (EUR 7.3 million). Other assets also include an outstanding contribution on premium amounts from capital increases before conversion of the company of EUR 1.6 million, which was paid in January 2018.

The value of the **prepaid expenses** results primarily from the insurance premiums paid until 2022 as well as from advance payments made for software licence fees.

Equity

The change in legal form from Delivery Hero GmbH (HRB 135090B) to Delivery Hero AG (HRB 187081B) became effective with entry in the commercial register on May 29, 2017.

Delivery Hero AG's **subscribed capital** is backed by no-par-value bearer shares of EUR 1.00 each. The subscribed capital amounts to EUR 182.5 million (previous year: EUR 0.5 million) (shares as of 31 December 2017: 182,498,900, of this, 10,866,000 with a nominal value of € 1.00 were drawn from the authorized capital). Capital increases registered on 24 January, 30 March, 17 May, 19 May, 30 May, 9 June, 12 June, 27 June and 6 December 2017 resulted in the issue of 182,097,438 new shares with a par value of EUR 1.00 each in 2017.

Different share groups do not exist. All shares have the same rights and obligations. Each share grants one vote and is decisive for the share of the shareholders in the profit. This does not apply to treasury shares held by the company, to which the company is not entitled under section 71b AktG.

The capital increase from company funds on 12 June 2017 resulted in a reclassification of € 152.5 million from the capital reserves to subscribed capital. As a result, the number of shares immediately prior to the capital increase increased by a factor of 300.

During the course of the IPO, 18.950.000 new shares of EUR 1.00 were issued on June 30, 2017.

As part of a capital increase, on December 6, 2017, 10,500,000 shares were issued from the authorized capital at EUR 1.00.

The Company holds 20,300 of its **own shares** with a par value of EUR 1.00 each (previous year: 5,400). In the financial year, 5,400 treasury shares were sold at a price of € 1.00 each and new shares in the amount of € 67.67 were acquired, which gives a rating of 300 to 20,300 new treasury shares. Pursuant to Section 272 (1a) German Commercial Code (HGB), the nominal amount of treasury shares is deducted from the subscribed capital. The proceeds from the treasury shares sold were directly transferred to the capital reserve.

The **authorized capital** of Delivery Hero AG as of December 31, 2017 consists of 130,729,010 shares (December 31, 2016: 175,444 shares).

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

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

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

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

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

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

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

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

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

In 2017, the **capital reserves** increased from EUR 1,446.8 million to EUR 2,667.9 million. The increase results from premiums paid in the course of the capital increases. The main reasons for the increase were the capital increase from the Naspers financing round (EUR 301.4 million), the increase in connection with the IPO and the issue of new shares as of June 30, 2017 (EUR 464.3 million) and the issue of new shares as part of the capital increase on December 6, 2017 (EUR 351.8 million) .In total, EUR 1,117.4 million from the capital increases were added to the capital reserves.

As part of the capital contribution of 31 December 2016, the contribution of Emerging Markets Online Food Delivery Holding S.à r.l. to Delivery Hero GmbH was made by a shareholder. The contribution in kind has been entered in the commercial register January 24, 2017. As of the balance sheet date, the special item **contributions paid for purposes of conducting a capital increase** (previous year: EUR 364.3 million) has been reclassified to subscribed capital (€ 62,249) as well as capital reserve (€ 364.2 million).

In connection with the conversion of Delivery Hero GmbH into Delivery Hero AG on May 29, 2017 the Group has restructured its existing virtual share option programs into a new uniform share option program. The new share option program is classified as equity-settled award, whereas the previous programs were classified as cash-settled. At the time of the modification, the liability from the programs with a fair value of € 91.4 million was reclassified to the capital reserve at the modification date. The determination of the fair value at the time of the modification takes into account the service periods already provided by the beneficiaries. As of December 31, 2017, a total of € 112.9 million from share-based payment claims was recognized in the capital reserve. As of December 31, 2017 9,963,100 unexercised options had been issued; 1,206,600 unexercised options were granted to the Board and 8,756,500 unexercised options were granted to the employees.

The awards vest gradually over a period of 48 months subject to individual cliff provisions of 12 to 24 months. If a beneficiary leaves the Company before completing the vesting requirements, the individual forfeits its rights under the program. Subject to the fulfilment of the exercise conditions, option rights can be exercised only within two exercise periods per year. The management can exercise option rights only after expiry of the 12-months lock-up period; which starts with the consummation of the IPO of DH.

Contrary the capital reserve decreased due to the reclassification to subscribed capital in connection with the capital increase from company funds of € 152.5 million.

The net loss of € -339,0 million resulted from the net loss for the year of € -190.6 million and the loss carried forward of € -148.4 million.

Notifications and publications of changes in the voting rights in Delivery Hero AG pursuant to section 21 and section 26 securities trading act (WpHG)

On July 4, 2017, Citi Group Inc, Willmignton, USA, informed us in accordance with Section 21 (1) WpHG that the voting rights in Delivery Hero AG, Berlin, Germany, on June 28, 2017, have exceeded the 5% threshold and amounted to 5.51% (9,475,000 voting rights) as of this date.

The following persons and / or companies notified us of the changes in their voting rights on July 6, 2017 in accordance with Section 21 (1) WpHG:

Naspers Limited, Cape Town, South Africa, has announced that its voting rights on June 28, 2017 have exceeded the 10% threshold through the purchase of shares and is 10.65% (18,310,002 voting rights) as of this date. These were attributed to Naspers Limited pursuant to section 22 WpHG via Naspers Ventures B.V.

Lukasz Gadowski has announced that his voting rights on June 28, 2017 exceeded the threshold of 5% through the purchase of shares to 6.47% as of this day. Of this amount, 6.31% (10,860,000 voting rights) are attributed to him in accordance with § 22 WpHG and 0.15% (259,800 voting rights) are allocated as instruments pursuant to § 25 (1) no. 1 WpHG.

The Goldman Sachs Grup, Inc, Wilmington, Delaware United States, has announced that Goldman Sachs International's voting rights have exceeded the 5% threshold on June 28, 2017 through the purchase of shares and are currently 5.51% (9,475,000 voting rights).

Jeff Horning has announced that his voting rights exceeded the threshold of 5% on June 28, 2017 through the purchase of shares, and at that date amounts to 7.51% (12,912,900 voting rights). These were attributed to Jeff Horning in accordance with section 22 WpHG via the DHH Main Insight S.à r.l.

Christian Leone has announced that his voting rights exceeded the threshold of 5% on June 28, 2017 through the purchase of shares, and at that date amounts to 8.92% (15,340,500 voting rights). These were attributed to Christian Leone in accordance with Section 22 WpHG via Luxor Capital Partners, LP and Luxor Capital Partners Offshore Master Fund, LP.

Luxor Capital Partners Offshore, Ltd., George Town, Cayman Islands, has announced that its voting rights on June 28, 2017, exceeded the threshold of 5% through the purchase of shares, and at that date amounts to 7.15% (12,292,200 voting rights). These were attributed to Luxor Capital Partners Offshore, Ltd. via Luxor Capital Partners, LP and Luxor Capital Partners Offshore Master Fund, LP in accordance with section 22 WpHG.

On July 6, 2017, Citi Group Inc, Willmignton, USA, informed us pursuant to Section 21 (1) WpHG that the voting rights in Delivery Hero AG, Berlin, Germany, fell below the threshold of 3% through the sale of shares on June 29, 2017 and to this day is 0.0% (no voting rights).

Rocket Internet SE, Berlin, Germany, informed us on July 7, 2017, pursuant to Section 21 (1) WpHG, that the voting rights in Delivery Hero AG, Berlin, Germany, on June 28, 2017 exceeded the threshold of 30% through the purchase of shares, and at that date amounts to 31.76% (54,629,100 voting rights). In accordance with Section 22 WpHG, these were attributed via the Global Online Takeaway Group S.A.

Rocket Internet SE, Berlin, Germany, informed us on July 11, 2017, pursuant to Section 21 (1) WpHG, that its share of voting rights fell below the 30% threshold on July 4, 2017 through the sale of shares and at that date amounts to 28.64%. 25.68% of the voting rights (44,170,378 voting rights) were attributed to Rocket Internet SE in accordance with Section 22 WpHG via Global Online Takeaway Group S.A. 0.002% of the voting rights (3,644 voting rights) were transferred to Rocket Internet SE as instruments in accordance with section 25 (1) (1) WpHG. 2.96% of the voting rights (5,092,500 voting rights) were transferred to Rocket Internet SE as instruments in accordance with section 25 (1) (2) WpHG.

The Goldman Sachs Group, Inc, Wilmington, Delaware, United States of America, informed us on July 12, 2017, pursuant to section 21 (1) WpHG, that its share of voting rights fell below the threshold of 3% on 4 July 2017 as a result of the sale of shares and amounted to 1.74% on that day. 1.48% of the voting rights (2,541,889 voting rights) were attributed in accordance with section 22 WpHG. 0.1% of the voting rights (12,000 voting rights) were transferred as instruments in accordance with section 25 (1) (1) WpHG. 0.26% of the voting rights (440,000 voting rights) were transferred as instruments in accordance with section 25 (1) (2) WpHG.

Naspers Limited, Cape Town, South Africa, informed us on October 2, 2017, pursuant to section 21 (1) WpHG, that the share of voting rights on September 28, 2017 exceeded the threshold of 20% through the purchase of shares and amounted to 23.65% on that day. 10.65% (18,310,002 voting rights) were attributed via the Naspers Venture B.V. according to section 22 WpHG. 13.00% (22,359,857 voting rights) were attributed as instruments pursuant to section 25 (2) WpHG.

Rocket Internet SE, Berlin, Germany, informed us on 13 December 2017 in accordance with section 21 (1) WpHG that the share of voting rights fell below the threshold of 25% on December 6, 2017 as a result of the withdrawal of purchase options and amounted to 24.35% on that day. 24.34% (44,428,470 voting rights) were attributed through Global Online Takeaway Group S.A. in accordance with section 22 WpHG. 0.002% (3.644 voting rights) were attributed as instruments pursuant to section 25 (1) (1) WpHG.

Lukasz Gadowski informed us on December 15, 2017 in accordance with section 21 (1) WpHG that his share of voting rights fell below the threshold of 5% on 6 December 2017 as a result of the sale of shares and amounted to 4.95% on that date. 4.81% (8,775,203 voting rights) were attributed in accordance with section 22 WpHG. 0.14% (259.800 voting rights) were attributed as instruments pursuant to section 25 (1) (1) WpHG.

Provisions

Delivery Hero AG in its role as a shareholder is taxable abroad for part of its business and has set up short-term tax provisions for this matter (€ 3.0 million, previous year: € 2.9 million).

As of 31 December 2017, other provisions mainly comprised provisions for personnel-related obligations, outstanding invoices, legal and consulting costs, and costs associated with the annual financial statement.

The decline in provisions in 2017 as compared with the previous year resulted primarily from the reclassification of the provisions for long-term incentive programmes for employees in connection with the conversion of Delivery Hero GmbH into a joint-stock company, in the course of which the Group combined its shared-based compensation programmes (VSP DH) into a new and unique stock option programme (DH SOP). The new arrangements are recognised as share-based compensation offset by equity instruments. The changes resulted in a reduction in provisions. The entitlements from the DH SOP will be reported as at 31 December 2017 as capital reserve.

The majority of provisions have a remaining time to maturity of up to one year.

	31/12/2017	**31/12/2016**
	EUR million	**EUR million**
Personnel-related obligations	1.8	50.8
Outstanding invoices	5.7	3.7
Legal and consulting costs, and costs associated with the annual financial statement	1.0	0.7
Other	0.3	0.3
	8.8	55.5

Liabilities

The following statement of liabilities shows the liabilities structured according to their remaining time to maturity:

31/12/2017	**Total**	**Remaining time to maturity**		
		up to 1 year	**1 to 5 years**	**more than 5 years**
	EUR million	**EUR million**	**EUR million**	**EUR million**
- Trade payables	0.4	0.4	0.0	0.0
of which owed to associated companies	*0.0*	*0.0*	*0.0*	*0.0*
- Liabilities to associated companies	52.9	38.2	14.7	0.0
of which trade liabilities	*1.5*	*1.5*		
- Other liabilities	13.7	11.3	2.4	0.0
of which from taxes	*0.7*	*0.7*	*0.0*	*0.0*
of which in the context of social security	0.0	0.0	0.0	0.0
	67.0	**49.9**	**17.1**	**0.0**

31/12/2016	Total	Remaining time to maturity		
		up to 1 year	1 to 5 years	more than 5 years
	EUR million	EUR million	EUR million	EUR million
- Trade payables	4.7	4.7	0.0	0.0
of which owed to associated companies	*0.0*	*0.0*	*0.0*	*0.0*
- Liabilities to associated companies	153.5	12.9	140.6	0.0
of which trade liabilities	*0.0*	*0.0*	*0.0*	*0.0*
- Liabilities to shareholders	249.2	59.2	190.0	0.0
- Other liabilities	13.6	10.1	3.5	0.0
of which from taxes	*0.4*	*0.4*	*0.0*	*0.0*
of which in the context of social security	*0.1*	*0.1*	*0.0*	*0.0*
	421.0	**87.0**	**334.1**	**0.0**

Deferred tax liabilities decreased by EUR 1,4 million to EUR 1.3 million in 2017 (previous year: EUR 2,7 million). Deferred tax assets were netted against deferred tax liabilities. The temporary differences relate to financial assets, other provisions and liabilities. The applicable company-specific tax rate is 30.18 percent.

	At the beginning of financial year in EUR million	Change in EUR million	At the end of financial year in EUR million
Deferred Tax Assets	0.3	1.5	1.8
Deferred Tax Liabilities	3.0	0.1	3.1

IV. Notes to the income statement

Revenue

Revenue in the 2017 financial year amounted to EUR 35.8 million (previous year: EUR 27,3 million) and comprised intra-Group allocations and on-billings only.

Other operating income

In 2017, other operating income mainly comprised income from billing the costs of the initial public offering, which amounted to EUR 9.5 million (previous year: EUR 0.0 million), to the shareholders, income from direct intra-Group on-billings amounting to EUR 12.7 million (previous year: EUR 8.8 million), income from currency conversions totalling EUR 6.7 million (previous year: EUR 6.3 million), and income from the release of provisions totalling EUR 2.6 million (previous year: EUR 0.3 million). In the previous year, other operating income was dominated by income from the sale of financial assets in the amount of EUR 106.6 million.

Personnel expenses

Personnel expenses increased by EUR 74.1 million on the previous year to EUR 100.8 million (previous year: EUR 26.7 million). This increase resulted primarily from the increase in expenditure for share-based compensation payments amounting to EUR 64.0 million.

Internal manufacturing costs for the improvement of search algorithms and expansion of the ERP system amounted to EUR 0.6 million (previous year: EUR 0.0 million) and serve to reduce corresponding personnel expenses. The Company's research and development costs amounted to EUR 6.2 million (previous year: EUR 6.7 million).

Other operating expenses

Other operating expenses include currency conversion costs amounting to EUR 13.4 million (previous year: EUR 6.0 million), the costs of consulting services relating to the structural optimisation of the Group and its initial public offering amounting to EUR 43.6 million. Other operating expenses contain EUR 0.7 million (previous year: EUR 0.4 million) expenses relating to other periods.

Write-downs of financial assets

Unscheduled write-downs on shares in associated companies amounted to EUR 46.5 million (previous year: EUR 69.3 million) and on loans amounted to EUR 24.7 million (previous year: EUR 10.4 million). Write-downs on shares in associated companies were primarily related to shares and loans in/from 9Cookies GmbH, Berlin, Germany and in Inversiones CMR S.A.S., Bogota, Columbia. Depreciation on loans relates to loans to 9 Cookies GmbH in the amount of EUR 15.9 million as well as to loans to Food Delivery Holding 15 S.à.r.l., Senningerberg (LU) in the amount of EUR 8.8 million.

Taxes on income

Taxes on income (EUR 0.5 million; previous year: EUR 4.6 million) include released deferred tax liabilities of EUR 1.4 million. In the previous year, EUR 2.7 million in expenditure for the creation of deferred tax liabilities was recorded.

V. Other disclosures

Employees

In the 2017 financial year, the following average employee numbers applied:

	2017	**2016**
Sales	3	0
Marketing	67	54
IT	119	113
Management	5	3
Office admin	238	132
Total	433	302

Supervisory Board

In the financial year, the Delivery Hero AG Supervisory Board was made up of the following members:

- Dr Martin Enderle, Businessman, Managing Director allmyhomes GmbH, Chairman of the Supervisory Board and member of the Audit Committee, the Compensation Committee, the Nomination Committee and a member of supervisory boards and management committees at the following companies: allmyhomes GmbH (Managing Director), Egmont Foundation (member of the Board), CEWE Stiftung & Co. KGaA (member of the Board), digi.me GmbH (Managing Director), Chaconne GmbH (Managing Director), feegoo invest UG (Managing Director)

- Jeffrey Liebermann, Businessman, Managing Director Insight Venture Partners, Deputy Chairman of the Supervisory Board, member of the Compensation Committee, the Nomination Committee, and a member of supervisory boards and management committees at the following companies: Elo7 Ltd. (member of the Board of Directors), HelloFresh SE (Chairman of the Supervisory Board), Hootsuite Media Inc. (member of the Board of Directors), Insight Venture Partners (Managing Director), Mimecast Limited (member of the Board of Directors), Open Education Holdings Inc. (member of the Board of Directors), Qualtrics International Inc. (member of the Board of Directors), SkinnyCorp, Inc. (member of the Board of Directors), SkinnyCorp, LLC (member of the Board of Directors), Tongal, Inc. (member of the Board of Directors), Udemy, Inc. (member of the Board of Directors)

- Jonathan Green, Businessman, Partner Luxor Capital Group, LP, member of the Supervisory Board and member of supervisory boards and management committees at the following companies: Bridebook Limited (Director), EatStreet Inc. (observer on the Supervisory Board), MarleySpoon GmbH (member of the Advisory Board), Luxor Capital Group, LP (Partner)

- Georg Graf von Waldersee, German Certified Chartered Accountant, member of the Supervisory Board, Chairman of the Audit Committee, and member of supervisory boards and management committees at the following companies: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (Chairman of the Supervisory Board), Evercore GmbH (member of the Supervisory Board), Scope Management SE (Deputy Chairman of the Supervisory Board), Scope SE & Co. KGaA (Deputy Chairman of the Supervisory Board), Befesa S.A. (Member of the Board of Directors)

- Patrick Kolek, Businessman, Group Chief Operating Officer der Naspers Limited, member of the Supervisory Board and member of supervisory boards and management committees at the following companies: MakeMyTrip Ltd (member of the Board of Director

- Lukasz Gadowski, member of the Supervisory Board until 15 December 2017

- Kolja Hebenstreit, member of the Supervisory Board until 3 June 2017

For their work on the Supervisory Board, the active members of the Supervisory Board received KEUR 74 in remuneration, the inactive members renounced their remuneration.

Until the conversion of Delivery Hero GmbH into an AG on May 29, 2017, an Advisory Board consisted of the following members.

- Lukasz Gadowski (Team Europe /Chairman)
- Kolja Hebenstreit (Team Europe)
- Maxim Barsky (Kite)
- Jonathan Green (Luxor)
- Jeff Liebermann (Insight)
- Niklas Östberg (Delivery Hero)

The members of the Advisory Board did not receive any compensation for their work in 2017.

Management

In the 2017 financial year, the Delivery Hero AG Management comprised

Mr Niklas Östberg, Zollikon/Switzerland - CEO

and Mr

Emmanuel Thomassin, Berlin/Germany - CFO

If a member of the Executive Board is appointed, he/she represents the Company alone. If several members of the Executive Board are appointed, then the Company is represented by two members of the Executive Board or by one member of the Executive Board together with one authorised representative (‘Prokurist’). The Supervisory Board can grant individual members of the Executive Board the authority to represent the Company alone.

The remuneration of the members of the Management Board amounted to a total of € 1.8 million in the 2017 financial year, of which € 0.4 million related to the non-performance-related and € 1.4 million to the granting of new performance-related components. The period expense for all share-based payments amounted to € 9.2 million in the financial year.
Individualized information on the remuneration of the Management Board and the Supervisory Board is presented in the Compensation Report, which is part of the management report.

Contingent liabilities

Letters of comfort for a total of EUR 68.1 million were issued to subsidiaries (previous year: EUR 100.3 million). Through these letters of comfort, the Company undertook to provide for the companies in question to the extent necessary to enable them to meet their financial and commercial obligations vis-à-vis their creditors.

No provisions were created for the letters of comfort. This was because, according to the current plans regarding assets, financial position and earnings, the Company’s undertakings in this respect are not expected to be availed of.

Delivery Hero GmbH is liable for EUR 3.5 million under a rent guarantee (previous year: EUR 2.9 million).

Other financial obligations

As of the balance sheet date, financial obligations totalling EUR 46.8 million existed (previous year: EUR 33.9 million). These obligations relate to the following circumstances, among others:

	Total	**Remaining time to maturity**		
		up to 1 year	**1 to 5 years**	**more than 5 years**
	EUR million	**EUR million**	**EUR million**	**EUR million**
- from rent and lease agreements	45.7	7.2	23.5	15.0
of which owed to associated companies	*0*	*0*	*0*	*0*
- from other contracts	1.1	1.1	0	0
of which owed to associated companies	*0*	*0*	*0*	*0*

	46.8	**8.2**	**23.5**	**15.0**

Aside from the financial obligations and contingent liabilities reported, no off-balance sheet transactions of significance to the Company's financial situation exist.

The rental and lease agreements relate primarily to the office building in Berlin and to certain pieces of office and business equipment (servers, photocopiers and printers). All of these concern operating lease agreements, which are not reported in the Company's balance sheet. Also included under other financial obligations is a capital increase of EUR 1.1 million to be performed in January 2018 for the benefit of Restaurant Partner Polska Sp. Z.o.o., Lodz (PL).

Shareholders and Group relations

As a parent company, Delivery Hero AG, Berlin is obliged, as of 31 December 2017, to prepare a consolidated financial statement for the financial year beginning on 1 January 2017 and ending on 31 December 2017 for both the smallest and the largest group of companies. The consolidated financial statement is published in the Federal Gazette.

Auditor's Fees

KPMG provided audit services for the audit of the consolidated and annual financial statements of Delivery Hero AG and carried out various annual audits of German subsidiaries. In addition, audit-integrated reviews of interim financial statements and analyzes of selected areas of the compliance management system were carried out. In addition, other assurance services were provided relating to the issuance of a Comfort Letter and the review of financial information of the Delivery Hero Group in connection with the IPO. In addition, tax consultancy services were provided, which included consulting services for the analysis of transfer pricing structures and in connection with the development of concepts for the design of transfer pricing between affiliated companies as well as advisory services in connection with the preparation of tax returns and social security advisory services. In addition, other services were provided in the form of advisory services in connection with the implementation of the General Data Protection Regulation and consultancy in connection with contracts.

For auditor's fees paid during the fiscal year we refer to section H. 07 of the notes of the Group.

Profit appropriation

The management proposes that the EUR -339.0 million net loss for the year, which comprises an annual deficit of EUR -190.6 million and a loss carry-forward of EUR -148.4 million, be carried forward to new account.

VI. Events after the balance sheet date

On January 2, 2018 Delivery Hero made an investment of USD 105.0 million for a 20% stake in Rappi, Inc., a Delaware corporation, parent company of the Rappi Group. ("Rappi"). Rappi is the leading on-demand and multi- vertical delivery platform in Latin America.

On 16 November 2017, the British Competition and Markets Authority (CMA) approved the sale of the British division of Delivery Hero, Hungryhouse Holdings Limited ('Hungryhouse'), to Just Eat plc ('Just Eat') without reservation. The sale was completed on 31 January 2018. The selling price was GBP 240 million (EUR 273 million).

Berlin, 24 April 2018

Niklas Östberg	Emmanuel Thomassin
Executive Board	Executive Board

Delivery Hero AG, Berlin (formerly: Delivery Hero GmbH)
Statement of movements in fixed assets during the 2017 financial year (gross presentation)

	Costs					Accumulated amortization, depreciation and write-downs					Net book value	
	Carried forward Jan. 1, 2017	Additions	Reclassifications	Disposals	Dec. 31, 2017	Carried forward Jan. 1, 2017	Amortization, depreciation and write-downs during the fiscal year	Disposals	Write-ups	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2016
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
I. Intangible assets												
1. Internally generated intangible assets	0,0	0,6	0,0	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,6	0,0
2. Purchased trademarks and software	4,6	1,2	0,0	0,0	5,8	0,8	1,4	0,0	0,0	2,2	3,6	3,8
3. Advance payments and assets under development	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	4,6	1,8	0,0	0,0	6,4	0,8	1,4	0,0	0,0	2,2	4,2	3,8
II. Property, plant and equipment												
1. Plant and machinery	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
2. Office and other operating equipment	5,3	1,1	0,0	0,1	6,3	1,2	0,9	0,1	0,0	2,0	4,3	4,1
3. Advance payments and construction in progress	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
	5,3	1,1	0,0	0,1	6,3	1,2	0,9	0,1	0,0	2,0	4,3	4,1
III. Financial assets												
1. Shares in affiliated companies	1.597,6	109,3	0,0	14,8	1.692,2	54,6	46,6	14,3	0,0	86,9	1.605,3	1.543,0
2. Loans to affiliated companies	321,1	256,1	0,0	118,4	458,7	24,1	24,7	0,0	0,0	48,7	410,0	297,0
3. Investments	8,7	5,7	0,0	0,0	14,4	5,3	0,0	0,0	0,0	5,3	9,0	3,4
4. Other loans	5,5	0,4	0,0	1,7	4,2	3,6	0,0	0,0	1,0	2,7	1,6	1,9
	1.932,9	371,5	0,0	134,9	2.169,5	87,7	71,2	14,3	1,0	143,6	2.025,9	1.845,2
	1.942,8	**374,4**	**0,0**	**135,0**	**2.182,3**	**89,7**	**73,6**	**14,4**	**1,0**	**147,9**	**2.034,4**	**1.853,2**

List of Shareholdings persuant to Section 313 of the German Commercial Code (HGB)

Name and registered office of the affiliated company	Share of Capital 2017 (%)	Functional Currency	Amount of equity in EUR million	Net income (loss) for the year in EUR million
Germany:				
9Cookies GmbH, Berlin	100	EUR	**-14,95**	**-2,89**
Bambino 78. VV UG (haftungsbeschränkt), Berlin	100	EUR	**-0,43**	**-0,01**
Brillant 1421. GmbH (Holding CEE/CIS), Berlin	100	EUR	**6,52**	**-0,02**
Brillant 1424 GmbH & Co. 13. Verwaltungs KG, Berlin	100	EUR	**0,10**	**-1,29**
Brillant 1424 GmbH & Co. 15. Verwaltungs KG, Berlin	100	EUR	**1,19**	**-0,03**
Delivery Hero (Hong Kong) UG (haftungsbeschränk) & Co. KG (formerly Jade 1343 GmbH & Co. 15. Verwaltungs KG), Berlin	100	EUR	**-5,97**	**-0,13**
Delivery Hero (India) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Siebte Verwaltungs KG), Berlin	100	EUR	**-6,12**	**-30,73**
Delivery Hero (Malaysia) (haftungsbeschränkt) & Co. KG (formerly Foodpanda GP UG (haftungsbeschränkt) & Co. Jade 1343. Dritte Verwaltungs KG), Berlin	100	EUR	**4,53**	**0,01**
Delivery Hero (Pakistan) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Neunte Verwaltungs KG), Berlin	100	EUR	**2,73**	**0,00**
Delivery Hero (Philippines) UG (haftungsbeschränkt) & Co. KG (formerlyJade 1343 GmbH & Co. 13. Verwaltungs KG), Berlin	100	EUR	**3,57**	**0,00**
Delivery Hero (Singapore) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Fünfte Verwaltungs KG), Berlin	100	EUR	**-4,29**	**-0,12**
Delivery Hero (Taiwan) (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Zweite Verwaltungs KG), Berlin	100	EUR	**7,17**	**0,01**
Delivery Hero (Thailand) UG (haftungsbeschränkt) & Co. KG (formerly Jade 1343 GmbH & Co. Verwaltungs KG), Berlin	100	EUR	**5,99**	**0,00**
Delivery Hero Austria GmbH, Berlin	100	EUR	**0,40**	**0,14**
Delivery Hero Germany GmbH, Berlin	100	EUR	**-49,92**	**-9,92**
Delivery Hero Local Verwaltungs GmbH, Berlin	100	EUR	**0,03**	**0,00**
Foodora GmbH (formerly Volo Logistics UG), Berlin	100	EUR	**-36,19**	**-10,57**
Foodora Holding GmbH (formerly Delivery Hero MENA GmbH), Berlin	100	EUR	**5,88**	**-0,93**
Foodpanda GmbH (Holding Asia), Berlin	100	EUR	**219,73**	**-10,23**
Foodpanda GP UG (haftungsbeschränkt) & Co. Brillant 1424 21. Verwaltungs KG (formerly Brillant 1424 GmbH & Co. 21. Verwaltungs KG), Berlin	100	EUR	**-0,07**	**-0,56**
Foodpanda GP UG (haftungsbeschränkt), Berlin	100	EUR	**0,01**	**0,00**
Hungry House GmbH, Berlin**	100	EUR	**2,16**	**0,59**
Jade 1343 GmbH & Co. 10. Verwaltungs KG, Berlin	100	EUR	**0,68**	**-0,01**
Jade 1343 GmbH & Co. Vierte Verwaltungs KG, Berlin	100	EUR	**2,16**	**0,00**
Juwel 199. VV UG (haftungsbeschränkt), Berlin	100	EUR	**0,03**	**0,00**
Juwel 220. VV UG (haftungsbeschränkt), Berlin	100	EUR	**0,01**	**0,00**
RGP Local Holding IV GmbH, Berlin	90,76	EUR	**65,74**	**1,51**
RGP Trust GmbH, Berlin	100	EUR	**0,01**	**0,00**
SSC Volo GmbH (formerly Jade 1215. GmbH), Berlin	100	EUR	**-59,97**	**-35,88**
Valk Fleet Deutschland GmbH (formerly Rushy Logistik; Brillant 2219), Berlin	100	EUR	**-0,70**	**-0,01**
Valk Fleet Holding GmbH & Co. KG, Berlin	100	EUR	**-8,86**	**-1,14**
Valk Fleet Verwaltungs GmbH, Berlin	100	EUR	**0,02**	**0,00**
International:				
20140726 Holding S.à.r.l., Luxembourg (LU)	100	EUR	**1,74**	**-0,02**
20140824 Holding S.à.r.l., Luxembourg (LU)	100	EUR	**16,44**	**-0,03**
20140825 Holding S.à.r.l., Luxembourg (LU)	100	EUR	**-0,05**	**-0,09**
Appetito Veinticuatro Ltda., San Jose (CR)	100	CRC	**0,00**	**0,00**
Aravo S.A., Montevideo (UY)**	100	UYU	**29,05**	**-3,64**
Baedaltong Co. Ltd., Seoul (KR)	100	KRW	**12,99**	**-1,38**
Carriage Delivery Services LLC, Abu Dhabi (UAE)	100	AED	**-1,42**	**-1,32**
Carriage Holding Company Ltd., Abu Dhabi (UAE)	100	AED	**0,00**	**0,00**
Carriage Logistics General Trading Company LLC, Kuwait (KW)	100	KWD	**79,75**	**0,40**
Carriage Logistics SPC, Manama (BH)	100	BHD	**-1,45**	**-1,28**
Carriage Trading & Services Co. WLL, Doha (QA)	100	QAR	**-0,21**	**-0,15**
Ceraon B.V., Rotterdam (NL)	100	EUR	**2,48**	**2,90**
Click Delivery Cyprus Limited, Nikosia (CY)	100	EUR	**-0,10**	**-0,01**
Click Delivery Digital Processing of Telematics Data Societe Anonyme, Athens (GR)	100	EUR	**26,79**	**6,82**
ClickDelivery S.A.C, Lima (PE)**	99,9998	PEN	**0,98**	**-1,91**

ClickDelivery S.A.S., Bogota (CO)**	100	COP	**5,97**	**0,00**
Damejidlo cz. s.r.o. (formerly E-Aggregator s.r.o.), Prag (CZ)	100	CZK	**12,75**	**-0,80**
Dámejídlo.cz. Logistiks s.r.o. (formerly Valk Fleet s.r.o.), Prague (CZ)	100	CZK	**-0,26**	**-0,01**
DeliverMe Technologies Inc (Hurrier), Toronto (CAN)	100	CAD	**-0,06**	**0,00**
Delivery Hero FZ-LLC, Dubai (UAE)	100	AED	**-8,96**	**0,00**
Delivery Hero N.V., Amsterdam (NL)	100	EUR	**0,04**	**-0,01**
Delivery Hero Sweden AB (formerly Online Pizza Norden AB), Stockholm (SE)	100	SEK	**12,76**	**10,85**
DHH I SPC (DIFC) Ltd., Dubai (UAE)	100	AED	**-0,12**	**0,00**
DHH II SPC (DIFC) Ltd., Dubai (UAE)	100	AED	**0,00**	**0,00**
Digital Services XXXVI Italy Srl, Milan (ITA)	100	EUR	**-4,32**	**-4,36**
Donesi d.o.o., Banja Luka (BIH)	100	BAM	**-0,07**	**0,01**
Donesi d.o.o., Podgorica (MNE)	100	EUR	**-0,04**	**0,01**
Eatoye (PVT) Limited, Karachi (PK)	100	PKR	**-0,58**	**-0,18**
Emerging Markets Online Food Delivery Holding S.à.r.l., Luxembourg (LU)	100	EUR	**353,65**	**-1,54**
Establishment of Abdullah Al Mutawa (KSA)	100	SAR	**-0,37**	**-0,38**
Fly & Company Inc., Seoul (KR)	100	KRW	**10,93**	**-0,80**
Food Basket Elektronik İletişim Gıda Ticaret Ltd. Şti, Nikosia (Cyprus)	100	TRY	**0,28**	**0,15**
Food Delivery HH BG RO Holdco B.V., Amsterdam (NL)	100	EUR	**0,00**	**0,00**
Ecommerce Business 10 S.à. r.l., Luxembourg (LU)	100	EUR	**-21,93**	**-1,53**
Food Delivery Holding 11. S.à r.l., Luxembourg (LU)	100	EUR	**-0,46**	**-0,03**
Food Delivery Holding 12. S.à r.l., Luxembourg (LU)	100	EUR	**-0,40**	**-0,38**
Food Delivery Holding 15 S.à.r.l., Luxembourg (LU)	100	EUR	**-9,39**	**-0,40**
Food Delivery Holding 2. S.à r.l., Luxembourg (LU)	100	EUR	**2,43**	**-0,01**
Food Delivery Holding 20. S.à r.l., Luxembourg (LU)	100	EUR	**0,00**	**-0,01**
Food Delivery Holding 21. S.à r.l., Luxembourg (LU)	100	EUR	**0,00**	**-0,02**
Food Delivery Holding 5. S.à r.l., Luxembourg (LU)	100	EUR	**6,19**	**-0,02**
Food Panda Philippines Inc., Makati (PHL)	100	PHP	**0,62**	**-2,00**
Foodarena AG, Biel (CH)	49,2	CHF	**-0,41**	**-0,31**
Foodonclick.com / Jordan Private Shareholding Company, Amman (JR)	100	JOD	**0,12**	**-0,35**
Foodonclick-com FZ-LLC, Dubai (UAE)	100	AED	**3,96**	**-0,34**
Foodora AB, Stockholm (SE)	100	SEK	**0,02**	**-3,95**
Foodora Australia Pty Ltd. (formerly Suppertime Australia Pty), Sydney (AUS)	100	AUD	**-16,17**	**-7,37**
Foodora Finland Oy (formerly R-SC Internet Services Finland OY) Helsinki, (FI)	100	EUR	**-1,66**	**-2,55**
Foodora France SAS, Paris (FRA)	100	EUR	**-11,29**	**-9,85**
Foodora Inc. (Canada), Toronto (CAN)	100	CAD	**-8,23**	**-4,63**
Foodora Norway AS, Oslo (NOR)	100	NOK	**-1,05**	**-0,96**
Foodpanda (B) SDN BHD, Bandar Seri Begawan (BRN)	100	BND	**-0,30**	**-0,08**
Foodpanda Bangladesh Ltd., Dhaka (BGD)	100	BDT	**-0,86**	**-0,77**
Foodpanda Bulgaria EOOD, Sofia (BRG)	100	BGN	**-2,38**	**-0,65**
Foodpanda Co. Ltd., Bangkok (THA)	100	THB	**4,83**	**-1,04**
Foodpanda HK Ltd., Hong Kong (HK)	100	HKD	**0,00**	**0,00**
Foodpanda Malaysia Sdn. Bhd., Kuala Lumpur (MSY)	100	MYR	**4,03**	**-1,19**
Foodpanda RO SRL, Bucharest (RO)	100	RON	**-1,35**	**-0,70**
Foodpanda Singapore Pte. Ltd. Singapore (SGP)	100	SGD	**-9,52**	**-9,39**
Foodpanda Taiwan Co. Ltd., Daan Dist Taipei (TWN)	100	TWD	**-7,04**	**-2,63**
Hungerstation LLC, Dammam (KSA)	63	SAR	**113,21**	**-3,07**
Hungerstation SPC Ltd., Dubai (UAE)	63	AED	**0,00**	**0,00**
Hungryhouse Holdings Ltd., London (GB)**	100	GBP	**2,05**	**0,00**
Hungryhouse.com Ltd., London (GB)	100	GBP	**-50,53**	**-16,94**
Inversiones CMR S.A.S, Bogota (CO)**	100	COP	**-12,06**	**-10,38**
Inversiones Delivery Hero CMR S.A. (formerly Hellofood Hallo Essen Hollesen S.A.), Quito (EC)**	99,875	USD	**-1,81**	**-0,96**
Lokanta Net Elektronik İletişim Gıda Ticaret A.Ş., Istanbul (TR)	100	TRY	**0,01**	**0,00**
Luxembourg Investment Company 43 S.à r.l., Luxembourg (LU)	100	EUR	**657,25**	**8,40**
Maidan Limited, Hong Kong (HK)	100	HKD	**-1,25**	**-0,33**
Mjam GmbH, Wien (AT)	100	EUR	**-4,57**	**-4,40**
Mobile Solutions Experts LLC, Dubai (UAE)	100	AED	**2,30**	**-1,03**
Mobile Venture Latin America Inc., Panama (PA)	100	USD	**2,07**	**0,00**
Npot Incorporation's , Seoul (KR)	84,06	KRW	**0,35**	**-0,82**
OFD Online Food Delivery Services Ltd., Nicosia (CY)	100	EUR	**0,53**	**-0,23**
Online Delivery Promotion of Internet Services Société Anonyme, Athens (GR)	100	EUR	**2,03**	**-0,12**
Otlob for Restaurants Reservations Services S.A.E, Cairo (EGY)	100	EGP	**1,14**	**-1,85**
OZON MEDIA d.o.o., Zagreb (HR)	100	HRK	**3,13**	**0,04**
Pagos Ya S.A., Buenos Aires (AR)	100	ARS	**-0,17**	**-0,20**
PedidosJá Ltda., São Paulo (BR)**	100	BRL	**-4,10**	**-2,34**
PedidosYa S.A. (formerly Kinboy S.A.), Montevideo (UY)**	100	USD	**2,67**	**-3,21**

PedidosYa S.A., Buenos Aires (AR)**	100	ARS	**-4,62**	**-4,13**
PedidosYa SPA, Santiago (CL)**	100	CLP	**-0,87**	**-0,58**
Plotun d.o.o., Krusevac (SRB)	100	RSD	**8,16**	**0,20**
Repartos Ya S.A, Buenos Aires (AR)	100	ARS	**-0,16**	**-0,22**
Repartos Ya S.A, Montevideo, (UY)	100	UYU	**-0,03**	**-0,03**
Restaurant Internet Solutions DMCC, Dubai (UAE)	63	AED	**-3,94**	**-2,88**
RGP Korea Ltd., Seoul (KR)	100	KRW	**-55,68**	**7,85**
Rocket Food Limited, Sheung Wan (HK)	100	HKD	**-12,74**	**-9,92**
R-SC Internet Services Pakistan (PVT) Limited, Karachi (PK)	100	PKR	**1,61**	**-2,25**
Singapore-Dine Private Limited, Singapore (SGP)	100	SGD	**-0,05**	**-0,06**
SLM Finland Oy, Vantaa (FI)	100	EUR	**3,43**	**3,40**
Subdelivery Ltda., São Paulo (BR)**	100	BRL	**-0,16**	**-0,05**
Talabat Electronic Services Company L.L.C., Muscat (OM)	100	OMR	**-2,55**	**-0,77**
Talabat General Trading & Contracting Company W.L.L, Sharq (KW)	100	KWD	**133,97**	**15,51**
Talabat Middle East Internet Services Company L.L.C, Dubai (UAE)	100	AED	**21,03**	**3,24**
Talabat QFC LLC, Doha (QA)	100	QAR	**0,00**	**0,00**
Talabat Restaurants Company L.L.C. Riyadh (KSA)	100	SAR	**-2,86**	**-2,56**
Talabat Services Company L.L.C. Doha (QA)	100	QAR	**-0,47**	**1,33**
Talabat Services Company L.L.C. Manama (BH)	100	BHD	**4,59**	**1,92**
Viala Kft, Budapest (HU)	100	HUF	**23,36**	**0,76**
Volo DS XXXVI 9 GmbH (formerly CM Foratis 12 VV GmbH), Wien (AT)	100	EUR	**-3,40**	**-0,65**
Volo Netherlands B.V., Amsterdam (NL)	100	EUR	**-10,51**	**-4,27**
Yemek Sepeti (Dubai) B.V., Amsterdam (NL)	100	EUR	**169,45**	**-0,06**
Yemek Sepeti Elektronik İletişim Tanıtım Pazarlama Gıda Sanayi ve Ticaret A.Ş., Istanbul (TR)	100	TRY	**358,49**	**27,10**
Yogiyo Media Company Ltd., Seoul (KR)	100	KRW	**0,00**	**0,00**

* Attributed to DHH by VIE structure common to foreign shareholders in China
** Due to the application of the anticipated acquisition method, the legal shareholdings stated here may deviate from the minority interests stated in the consolidated financial statements in accordance with IFRS.

Independent Auditor's Report

To Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), Berlin

Report on the Audit of the Annual Financial Statements and of the Combined Management Report

Opinions

We have audited the annual financial statements of Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), Berlin, which comprise the balance sheet as of December 31, 2017, and the income statement for the financial year from January 1 to December 31, 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of Delivery Hero AG, Berlin, for the financial year from January 1 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2017, and of its financial performance for the financial year from January 1, 2017, to December 31, 2017, in compliance with German Legally Required Accounting Principles, and

– the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year from January 1, 2017, to December 31, 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment of shares in and loans made to affiliated companies

For information on the accounting policies applied, please see item II.2 in the notes to the financial statements.

THE FINANCIAL STATEMENT RISK

In the financial statements of Delivery Hero AG as of December 31, 2017, financial assets included shares in affiliated companies of EUR 1,605 million and loans to affiliated companies of EUR 410 million. This amounts to 78% of total assets and thus has a material influence on the Company's net assets.

Shares in and loans to affiliated companies are recognized at cost or nominal value or, if they are expected to be permanently impaired, at their lower fair value. The Company determines the fair value of the shares in affiliated companies using the discounted cash flow method. Depending on the remaining term, the discounted cash flow method is also used for loans. If the fair value is lower than the carrying amount, qualitative and quantitative criteria are used to assess whether or not the impairment is expected to be permanent.

Calculation of the fair value according to the discounted cash flow method is complex and, as regards the assumptions made, based largely on estimates and assessments of the Company. This applies particularly to estimates of future cash flows and long-term growth rates used for valuation, determination of the capitalization rate and, where applicable, the assessment of whether impairment is permanent.

Based on the results of the impairment testing, the Company recognized impairment losses of EUR 71 million on shares in and loans to affiliated companies in financial year 2017. There is a risk for the financial statements that shares in and loans to affiliated companies are impaired.

OUR AUDIT APPROACH

We use a risk-based audit approach. We first defined which shares in and loans to affiliated companies would be included in our detailed examination of the impairment tests conducted by the Company. To arrive at this definition, aspects of materiality and indications of a potential need for impairment identified in our audit were taken into account. With the involvement of our planning and valuation specialists, we then assessed the appropriateness of the significant assumptions and the valuation model of the Company. For this purpose we discussed the expected cash flows and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with the budget prepared by the management board and approved by the supervisory board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

Furthermore, we evaluated the accuracy of the previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations.

We compared the assumptions and parameters underlying the capitalization rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To take account of forecast uncertainty, we also investigated the impact on fair value of potential changes in earnings performance (which forms the basis for the expected future cash flows) and the long-term growth rate by calculating alternative scenarios and comparing these with the Company's measurements.

To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements.

OUR OBSERVATIONS

The approach used for impairment testing of shares in and loans to affiliated companies is appropriate and in line with the accounting policies. The Company's assumptions and parameters are reasonable overall.

Recognition and valuation of the modified share-based payment program

For information on the accounting policies applied, please see items II.2 and III in the notes to the financial statements.

THE FINANCIAL STATEMENT RISK

In conjunction with Delivery Hero GmbH's being converted into a German stock corporation [Aktiengesellschaft] on May 29, 2017, the Company transferred its existing, virtual stock option plans (VSP I-VI) to a new, standardized share-based payment program, DH SOP.

Until this modification, the previous programs were classified as cash-settled share-based payment arrangements. Under the terms of the new DH SOP, the Company is required to settle the program in cash if certain exit events (e.g. change of control) occur. Under all other circumstances, the Company has the option to settle the program either through issuing new shares or through cash settlement. Occurrence of exit events is currently seen as unlikely and the Company intends to settle the program by issuing new shares.

In the absence of explicit provisions in German commercial law for the recognition of share-based payment programs, the Company recognizes the programs in accordance with the rules of international financial reporting (IFRS 2).

The liability arising from the programs at the date of the modification was reclassified to the capital reserve at the fair value at the date of reclassification of EUR 91.4 million. The beneficiaries' length of service in the Company was taken into account to determine the fair value at the date of modification.

The program was measured at the date of reclassification according to the Black Scholes model.

Classification of share-based payment programs including choice of settlement and measurement of the programs is complex and rests on assumptions of the Management Board that are based on judgment. The key assumptions relate to the reference price for a share at the date of reclassification, the volatility used, the expected remaining term of the options and the capital costs.

There is a risk for the financial statements that the option program has been classified inappropriately. There is also a risk that the modification has been recognized incorrectly and that the program at the date of reclassification has been measured incorrectly.

OUR AUDIT APPROACH

We first gained an understanding of the redeemed share-based payment programs and the DH SOP by consulting employees of the finance department and through an evaluation of the relevant agreements.

Referring to the contractual and legal basis, we evaluated the classification of the DH SOP and the recognition of the programs' modification. We evaluated the Company's assessment of the probability of occurrence of an exit event.

At the date of modification, with the involvement of our valuation specialists, we assessed the computational accuracy and IFRS conformity of the Company's valuation model and the appropriateness of the key assumptions that it includes. To assess computational accuracy, we verified selected calculations based on risk criteria.

We compared the share price referred to at the date of modification with the documentation of the Naspers financing round. We compared the volatility used, the expected remaining term of the options and the assumptions and parameters underlying the capital costs with our own assumptions and publicly available data.

Through a comparison of the numerical data of the redeemed share-based payment programs with the numerical data of the share-based payment programs (DH SOP) that replaced the redeemed programs, we investigated the completeness of the numerical data for the measurement of the DH SOP share-based payment program. On a sample basis, we examined the agreements with the beneficiaries concerning the modification.

We examined the adjustment of the numerical data as of December 31, 2017, by verifying the underlying facts and by inspecting documents.

OUR OBSERVATIONS

The approach used for recognition (including classification) and measurement of the DH SOP share-based payment program is appropriate and in line with the accounting policies to be applied. The key assumptions and parameters are appropriate.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting of Delivery Hero GmbH on May 19, 2017, as part of the Company's being converted into a German stock corporation [AG]. We were engaged by the audit committee of the supervisory board on November 24, 2017. We have been the auditor of Delivery Hero AG (until May 29, 2017: Delivery Hero GmbH), without interruption since the financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Marius Sternberg.

Berlin, April 25, 2018

Wirtschaftsprüfungsgesellschaft

Sternberg	Knorr
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Insurance of legal representatives

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of Delivery Hero AG and in the combined management report the course of business including the business results and the position of the company are presented in such a way that a true and fair view is conveyed, as well as the significant opportunities and risks of the expected development of the company are described.

Berlin, 24 April 2018

Delivery Hero AG

Niklas Östberg	Emmanuel Thomassin
Executive Board	Executive Board