Delivery Hero

HALF-YEAR REPORT

JANUARY – JUNE 2018

DELIVERY HERO AT A GLANCE

	H1 2018 (EUR million)	H1 2017 (LfL[1]) (EUR million)	Reported Currency Change (LfL[1]) (%)	Constant Currency Change[2] (LfL[1]) (%)
Group				
Orders (million)	**183.7**	126.0	45.8	45.8
GMV[3]	**2,358.7**	1,723.4	36.9	50.0
Total Segment Revenue	**356.9**	241.6	47.7	60.5
Adjusted EBITDA	**−54.8**	−40.4	−35.7	−39.4
EBITDA Margin (%)	**−15.4**	−16.7		
Europe				
Orders (million)	**45.2**	35.2	28.4	28.4
GMV[3]	**684.3**	551.4	24.1	24.7
Segment Revenue	**116.2**	95.5	21.6	22.3
Adjusted EBITDA	**−27.8**	−25.5	−9.2	−9.5
EBITDA Margin (%)	**−24.0**	−26.7		
MENA				
Orders (million)	**85.4**	53.9	58.3	58.3
GMV[3]	**918.9**	601.7	52.7	75.4
Segment Revenue	**123.3**	62.3	97.9	126.1
Adjusted EBITDA	**9.0**	15.5	−41.8	−23.6
EBITDA Margin (%)	**7.3**	24.8		

	H1 2018 (EUR million)	H1 2017 (LfL[1]) (EUR million)	Reported Currency Change (LfL[1]) (%)	Constant Currency Change[2] (LfL[1]) (%)
Asia				
Orders (million)	**36.7**	24.5	49.8	49.8
GMV[3]	**551.4**	396.5	39.1	47.5
Segment Revenue	**87.8**	62.2	41.2	49.9
Adjusted EBITDA	**−18.0**	−19.4	7.3	−1.0
EBITDA Margin (%)	**−20.4**	−31.1		
Americas				
Orders (million)	**16.5**	12.4	32.4	32.4
GMV[3]	**204.2**	173.9	17.4	48.1
Segment Revenue	**29.6**	21.5	37.2	70.6
Adjusted EBITDA	**−18.0**	−11.0	−63.9	−87.9
EBITDA Margin (%)	**−61.0**	−51.1		

[1] Like-for-like figures exclude the results of our disposed operations in India. In 2017, India revenues were € 2.3 million in Q1, € 2.6 million in Q2, € 2.5 million in Q3 and € 2.5 million in Q4. The results of smaller acquisitions and disposals are not adjusted for.
[2] Constant currency financial information represent like-for-like figures applying same foreign currency exchange rates in H1 2018 as in H1 2017.
[3] Gross Merchandise Value (GMV) is the total value of orders (including VAT) transmitted to restaurants.

INTERIM GROUP MANAGEMENT REPORT

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A. BACKGROUND OF THE DELIVERY HERO GROUP

The statements made in the annual report 2017 on the business model, the corporate strategy, the group structure, the segments, the management system as well as research and development still apply in the first six months 2018.

Following the transformation of its legal form from a German stock corporation (Aktiengesellschaft, AG) to a European stock corporation (Societas Europaea, SE) the company has been trading as Delivery Hero SE, Berlin, since July 13, 2018.

B. ECONOMIC REPORT

01. GENERAL ECONOMIC CONDITIONS

a) Macroeconomic Outlook

In line with previous forecasts, the IMF projects global growth for 2018 and 2019 to reach 3.9%. While the headline figures suggest a largely unchanged global outlook, the rate of growth appears to have peaked in some economies. Projections have been revised down for developed economies such as the Euro Area, reflecting a softer market in early 2018. Emerging market growth prospects are negatively impacted by a higher yield environment as well as escalating trade tensions. However, the outlook for some oil exporting countries in MENA has strengthened.[1]

While the business is not entirely immune to economic changes, generally speaking the takeaway industry fares reasonably well during challenging economic conditions as consumers trade down from more expensive meals.

Since Delivery Hero has significant operations in countries outside the eurozone, a substantial portion of its sales, earnings and liabilities are denominated in currencies other than the euro. Delivery Hero is therefore exposed to fluctuations in foreign exchange rates relative to the euro.

In terms of foreign exchange we have noted volatility and depreciations of emerging markets currencies like Argentinian Peso and Turkish Lira against the Euro which impacted Delivery Hero's revenues and GMV.[2]

b) Sector-Specific Outlook

Delivery Hero's Total Addressable Market (TAM) is estimated today to be more than € 70 billion for food delivery only. This is expected to continue expanding into the more than € 500 billion food services market opportunity. The expansion is mainly driven by structural trends such as:

— Online & mobile engagement
— On demand & last mile logistics
— Life-style, urbanization & convenience

This assessment is also supported by current independent studies.[3]

Delivery Hero sees itself as one of the major beneficiaries of these developments and will continue to focus on growth and market leadership.

02. BUSINESS DEVELOPMENT

a) Performance

In line with expectations in the first half of the year 2018 Delivery Hero recorded a strong increase in revenue on a year-on-year basis. Apart from strong organic growth across all segments, the acquisition of Carriage group in June 2017 contributed significantly towards this revenue increase. The negative adjusted EBITDA[4] of the segments (H1 2018: € 54.8 million, previous year: € 45.3 million) increased due to additional marketing investments as well as continuing investments in own delivery services in selected markets. The negative adjusted EBITDA margin improved from 18.4% in the first half year 2017 to 15.4% in the first half year of 2018.

[1] WEO expectation from April 2018, updated and confirmed July 2018.

[2] Market Watch Currency Calculation.
[3] KBB Review (2018): http://www.kbbreview.com/news/is-the-kitchen-dead-new-report/

[4] 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 compensation, (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.

b) Discontinued operations

On 31 January 2018 Delivery Hero closed the sale of its hungryhouse group, UK. The gain from this divestment contributed € 262.5 million to the net profit of € 146.7 million in the first six months 2018.

c) Acquisitions and investments

In the first six months 2018 Delivery Hero invested in total € 93.2 million ($ 111.9 million) for a minority share in Rappi Inc. Delaware ("Rappi"). Furthermore, in January 2018, Delivery Hero acquired Deliveras S.A., Greece ("Deliveras"), a food delivery platform based in Athens and in May 2018 EURÓ Magyarország Kft. ("Pizza HU"), a food delivery platform based in Hungary. The total consideration for both acquisitions was € 9.1 million.

Further minority investments were executed in the first six months 2018, the largest related to Barogo, a logistic company in Korea (€ 10.1 million).

03. OPERATING RESULT OF THE GROUP

Continuing operations

			Change	
EUR million	**H1 2018**	H1 2017	EUR million	%
Revenue	**340.0**[1]	246.2[2]	93.8	38.1
Cost of sales	**−140.7**	−82.4[2]	−58.4	70.9
Gross profit	**199.3**	**163.8**	**35.5**	**21.6**
Marketing expenses	**−180.5**[1]	−155.8	−24.7	15.9
IT expenses	**−27.4**	−21.6	−5.8	26.9
General administrative expenses	**−103.2**	−114.3	11.1	−9.7
Other operating income	**4.7**	2.4	2.2	90.4
Other operating expenses	**−6.9**	−9.1	2.2	−24.1
Operating result	**−114.1**	**−134.5**	**20.5**	**−15.2**
Net interest result	**1.4**	−20.1	21.5	>100
Other financial result	**0.0**	−55.3	55.3	−100.0
Earnings before income taxes	**−112.7**	**−209.9**	**97.3**	**−46.3**
Income taxes	**−3.1**	−4.9	1.9	−37.8
Net loss for the period from continuing operations	**−115.7**	**−214.9**	**99.1**	**−46.1**
Net result for the period from discontinued operations	**262.5**	−6.5	269.0	>100
Net result	**146.7**	**−221.4**	**368.0**	**>100**

[1] First time adoption of IFRS 15: Effective January 1, 2018 revenue is presented net of discounts. Prior period information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million that are reflected in customer acquisition cost of marketing expenses.
[2] Adjusted (refer to section C.01. of the half-year financial statements).

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

			Change	
EUR million	**H1 2018**	H1 2017	EUR million	%
Adjusted EBITDA of the segments	**−54.8**	**−45.3**	**−9.6**	**21.1**
Consolidation adjustments	**0.0**	−1.0	1.0	−99.8
Management adjustments	**−16.8**	−7.2	−9.6	>100
Expenses for share-based compensation	**−11.7**	−51.1	39.4	−77.0
Other reconciliation items	**−0.9**	−5.3	4.4	−83.5
Amortization and depreciation	**−29.9**	−24.7	−5.2	21.0
Net interest and other financial result	**1.4**	−75.4	76.8	>100
Earnings before income taxes	**−112.7**	**−209.9**	**97.3**	**−46.3**

Development of revenue

The increase in revenue in the first half of 2018 to € 340.0 million[5] compared to the first half of 2017 H1: € 246.2 million is particularly due to the higher number of orders of 183.7 million (H1 2017: 126.0 million).

With 77.1% commission revenues remains the largest component of revenue in the first six months 2018. Before discounts it increased by 36.0% to € 262.0 million (H1 2017: € 192.7 million).

Development of adjusted EBITDA

In the first half of 2018 the negative adjusted EBITDA increased to € 54.8 million (H1 2017: negative € 45.3 million). The negative adjusted EBITDA margin improved from 18.4% in H1 2017 to 15.4% in H1 2018. A less pronounced increase in marketing expenses (26.7%) and IT expenses (26.9%) in relation to the growth in revenues in H1 2018 compared to H1 2017 supported this margin improvement. On the contrary cost of sales increased year on year by 70.9% in H1 2018.

The increase in cost of sales to € 140.7 million (H1 2017: € 82.4 million) resulted from the expansion of own delivery services, including the first time introduction of own delivery in some of our markets in the first six months 2018. 76.0% of the total cost of sales related to delivery expenses (H1 2017: 63.4%).

Marketing expenses increased to € 180.5 million (H1 2017: € 155.8 million). The marketing expenses mainly comprise of customer acquisition costs amounting to € 90.5 million (H1 2017: € 82.9 million) and restaurant acquisition costs of € 46.0 million (H1 2017: € 35.2 million).

IT expenses increased to € 27.4 million (H1 2017: € 21.6 million). With 72.9% personnel expenses continued to account for the largest share of IT expenses (H1 2017: 75.1%). Most of the IT expenses related to R&D investments in local platforms and in central support functions. IT development cost resulting in the capitalization of intangible assets amounted to € 1.4 million in the first six months 2018.

General administrative expenses decreased by 9.7% to € 103.2 million. This change is primarily driven by the reduction of the expense for share based compensation from € 51.1 million in H1 2017 to € 11.7 million in H1 2018 (refer to section G.01. of the half-year financial statements). On the contrary the increase in administrative headcounts due to the enhancement of administrative functions post IPO resulted in higher other personnel expenses (H1 2018: € 43.2 million; H1 2017 € 23.9 million). However, other personnel expenses included an earn-out expense in connection with the acquisition of the Carriage group amounting to € 12.7 million in 2017.

04. BUSINESS DEVELOPMENT BY SEGMENTS

Segment revenue

			Change	
EUR million	**H1 2018**	H1 2017	EUR million	%
Europe	**116.2**	95.5	20.6	21.6
MENA	**123.3**	62.3	61.0	97.9
Asia	**87.8**	67.2	20.7	30.8
Americas	**29.6**	21.5	8.0	37.2
Segment revenue	**356.9**	**246.5**	**110.4**	**44.8**
Reconciliation effects	**0.0**	–0.3[1]	0.4	>100
Discounts	**–16.9**	n.a.[2]	n.a.	n.a.
Revenue	**340.0[2]**	**246.2**	**93.8**	**38.1**

[1] The H1 2017 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. H1 2017 Group revenues and reconciliation effects are adjusted by € –7.0 million. Cost of sales is adjusted correspondingly by this amount.

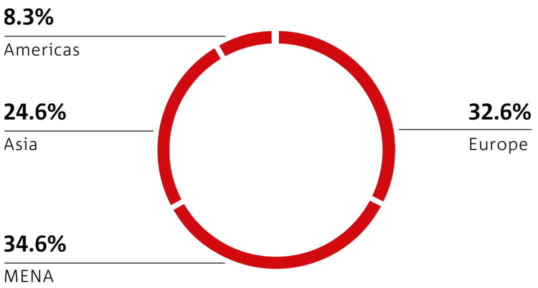
[2] First time adoption of IFRS 15 effective January 1, 2018. Revenue is presented net of discounts. Prior period-year information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million that are reflected in customer acquisition costs of marketing expenses. Management accounts underlying the segment revenue present gross before discounts.

[5] First time adoption of IFRS 15: Effective January 1, 2018 revenue is presented net of discounts. Prior period information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million, that are reflected in customer acquisition cost of marketing expenses.

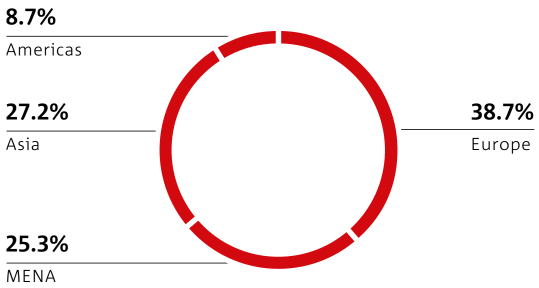
Segment adjusted EBITDA

			Change	
EUR million	**H1 2018**	H1 2017	EUR million	%
Europe	**−27.8**	−25.5	−2.3	9.2
MENA	**9.0**	15.5	−6.5	−41.8
Asia	**−18.0**	−24.2	6.3	−25.9
Americas	**−18.0**	−11.0	−7.0	63.9
Adjusted EBITDA of the segments	**−54.8**	**−45.3**	**−9.6**	**21.1**

Group revenue by segments H1 2018



Group revenue by segments H1 2017



Europe

In the first half of 2018, the Europe segment revenue increased by 21.6% to € 116.2 million (H1 2017: € 95.5 million) and in orders by 28.4% to 45.2 million (H1 2017: 35.2 million).

The positive revenue development was partially offset by higher costs, primarily higher marketing expenses, and led to a slight increase in negative adjusted EBITDA to € 27.8 million (H1 2017: negative € 25.2 million). The negative adjusted EBITDA margin for the Europe segment improved slightly from negative 26% in the first half of 2017 to negative 24% in the first half of 2018.

MENA

The MENA segment continued its growth in the first half of 2018. Segment revenues increased by 97.9% to € 123.3 million in H1 2018 (H1 2017: € 62.3 million) and orders grew by 58.3% to 85.4 million (H1 2017: 53.9 million). Besides strong organic growth the acquisition of the Carriage group in June 2017 contributed to this increase. The appreciation of the Euro primarily in comparison to Turkish Lira softened the increase in revenue.

The adjusted EBITDA decreased by € 6.5 million to € 9.0 million in the first half of 2018 compared to the first half of 2017. This development reflects the continued expansion into multiple cities as well as the ongoing roll out of own-delivery services in the MENA region. Foreign currency translation had no significant effect on the decrease in adjusted EBITDA. The adjusted EBITDA margin in the first six months 2018 declined to 7.3% (H1 2017: 24.8%).

Asia

In the first half of 2018, the Asia segment developed positively with an increase in segment revenue by 31% to € 87.8 million (H1 2017: € 67.2 million). Eliminating the effect from the disposal of our Indian operations in December 2017 (Like-for-Like presentation, “LfL”) revenue in the Asia segment grew by 41% (LfL) from € 62.3 million (LfL) in H1 2017. Orders grew in line by 21.5% (50.0% LfL) to 36.7 million (H1 2017: 30.2 million, 24.5 million LfL). Positive revenue and order development are driven by strong growth in Korea and Singapore markets. Segment revenue increase is also driven by higher non-commission revenue streams, predominantly delivery fees.

The negative adjusted EBITDA decreased by 25.9% (7.3% LfL) to negative € 18.0 million (H1 2017: negative € 24.2 million; negative € 19.4 million LfL). The adjusted EBITDA margin significantly improved to negative 20% (H1 2017: negative 36%; negative 31% LfL). The margin improvement was mainly due to the significant revenue growth and slight cost savings realised due to synergies.

Americas

In the first half of 2018, segment revenue in the Americas segment increased by 37% to € 29.6 million (H1 2017: € 21.5 million). The number of orders grew by 32% to 16.4 million (H1 2017: 12.4 million). Growth in commission revenue was again the biggest factor for the overall uplift, complemented by a continued growth in revenues from premium placements and delivery fees. The appreciation of the Euro, in particular to the Argentinian Peso, reduced the revenue growth substantially.

The negative adjusted EBITDA increased by 63.9% to negative € 18.0 million (H1 2017: negative € 11.0 million) and the negative adjusted EBITDA margin increased to 61.0% (H1 2017: negative 51.0%), representing particularly the ongoing investment in own delivery service and customer acquisition activities.

05. FINANCIAL POSITION

The development of the Group's financial position in the first half of 2018 is shown in the following condensed statement of cash flows:

EUR million	H1 2018	H1 2017
Cash and cash equivalents as of Jan. 1	**627.3**	230.9
Cash flow from operating activities	**–53.1**	–79.0
Cash flow from investing activities	**86.1**	–89.2
Cash flow from financing activities	**12.2**	248.2
Effect of exchange rate movements on cash and cash equivalents	**–6.3**	–5.1
Cash and cash equivalents as of Jun. 30	**666.2**	**305.8**

In H1 2018 the financial position of the Group has further improved. The negative cash flow from operating activities was overcompensated in particular by the positive cash flow from investing activities.

The investing activities in H1 2018 are characterized by the cash inflow from the divestment of hungryhouse of € 233.5 million, the cash outflow for a minority investment in Rappi of € 93.2 million, the cash outflows for the acquisition of Deliveras and Pizza.hu of € 9.1 million and outflows for other investments in financial assets € 26.3 million.

The cash flow from investing activities in H1 2017 reflected mainly the consideration for the acquisition of the Carriage group in June 2017.

The H1 2018 cash inflow from financing activities (€ 12.2 million) resulted from capital increases in connection with the exercise of equity settled stock options in H1 2018.

H1 2017 cash flow from financing activities was substantially affected by the proceeds from the Naspers financing round and the repayment of shareholder loans.

06. NET ASSETS

As of June 30, 2018 the Group's balance sheet is structured as follows:

EUR million	Jun. 30, 2018	% of total	Dec. 31, 2017	% of total	Change
Non-current assets	**1,334.2**	62.0	1,283.6	62.7	50.6
Current assets	**816.7**	38.0	764.6	37.3	52.1
Total assets	**2,150.9**	**100.0**	**2,048.2**	**100.0**	**102.7**

EUR million	Jun. 30, 2018	% of total	Dec. 31, 2017	% of total	Change
Equity	**1,835.8**	85.4	1,720.8	84.0	115.0
Non-current liabilities	**81.6**	3.8	105.2	5.1	−23.7
Current liabilities	**233.5**	10.9	222.2	10.8	11.3
Total equity and liabilities	**2,150.9**	**100.0**	**2,048.2**	**100.0**	**102.7**

The non-current assets recorded an increase of € 50.6 million mainly on account of additions in intangible assets in connection with the acquisitions of Deliveras and Pizza.hu (€ 10.3 million) and the addition to equity investments from the investment in Rappi of € 93.2 million. This increase was particularly offset by currency effects in connection with the appreciation of Euro to some currencies like Turkish Lira.

The increase in current assets was mainly on account of the development of cash balance by € 38.9 million to € 666.2 million (refer to the consolidated statement of cash flows).

The equity increased due to the H1 2018 net profit of € 146.7 million that reflects the disposal gain of our hungryhouse business in January 2018. Capital increases from the authorized capital in connection with the exercise of equity settled stock options increased equity by € 12.8 million. Contrary currency translation losses reflected in other comprehensive income reduced equity by € 55.7 million.

In the first six months 2018 non-current liabilities decreased as the result of the settlement of an acquisition related earn-out liability as well as the amortization of deferred tax liabilities in total amounting to € 25.8 million.

The increase of current liabilities resulted from the organic growth of the Group in the first half of 2018.

07. EMPLOYEES

The number of employees increased to 18,070 as of June 30, 2018 (December 31, 2017: 14,631). The increase is mainly due to the increase in delivery personnel.

C. RISK AND OPPORTUNITY REPORT

In the first six months of 2018 Delivery Hero Group's risk and opportunity profile did not substantially change compared to the risk and opportunity report of our combined group management report 2017.

In recent months the Euro has further appreciated in relation to many local currencies in our MENA, Asia and Americas segments. Subsequent to the reporting date in particular the Turkish Lira has considerably weakened against the Euro. We are closely monitoring foreign currency devaluations and are reassessing the associated financial risks. However, as of the date of issuance of this interim group management report we consider the financial risks unchanged compared to the risk and opportunity report of our combined group management report 2017.

We did not identify any risks that threaten the going concern of the Delivery Hero Group.

D. OUTLOOK 2018

Global growth expectations for 2018 and 2019 continue to be positive. Furthermore Delivery Hero expects to further benefit from structural trends in the use of technology, logistics and life-style.

In line with our strategy to focus on leadership positions Delivery Hero will carry on additional investments of up to € 80 million in the second half of 2018 to take advantage of positive business performance and a growing food delivery market. These investments will be allocated across marketing, restaurant coverage, technology and product capabilities and are expected to generate future revenues from returning customers. Delivery Hero expects to continue investing at similar levels during the course of 2019 which will also add to incremental customers and revenues.

The focus on leadership positions will be accompanied by our M&A strategy. In this context Delivery Hero executes divestments in Brazil, Australia, France, Italy and Netherlands in the second half of 2018.

Delivery Hero has raised its revenue guidance for 2018, driven by positive business performance and additional investments. After adjustments for planned divestments, Delivery Hero expects to achieve a significant organic increase of full year revenues of between € 760 million and € 780 million in 2018.

The additional investments will have an adverse effect on adjusted EBITDA for 2018 of up to € 80 million. Consequently we expect the negative adjusted EBITDA for 2018 to be noticeably higher than the negative adjusted EBITDA in 2017. We expect the 2018 adjusted EBIDTA margin to remain on the same level as the 2017 adjusted EBITDA margin. As a result of the investments, Delivery Hero does not expect to reach breakeven on an adjusted EBITDA basis in December 2018 on a monthly level and for the full year 2019, as previously intended.

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 influenced 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 expected 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 uncertainly and bring with them the unavoidable risk that the forecasts do not occur, either in terms of direction or in relation to extent. The forecast for the forecast period is based on the composition of the Group at the time the interim group management report was prepared.

HALF-YEAR FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR million	Note	Jun. 30, 2018	Dec. 31, 2017
Non-current assets			
Intangible assets	F.01.	**1,167.8**	1,222.6
Property, plant and equipment		**27.3**	23.4
Investments accounted for using the equity method	F.02.	**92.8**	5.9
Other financial assets		**45.5**	31.4
Other assets		**0.1**	0.3
Deferred tax assets		**0.7**	–
		1,334.2	**1,283.6**
Current assets			
Inventories		**2.2**	2.4
Trade and other receivables		**94.1**	88.8
Other assets		**49.0**	17.6
Income tax receivables		**1.5**	0.4
Cash and cash equivalents		**666.2**	627.3
Assets included in a disposal group classified as held for sale	F.03.	**3.7**	28.1
		816.7	**764.6**
Total assets		**2,150.9**	**2,048.2**

Equity and liabilities

EUR million	Note	Jun. 30, 2018	Dec. 31, 2017
Equity			
Share capital/subscribed capital	F.04.	**184.5**	182.5
Capital reserves	F.04.	**2,684.7**	2,661.3
Retained earnings and other reserves		**−1,033.0**	−1,124.5
Treasury shares		**−0.1**	0.0
Equity attributable to shareholders of the parent company		**1,836.2**	1,719.3
Non-controlling interests		**−0.3**	1.5
		1,835.8	**1,720.8**
Non-current liabilities			
Pension provisions		**2.4**	1.9
Other provisions		**4.5**	3.6
Trade and other payables		**3.0**	2.8
Other liabilities		**1.4**	15.2
Deferred tax liabilities		**70.3**	81.7
		81.6	**105.2**
Current liabilities			
Other provisions		**6.7**	21.2
Trade and other payables		**155.2**	135.1
Other liabilities		**56.2**	41.9
Income tax liabilities		**9.4**	10.1
Liabilities included in a disposal group classified as held for sale		**5.9**	13.9
		233.5	**222.2**
Total equity and liabilities		**2,150.9**	**2,048.2**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

				Change	
EUR million	Note	**H1 2018**	H1 2017	EUR million	%
Continuing operations					
Revenue	E.01.	**340.0[1]**	246.2[2]	93.8	38.1
Cost of sales	E.02.	**−140.7**	−82.4[2]	−58.4	70.9
Gross profit		**199.3**	**163.8**	**35.5**	**21.6**
Marketing expenses	E.03.	**−180.5[1]**	−155.8	−24.7	15.9
IT expenses		**−27.4**	−21.6	−5.8	26.9
General administrative expenses	E.04.	**−103.2**	−114.3	11.1	−9.7
Other operating income		**4.7**	2.4	2.2	90.4
Other operating expenses		**−6.9**	−9.1	2.2	−24.1
Operating result		**−114.1**	**−134.5**	**20.5**	**−15.2**
Net interest result	E.05.	**1.4**	−20.1	21.5	>100
Other financial result	E.06.	**0.0**	−55.3	55.3	−100.0
Earnings before income taxes		**−112.7**	**−209.9**	**97.3**	**−46.3**
Income taxes		**−3.1**	−4.9	1.9	−37.8
Net loss for the period from continuing operations		**−115.7**	**−214.9**	**99.1**	**−46.1**
Net result for the period from discontinued operations		**262.5**	−6.5	269.0	>100
Net result		**146.7**	**−221.4**	**368.0**	**>100**

				Change	
EUR million	Note	**H1 2018**	H1 2017	EUR million	%
Other comprehensive income (net)					
Items reclassified to profit or loss in the future:					
Effect of movements in exchange rates		**−55.7**	−43.7	−12.0	27.5
Other comprehensive income		**−55.7**	**−43.7**	**−12.0**	**27.5**
Total comprehensive income for the period		**91.0**	**−265.0**	**356.0**	**>100**
Net result for the period attributable to:					
Shareholders of the parent		**148.8**	−220.1	368.9	>100
Non-controlling interests		**−2.1**	−1.3	−0.8	61.5
Total comprehensive income attributable to:					
Shareholders of the parent		**93.1**	−262.9	356.0	>100
Non-controlling interests		**−2.1**	−2.1	0.0	2.2
Diluted and basic earnings per share from continuing operations in EUR		**−0.61**	−1.49	0.88	−59.2
Diluted and basic earnings per share from continued and discontinued operations in EUR		**0.80**	−1.54	2.34	>100

[1] First time adoption of IFRS 15: Effective January 1, 2018 revenue is presented net of discounts. Prior period information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million that are reflected in customer acquisition cost of marketing expenses.
[2] Adjusted (refer to section C.01. in the notes of the half-year financial statements).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan. 1, 2018 – Jun. 30, 2018

	Attributable to the owners of the parent								
			Retained earnings and other reserves						
EUR million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Revaluation reserve for pension commitments	Treasury shares	**Total**	Non-controlling interests	**Total equity**
Balance as of Jan. 1, 2018	**182.5**	**2,661.3**	**–932.8**[1]	**–191.3**	**–0.5**	**–**	**1,719.2**	**1.5**	**1,720.7**
Net result	–	–	148.8	–	–	–	**148.8**	–2.1	**146.7**
Other comprehensive income	–	–	–	–55.7	–	–	**–55.7**	–	**–55.7**
Total comprehensive income	**–**	**–**	**148.8**	**–55.7**	**–**	**–**	**93.1**	**–2.1**	**91.0**
Transactions with owners – payments received and change in non-controlling interests									
Capital increases	2.0	10.2	–	–	–	–	**12.2**	–	**12.2**
Equity-settled share-based payments	–	13.3	–	–	–	–	**13.3**	–	**13.3**
Acquisition of non-controlling interests without change in control	–	–	–0.6	–	–	–	**–0.6**	0.3	**–0.3**
Other changes to equity[2]	–	–	–0.8	–	–	–0.1[2]	**–0.9**	–	**–0.9**
Transactions with owners	**2.0**	**23.5**	**–1.4**	**–**	**–**	**–0.1**	**24.0**	**0.3**	**24.3**
Balance as of Jun. 30, 2018	**184.5**	**2,684.8**	**–785.4**	**–247.0**	**–0.5**	**–0.1**	**1,836.3**	**–0.3**	**1,835.9**

[1] Adjusted by € –0.1 million for IFRS 9 adoption (refer to section A.02.b)).
[2] Includes results from sale of subsidiaries € –0.8 million and treasury shares of € –0.1 million.

Jan. 1, 2017 – Jun. 30, 2017

EUR million	Attributable to the owners of the parent							Non-controlling interests	Total equity
			Retained earnings and other reserves						
	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Revaluation reserve for pension commitments	Treasury shares	**Total**		
Balance as of Jan. 1, 2017	**0.5**	**1,582.8**	**–587.6**	**–93.7**	**–0.2**	**–**	**901.8**	**–9.6**	**892.2**
Net loss	–	–	–220.1	–	–	–	**–220.1**	–1.3	**–221.4**
Other comprehensive income	–	–	–	–42.8	–	–	**–42.8**	–0.9	**–43.7**
Total comprehensive income	**–**	**–**	**–220.1**	**–42.8**	**–**	**–**	**–262.9**	**–2.2**	**–265.1**
Transactions with owners – payments received and change in non-controlling interests									
Capital increases	171.5	600.4	–	–	–	–0.7	**771.2**	–	**771.2**
Equity-settled share-based payments	–	96.5	–	–	–	–	**96.5**	–	**96.5**
Acquisition of non-controlling interests without change in control	–	–5.8	–	–	–	–	**–5.8**	5.8	**–**
Other transactions with non-controlling interests without chage in control	–	–21.6	–	–	–	–	**–21.6**	9.3	**–12.3**
Transactions with owners	**171.5**	**669.5**	**–**	**–**	**–**	**–0.7**	**840.3**	**15.1**	**855.4**
Balance as of Jun. 30, 2017	**172.0**	**2,252.4**	**–807.7**	**–136.5**	**–0.2**	**–0.7**	**1,479.4**	**3.3**	**1,482.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	H1 2018	H1 2017	Change EUR million	Change %
1. Cash flows from operating activities				
Net profit/loss	**146.7**	−221.4	368.1	>100
Income tax (net)	**3.1**	5.1	−2.0	−39.4
Income tax paid (–)	**−5.6**	−2.3	−3.3	>100
Amortization, depreciation and impairment	**29.9**	24.9	5.0	20.1
Increase (+)/decrease (–) in provisions	**−11.9**	5.2	−17.1	>100
Non-cash expenses (+)/income (–) from share-based payments	**11.7**	51.1	−39.4	−77.0
Other non-cash expenses (+) and income (–)	**14.1**	−8.3	22.4	>100
Gain (–)/loss (+) on disposals of fixed assets	**0.0**	0.1	−0.1	−82.8
Gain (–)/loss (+) on deconsolidation	**−263.5**	0.4	−263.9	>100
Increase (–)/decrease (+) in inventories, trade receivables and other assets	**−3.0**	−3.3	0.3	−9.9
Increase (+)/decrease (–) in trade and other payables	**26.8**	6.8	20.0	>100
Interest and similar income (–)/interest and similar expense (+)	**−1.4**	62.6	−64.1	>100
Cash flows from operating activities	**−53.1**	**−79.0**	**25.9**	**-32.8**

EUR million	H1 2018	H1 2017	Change EUR million	Change %
2. Cash flows from investing activities				
Proceeds (+) from the disposal of property, plant and equipment	**0.3**	0.7	−0.4	−58.0
Payments (–) for investments in property, plant and equipment	**−10.7**	−5.7	−5.0	86.8
Proceeds (+) from disposal of intangible assets	**0.1**	0.1	−0.1	−48.4
Payments (–) to acquire intangible assets	**−6.3**	−2.8	−3.5	>100
Proceeds (+)/payments (–) for investments in financial assets	**−26.3**	0.5	−26.8	>100
Net payments for (–)/proceeds (+) from loans to third parties	**−0.5**	−1.0	0.5	−48.1
Net payments (–) proceeds (+) from acquisition/ sale of subsidiaries or discontinued operations	**222.0**	−81.5	303.5	>100
Purchase of equity investments	**−94.4**	0.0	−94.4	>100
Interest received (+)	**2.0**	0.6	1.3	>100
Cash flows from investing activities	**86.1**	**−89.2**	**175.2**	**>100**
3. Cash flows from financing activities				
Proceeds (+) from capital contributions	**12.2**	325.5	−313.3	−96.3
Proceeds (+) from loans and borrowings	**0.1**	25.2	−25.2	−99.7
Repayments (–) of loans and borrowings	**0.0**	−91.4	91.4	−100.0
Interest paid (–)	**0.0**	−11.1	11.1	>100
Cash flows from financing activities	**12.2**	**248.2**	**−236.0**	**−95.1**
4. Cash and cash equivalents at the end of the period				
Net change in cash and cash equivalents	**45.1**	80.0	−34.8	−43.6
Effect of exchange rate movements on cash and cash equivalents	**−6.3**	−5.1	−1.2	23.9
Cash and cash equivalents at the beginning of the period	**627.3**	230.9	396.4	>100
Cash and cash equivalents at the end of period	**666.2**	305.8	360.4	>100

SELECTED NOTES TO HALF-YEAR FINANCIAL STATEMENTS

A. GENERAL INFORMATION ON THE HALF-YEAR FINANCIAL STATEMENTS

01. Company information

Delivery Hero SE (former Delivery Hero AG – refer to section F.04.) is the parent company of the Delivery Hero Group (also referred to as: DH Group, Delivery Hero or Group) and located in Oranienburger Straße 70, 10117 Berlin. It is registered with the commercial register of the Local Court, Berlin Charlottenburg under HRB 198015 B. The change on legal form from Delivery Hero AG (HRB 187081 B) to Delivery Hero SE became effective with entry in the commercial register on July 13, 2018.

The Executive Board prepared the half-year financial statements by September 11, 2018 and submitted these directly to the Supervisory Board for approval.

02. Basis of financial reporting in accordance with IFRS

a) Basis of preparation

The condensed unaudited consolidated interim financial statements of DH Group for the first half of 2018 were prepared in accordance with IAS 34 Interim Financial Reporting and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union for interim financial reporting applicable as of the reporting date.

The condensed consolidated interim financial statements do not contain all information and disclosures in the notes that are required for consolidated financial statements and should thus be read in conjunction with the consolidated financial statements as of December 31, 2017. In order to gain an understanding of the significant changes in the financial position and financial performance since the 2017 consolidated financial statements, selected disclosures regarding significant events and transactions are included in the notes to the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements are prepared in euro. Unless otherwise stated, all figures have been rounded to the nearest EUR million. Disclosures on changes are based on exact values. In addition, for computational reasons, there may be rounding differences to the exact mathematical values in tables and references.

In preparing the condensed consolidated interim financial statements, the accounting policies used for the preparation of the consolidated financial statements as of December 31, 2017, remain unchanged except for application of IFRS 15 and IFRS 9. Changes due to application of these standards are described in section b) Changes in significant accounting policies below. The preparation of consolidated financial statements in accordance with IFRS requires management estimates and judgements. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. New judgments and sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9 are described in section b) below.

The half-year financial statements and the interim group management report have not been audited or reviewed by an auditor.

b) Changes in significant accounting policies

IFRS 15

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 using the modified retrospective method. Accordingly, the Group presented the comparative period in line with previous rules.

IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods and services. The amount and timing of revenue recognition in the Group remained the same as under the previous rules with the following exception. Under IFRS 15, differences in the accounting for discounts and vouchers arose. Effective January 1, 2018, the Group will treat all discounts and vouchers to users of its platforms as consideration payable to the customer and consequently as a deduction from revenue. Previously such discounts and vouchers were treated as marketing expenses. There is no impact of this change on transition to IFRS 15. In the first half of the year the corresponding deduction from revenue amounted to € 16.9 million.

IFRS 9

IFRS 9 Financial instruments was adopted from January 1, 2018. IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities and replaced IAS 39 Financial Instruments: Recognition and Measurement. Changes in accounting policies resulting from the adoption of IFRS 9 were applied retrospectively, except as described below.

The Group did not to restate comparative information for previous periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 were recognized in retained earnings as at January 1, 2018.

The impact, net of tax, of transition to IFRS 9 at January 1, 2018 was a loss of € 0.1 million resulting from recognition of expected credit losses which was included in the retained earnings. The total impairment loss reported in the first half of the year was € 2.8 million (H1 2017: € 4.5 million). The decrease is primarily the result of the further expansion of online payments as well as offsetting arrangements with the restaurants.

Classification

Applying the new classification requirements to the financial assets outstanding at January 1, 2018, the financial assets that were measured at amortized cost in accordance with IAS 39 were also measured at amortized cost in accordance with IFRS 9. This is because these financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these instruments represent solely payments of principal and interest on the principal amount outstanding. Equity instruments that were classified as available-for-sale in accordance with IAS 39 and were measured at cost because the fair value could not be reliably measured are now classified at fair value through profit or loss. The fair values of these equity instruments were represented by their cost at January 1, 2018 because there is no sufficient more recent information available.

Impairment

IFRS 9 replaced the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. This model requires considerable judgement as to how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. In the Group, the new impairment model applies to financial assets measured at amortized cost and to contract assets.

The Group measures ECLs on its trade receivables and contracts assets using a provision matrix. The new provision matrix was estimated based on the historical credit loss experience adjusted where appropriate for effects of the current conditions and the forecasts of future developments.

The Group measures the loss allowances of other financial assets on either of the following bases: – 12-months ECLs (ECLs that result from possible default events within the 12 months after the reporting date) and – lifetime ECLs (ECLs that result from all possible default events over the expected life of a financial instrument).

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, and 12-month ECL measurement applies if it has not.

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL were recognized in profit or loss, whereas under IFRS 9 these fair value changes are presented as follows: – the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and – the remaining amount of change in the fair value is presented in profit or loss. The Group has not designated any financial liabilities as at FVTPL. Therefore, there are no effects on the financial liabilities of the Group from adoption of IFRS 9.

c) New standards and interpretations that have not yet been applied

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2018 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements. None of the new standards or amendments are expected to have significant impact on the Group's consolidated financial statements except for IFRS 16 Leases. The Group has no further updates to information provided in the last annual financial statements about IFRS 16.

B. SEASONAL INFLUENCES ON BUSINESS OPERATIONS

Business operations are affected by fluctuations related to weather and public holidays at the level of the individual entity and are subject to seasonal influence in some regions where the seasons are particularly pronounced, such as Northern Europe. In these regions, order demand is typically higher in autumn and winter owing to shorter daylight hours and frequent poor weather.

At Group level, seasonal influences are not as significant due to the diversification of all entities and are eclipsed by organic and external growth. The appreciation of the Euro to many local currencies of our subsidiaries softened the revenue growth of the Group, the effect on adjusted EBITDA was minor. Political and economic crises had no impact on the development of the Group.

C. OPERATING SEGMENTS

01. Revenue

EUR million	H1 2018	H1 2017	Change EUR million	Change %
Europe	**116.2**	95.5	20.6	21.6
MENA	**123.3**	62.3	61.0	97.9
Asia	**87.8**	67.2	20.7	30.8
Americas	**29.6**	21.5	8.0	37.2
Segment revenue	**356.9**	**246.5**	**110.4**	**44.8**
Reconciliation effects	**0.0**	−0.3[1]	0.4	>100
Discounts	**−16.9**	n.a.[2]	n.a.	n.a.
Group revenue	**340.0[2]**	**246.2**	**93.8**	**38.1**

[1] The H1 2017 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. H1 2017 Group revenues and reconciliation effects are adjusted by € −7.0 million. Cost of sales is adjusted correspondingly by this amount.
[2] First time adoption of IFRS 15 effective January 1, 2018. Revenue is presented net of discounts. Prior period-year information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million that are reflected in customer acquisition costs of marketing expenses. Management accounts underlying the segment revenue present gross before discounts.

02. Adjusted EBITDA

EUR million	H1 2018	H1 2017	Change EUR million	Change %
Europe	**−27.8**	−25.5	−2.3	9.2
MENA	**9.0**	15.5	−6.5	−41.8
Asia	**−18.0**	−24.2	6.3	−25.9
Americas	**−18.0**	−11.0	−7.0	63.9
Adjusted EBITDA of the segments	**−54.8**	**−45.3**	**−9.6**	**21.1**
Consolidation adjustments	**0.0**	−1.0	1.0	−99.8
Management adjustments	**−16.8**	−7.2	−9.6	>100
Expenses for share-based compensation	**−11.7**	−51.1	39.4	−77.0
Other reconciliation items	**−0.9**	−5.3	4.4	−83.5
Amortization and depreciation	**−29.9**	−24.7	−5.2	21.0
Net interest and other financial result	**1.4**	−75.4	76.8	>100
Earnings before interest taxes from continuing operations	**−112.7**	**−209.9**	**97.3**	**−46.3**

Management adjustments include (i) expenses for services related to corporate transactions and funding rounds of € 15.8 million (H1 2017: € 4.1 million), thereof € 12.7 million expenses recognized in H1 2018 for an earn-out liability in connection with the acquisition of the Carriage group, (ii) expenses for reorganization measures of € 0.9 million (H1 2017: € 0.8 million), (iii) expenses for implementing information technology of € 0.1 million (H1 2017: € 0.0 million) and (iv) expenses for the realization capital market viability of € 0.0 million (H1 2017: € 2.2 million).

Other reconciliation effects do include non-operating income and expenses. In the first half of 2018 this item included in particular expenses for non-income-taxes of € 3.7 million (H1 2017: € 2.4 million), gains on the disposal of subsidiaries of € 2.2 million (H1 2017: € −0.4 million) and losses on the disposal of fixed assets of € 0.1 million (H1 2017: € 0.1 million).

D. ACQUISITIONS

In the first half of the year 2018, the Group acquired Deliveras S.A., Greece (“Deliveras”) and EURÓ Magyarország Kft., Hungary (“Pizza.hu”) which are presented in further detail in the section below.

As at January 31, 2018, Delivery Hero Group acquired Deliveras, a food delivery platform based in Athens. The entity operates a food delivery marketplace – offering vendor delivery services to end-customers. The acquisition of 100% of the shares in Deliveras represents a strategic investment in the Greek market. The shares acquired are representative of the voting rights.

As at May 4, 2018, Delivery Hero Group acquired Pizza.hu, a food delivery platform based in Hungary. The entity operates a food delivery marketplace – offering vendor delivery services to end customers. The acquisition of 100% of the shares in Pizza.hu represents the increased market potential in the Hungarian market. The shares acquired are representative of the voting rights.

The total consideration for both acquisitions is € 9.0 million. It includes a contingent consideration of € 3.0 million. The contingent consideration depends on the future performance of the businesses; the maximum amount of the contingency is € 3.9 million. The transaction costs on acquisition were € 0.2 million.

The total consideration for the Deliveras and Pizza.hu acquisitions transferred is allocated between the recognized assets and assumed liabilities as follows:

EUR million	Fair values at date of acquisition
Intangible assets	2.4
Trade and other receivables	0.2
Cash and cash equivalents	0.3
Provisions and liabilities	−0.3
Trade payables	−1.0
Deferred tax liabilities	−0.4
Net assets	**1.2**
Consideration transferred	**9.1**
Goodwill	**7.9**

Brands, customer relationships and deferred taxes have been measured on a basis pursuant to IFRS 3. None of the intangible assets have an indefinite useful life.

Goodwill, which consists primarily of not separable components such as positive business prospects and employee know-how, is not deductible for tax purposes.

Combined trade receivables from third parties with a gross value of € 0.2 million were acquired and are assessed as being fully recoverable.

Since their first inclusion the acquired entities have contributed € 0.5 million towards Group's revenues and a net profit of € 0.1 million.

If the two acquisitions had been consolidated as of January 1, 2018 the entities would have contributed € 0.9 million to revenue and a net profit of € 0.2 million to consolidated loss.

E. NOTES ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

01. Revenue

Revenue is composed as follows:

			Change	
EUR million	**H1 2018**	H1 2017	EUR million	%
Commissions	**262.0**	185.7[1, 2]	76.3	41.1
Delivery fees*	**40.6**	19.2[2]	21.5	>100
Prime placings	**25.9**	19.5	6.4	32.8
Credit card use	**13.9**	9.2	4.7	51.5
Other	**14.4**	12.6	1.8	14.5
Less discounts	**−16.9**	n.a.[3]	n.a.	n.a.
Revenue	**340.0**	**246.2**[1]	**93.8**	**38.1**

* Fees charged separately to the orderer for delivery services.
[1] Adjusted (refer to section C.01. – Revenue).
[2] Commission revenue from own delivery business was partially included in the revenue category delivery fees in H1 2017 (€ 20.7 million). All income from commissions in H1 2018 is presented within commission revenue, only delivery fees separately charged to the orderer are reflected in delivery fees. The H1 2017 comparative financial information is adjusted.
[3] First time adoption of IFRS 15: Effective January 1, 2018 revenue is presented net of discounts. Prior period information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million that are reflected in customer acquisition costs of marketing expenses.

02. Cost of sales

Cost of sales is composed as follows:

			Change	
EUR million	**H1 2018**	H1 2017	EUR million	%
Delivery Expenses	**107.2**	59.7	47.6	79.8
Fees for payment services	**14.9**	10.9	4.0	36.7
Server hosting	**3.7**	3.2	0.5	17.1
Purchase of terminals and other POS systems	**2.7**	3.0	−0.2	−7.4
Expenses for data transfer	**2.5**	2.9	−0.4	−13.1
Goods and merchandise	**2.4**	1.0[1]	1.4	>100
Other cost of sales	**7.2**	1.8	5.4	>100
Total	**140.7**	**82.4**[1]	**58.4**	**70.9**

[1] Adjusted (refer to section C.01. – Revenue).

03. Marketing expenses

Marketing expenses are composed as follows:

EUR million	H1 2018	H1 2017	Change EUR million	Change %
Customer acquisition	**90.5**[1]	82.9	7.7	9.2
Restaurant acquisition	**46.0**	35.2	10.8	30.7
Amortization of brands	**9.9**	10.9	–1.0	–8.8
Expenses for write-downs on customer/ supplier base	**8.2**	9.1	–0.8	–9.1
Other marketing expenses	**25.8**	17.8	8.0	45.2
Total	**180.5**[1]	**155.8**	**24.7**	**15.9**

[1] First time adoption of IFRS 15: Effective January 1, 2018 revenue is presented net of discounts. Prior period information is not adjusted. Discounts in H1 2017 amounted to € 14.4 million that are reflected in customer acquisition costs of marketing expenses.

04. General administrative expenses

General administrative expenses mainly include personnel expenses of € 43.2 million (H1 2017: € 23.9 million), expenses for share-based payments of € 11.7 million (H1 2017: € 51.1 million), advisory and audit fees of € 7.4 million (H1 2017: € 9.5 million) and expenses for operating and office equipment and rent of office space of € 9.4 million (H1 2017: € 8.0 million).

The decrease in share-based payments expense is mainly due to the restructuring of the Groups share-based compensation programs in the first six months 2017 described in the consolidated financial statements for the period ended as of December 31, 2017.

05. Net interest result

Net interest result improved significantly by € 21.5 million in the first half of 2018 compared to the first half of 2017, largely due to the repayment of financial liabilities in the previous year. The interest income in the first six months predominantly results from interest on excess cash.

06. Other financial result

In the first half of 2018 the other financial result comprises of foreign currency transaction gains of € 9.3 million (H1 2017: loss of € 13.9 million). The result from equity accounted investees amounted to negative € 9.1 million (H1 2017: positive € 0.1 million) mostly resulting from the pro rata loss of the investment in Rappi since its acquisition in January 2018. In the first six months 2017 the other financial result was further affected by measurement losses of financial instruments that were settled post IPO.

07. Income taxes

For the calculation of period income tax expenses and income for entities for which income tax expenses and income are expected for the current financial year, the Group uses the respective tax rate that would be applicable for the total expected expenditure and income.

F. NOTES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

01. Intangible assets

The decrease in intangible assets in the first six months 2018 is mainly attributable to foreign currencies effects (€ –46.4 million), predominantly the devaluation of the Turkish Lira against Euro, and amortization charges (€ –20.0 million). This decrease is partly offset by additions to intangible assets and goodwill as result of the acquisition of Deliveras and Pizza.hu (€ 10.3 million).

In connection with planned divestments (refer to section G.04. Events after the reporting period) goodwill of € 3.5 million was impaired in the first half of 2018.

02. Equity-accounted investees

As of June 30, 2018 investments accounted for using the equity method increased by € 93.2 million mainly on account of the investment in Rappi.

03. Assets and Liabilities included in a disposal group classified as held for sale

The divestment of the hungryhouse group, which was subject to approval by the United Kingdom Competition and Markets Authority (CMA) which was received on November 16, 2017, was executed on January 31, 2018. As of the date of execution the hungryhouse group is no longer part of Delivery Hero's consolidation scope anymore.

Accordingly, the assets and liabilities included in disposal group classified as held for sale have decreased by € 24.4 million and € 8.0 million respectively. As of June 30, 2018 the assets and liabilities of our businesses in Italy and Brazil were tested for impairment, with no impairments to be recognized, and have been classified as held for sale.

04. Equity

In the first six months 2018 equity increased from transaction with owners, particularly capital increases in connection with the exercise of equity settled stock options by € 12.8 million, thereof € 2.0 million in subscribed capital, and contributions from equity settled share based compensation arrangements of € 13.3 million.

G. OTHER DISCLOSURES

01. Share-based payments

New long term incentive program

In May 2018, a new share-based long term incentive program ("LTIP") was initiated. Under the new plan, each participant is awarded shares and options in a value which equals specified amounts over a four-years commitment period. The option awards contain a revenue based performance target that must be achieved over a four year reference period. The plan is classified as equity-settled. The newly established plan contributed € 2.7 million of expenses between its inception and June 30, 2018.

H1 2018 DH SOP exercise windows

Beneficiaries of the DH SOP were able to exercise their equity settled rights for the first time in the first half of 2018, which led to capital increase of the subscribed capital of € 2.0 million and the capital reserve of € 10.8 million.

Settlement RGP Korea arrangement

During the six months ended June 30, 2018 the majority of the cash-settled RGP Korea share-based payments awards were exercised, which led to a € 12.8 million reduction of other provisions (current).

02. Related parties

The requirements of IAS 24 apply to the key management personnel of the company, their immediate family members, as well as the companies they control. Within the Delivery Hero group, this concerns members of the management board as well as members of the supervisory board.

a) Members of the management board and the supervisory board

The composition of management board is the same as of December 31, 2017.

Janis Zech joined the supervisory board on June 6, 2018. Other members of the supervisory board remained the same compared to December 31, 2017.[6]

b) Key management personnel transactions

There were no material changes in the structure of the remuneration of the key management personnel compared to the structure in place as of December 31, 2017. The members of the management board do participate in the LTIP initiated in May 2018 (refer to section G.01. Share-based payments).

c) Other related party transactions

There are no material related party transactions in the first half of 2018.

03. Financial instruments

a) Fair value disclosures

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

The following abbreviations are used for the measurement categories:

- FAaAC: Financial assets at amortized cost
- FLaAC: Financial liability at amortized cost
- FVtPL: Financial instruments at fair value through profit or loss
- LAR: Loans and receivables (before IFRS 9 adoption)
- AFS: Available-for-sale (before IFRS 9 adoption)

[6] Effective July 16, 2018 Delivery Hero changed its legal form to a European stock corporation (Societas Europaea, SE) (refer to section G.04. Events after the reporting period). In this context Jonathan Green, Jeffrey Lieberman, Georg Graf von Waldersee and Janis Zech left the supervisory board. Hilary Gosher, Björn Ljungberg, Vera Stachowiak and Semih Yalcin became newly appointed members of the supervisory board.

Jun. 30, 2018

EUR million	Classification pursuant to IFRS 9	Measured at amortized cost Carrying amount	Measured at amortized cost Fair value	Measured at fair value Carrying amount	Fair value hierarchy	**Total**
Non-current financial assets						
Investments	FVtPL			42.4		**42.4**
Loans granted	FAaAC	1.8	1.8		3	**1.8**
Security deposits	FAaAC	1.3	1.3		3	**1.3**
Other financial assets		**3.1**		**42.4**		**45.5**
Current financial assets						
Receivables against payment service providers	FAaAC	21.5	n.a.		n.a.	**21.5**
Trade receivables	FAaAC	27.5	n.a.		n.a.	**27.5**
Other receivables	FAaAC	45.0	n.a.		n.a.	**45.0**
Trade and other receivables		**94.0**		**–**		**94.0**
Cash and cash equivalents		**666.2**	**n.a.**	**–**		**666.2**
Total financial assets		**763.3**		**–**		**763.3**
Non-current financial liabilities						
Trade payables	FLaAC	0.7	0.7		3	**0.7**
Finance lease payables	n.a.[1]	1.8	1.8		3	**1.8**
Security deposits received	FLaAC	0.5	0.5		3	**0.5**
Trade and other payables		**3.0**		**–**		**3.0**
Current financial liabilities						
Trade payables	FLaAC	58.0	n.a.		n.a.	**58.0**
Finance lease payables	n.a.[1]	1.3	n.a.		n.a.	**1.3**
Security deposits received	FLaAC	1.1	n.a.		n.a.	**1.1**
Other payables	FLaAC	94.8	n.a.		n.a.	**94.8**
Trade payables and other financial liabilities		**155.2**		**–**		**155.2**
Total financial liabilities		**158.2**		**–**		**158.2**

[1] Classification and measurements of finance lease payables follows the requirements of IAS 17 Leases.

Dec. 31, 2017

EUR million	Classification pursuant to IAS 39	Measured at amortized cost		Measured at fair value	Fair value hierarchy	Total
		Carrying amount	Fair value	Carrying amount		
Non-current financial assets						
Investments	AfS	28.8	n.a.		n.a.	**28.8**
Loans granted	LaR	1.8	1.8		3	**1.8**
Security deposits	LaR	0.8	0.8		3	**0.8**
Other financial assets		**31.4**		**–**		**31.4**
Current financial assets						
Receivables against payment service providers	LaR	37.0	n.a.		n.a.	**37.0**
Trade receivables	LaR	36.7	n.a.		n.a.	**36.7**
Other receivables	LaR	15.1	n.a.		n.a.	**15.1**
Trade and other receivables		**88.8**		**–**		**88.8**
Cash and cash equivalents		**627.3**	**n.a.**	**–**		**627.3**
Total financial assets		**747.5**		**–**		**747.5**
Non-current financial liabilities						
Trade payables	FLaAC	0.1	0.1		3	**0.1**
Finance lease payables	n.a.[1]	2.4	2.4		3	**2.4**
Security deposits received	FLaAC	0.4	0.4		3	**0.4**
Trade and other payables		**2.8**		**–**		**2.8**
Current financial liabilities						
Trade payables	FLaAC	49.2	n.a.		n.a.	**49.2**
Finance lease payables	n.a.[1]	1.3	n.a.		n.a.	**1.3**
Security deposits received	FLaAC	0.7	n.a.		n.a.	**0.7**
Financial liabilities from put option on NCI	FLaAC	2.6	2.6		3	**2.6**
Other payables	FLaAC	81.3	n.a.		n.a.	**81.3**
Trade payables and other financial liabilities		**135.1**		**–**		**135.1**
Total financial liabilities		**137.9**		**–**		**137.9**

[1] Classification and measurements of finance lease payables follows the requirements of IAS 17 Leases.

Fair value measurement

The fair value is not disclosed for some current financial assets and current financial liabilities because their carrying amount is a reasonable approximation of fair value due to their short-term nature. Fair values of some non-current financial assets approximate their carrying amount because there were no significant changes in the measurement inputs since their fair value was determined upon initial recognition.

At the reporting date, the fair value of the investments did not change since these instruments were initially recognized either because they were recently acquired or because there is no sufficient more recent information available.

The reconciliation of level 3 fair values

	Assets		Liabilities		
EUR million	Investments	Separated embedded derivatives	Separated embedded derivatives	Contingent purchase price obligations	Liability from put option on NCI
As of Jan. 1, 2017		**1.0**	**−12.8**	**21.0**	**–**
Additions					20.9
Disposals		−0.7	−11.7	−30.8	−44.1
Gains/losses recorded in profit or loss		–	1.1	–	−23.2
Gains/losses recorded in OCI		−0.3	–	−9.8	–
As of Dec. 31, 2017		**–**	**–**	**–**	**–**
Reclassified upon adoption of IFRS 9	28.8				
Additions	13.6				
Disposals	–				
Gains/losses recorded in profit or loss	–				
Gains/losses recorded in OCI	–				
As of Jun. 30, 2018	**42.4**	**–**	**–**	**–**	**–**

04. Events after the reporting period

On July 13, 2018 Delivery Hero AG (HRB 187081 B) has changed its legal form from a German stock corporation (AG) to a European stock corporation Delivery Hero SE (HRB 198015 B). In this context Jonathan Green, Jeffrey Lieberman, Georg Graf von Waldersee and Janis Zech left the supervisory board. Hilary Gosher as well as the employee representatives Björn Ljungberg, Vera Stachowiak and Semih Yalcin became newly appointed members of the supervisory board.

On July 19, 2018 Delivery Hero Group acquired Cloud Treats Romania SA. (“HipMenu” as well as “HipDelivery”), a food delivery platform based in Cluj, Romania. The entity operates under a mixed model offering both marketplace and own delivery services to end customers. The acquisition in 100% shares of HipMenu represents a strategic investment in the Romanian market. The total transaction value for the acquisition is € 11.6 million.

On August 2, 2018 Delivery Hero announced to spend opportunistically additional investments of up to € 80 million in marketing, restaurant coverage, technology and product capabilities. Further Delivery Hero announced to disinvest its operations in Brazil, Australia, France, Italy and Netherlands as part of its M&A strategy. Accordingly, as of June 30, 2018 the operations in Brazil and Italy are presented as held for sale (refer to section F.03. Assets and Liabilities included in a disposal group classified as held for sale).

The operations in Australia, France and Netherlands are being wound up.

On August 2, 2018 Delivery Hero further announced the investment of € 51 million in Glovo, the leading European, on-demand and multi-vertical delivery platform based in Spain with operations in Spain, Italy, France and many other markets.

On September 7, 2018 Delivery Hero participated in a financing round of Rappi maintaining its minority interest of about 20%.

Berlin, September 11, 2018

Niklas Östberg

Emmanuel Thomassin

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

We hereby confirm that, to the best of our knowledge and in accordance with generally accepted accounting principles, the consolidated interim financial statements give a true and fair view of the consolidated interim financial position of the Group and of its consolidated interim financial performance and its consolidated interim cash flows in accordance with applicable accounting policies for interim reporting, and that the Group interim management report gives a true and fair view of the Group's business development including its performance and financial position, and also describes significant opportunities and risks relating to the Group's anticipated development in the remaining financial year.

Berlin, September 11, 2018

Niklas Östberg   Emmanuel Thomassin

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FINANCIAL CALENDAR

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Due to rounding, it is possible that single figures in this and other documents do not add up exactly to the specified sum and that the percentages shown do not exactly reflect the absolute values to which they relate.

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