Annual Financial Statements and Combined Management Report 2014

(prepared in accordance with German GAAP)

Rocket Internet SE, Berlin

(formerly Rocket Internet AG, Berlin)

Translation from German

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Rocket Internet SE, Berlin (formerly Rocket Internet AG)
Balance sheet as of December 31, 2014

Assets	EUR	EUR	December 31, 2013 EUR
A. Fixed Assets			
I. Intangible assets			
1. Internally generated industrial and similar rights and assets	954,796.00		0.00
2. Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	151,092.99		98,139.51
		1,105,888.99	98,139.51
II. Property, plant and equipment			
Other equipment, operating and business equipment		798,251.29	698,027.00
III. Financial assets			
1. Investments in subsidiaries	57,879,682.44		36,429,425.40
2. Participations	175,269,393.86		45,839,817.82
3. Securities held as fixed assets	19,816,844.30		8,316,183.34
4. Advance payments for financial assets	3,764,476.00		0.00
		256,730,396.60	90,585,426.56
		258,634,536.88	91,381,593.07
B. Current Assets			
I. Inventories			
Work in progress		862,522.95	1,182,179.90
II. Receivables and other assets			
1. Trade receivables	1,183.46		4,267.06
2. Receivables from subsidiaries	41,266,540.38		9,422,719.14
3. Receivables from companies in which a participation is held	11,067,242.51		922,063.82
4. Other assets	1,646,370.71		1,062,469.12
		53,981,337.06	11,411,519.14
III. Cash on hand and bank balances		1,997,681,532.21	385,440,718.59
		2,052,525,392.22	398,034,417.63
C. Prepaid expenses		2,561,484.20	131,239.02
		2,313,721,413.30	489,547,249.72

Equity and Liabilities	EUR	EUR	December 31, 2013 EUR
A. Equity			
I. Subscribed capital Contingent Capital EUR 58,587,727 (PY EUR 0)		153,130,566.00	109,800.00
II. Capital reserves		2,102,942,515.85	370,542,576.15
III. Unappropriated retained earnings		0.00	66,569,170.32
		2,256,073,081.85	437,221,546.47
B. Provisions			
1. Tax provisions	12,004,002.01		12,004,002.01
2. Other provisions	27,133,624.31		19,933,303.67
		39,137,626.32	31,937,305.68
C. Liabilities			
1. Advances received on account of orders	0.00		197,696.57
2. Trade liabilities	16,269,247.36		1,814,152.53
3. Liabilities to subsidiaries	1,029,452.30		1,023,628.92
4. Liabilities to companies in which a participation is held	184,760.58		4,394.10
5. Other liabilities thereof for taxes EUR 468,349.96 (PY EUR 2,192,092.93) Therof for social security EUR 18,013.00 (PY EUR 2,325.89)	1,027,244.89		17,310,743.45
		18,510,705.13	20,350,615.57
D. Deferred income		0.00	37,782.00
		2,313,721,413.30	489,547,249.72

Rocket Internet SE, Berlin (formerly Rocket Internet AG)
Income Statement for financial year 2014

	EUR	EUR	2013 EUR
1. Sales	28,787,222		26,031,350
2. Decrease in work in progress	-319,657		-502,749
3. Other own work capitalized	1,060,885		0
4. Other operating income	5,882,081		187,475,006
thereof invome from currency translation EUR 90,000 (PY EUR 1,000)			
		35,410,530	213,003,607
5. Material expenses			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	500,803		846,457
b) Cost of purchased services	6,185,147		7,195,908
6. Personal expenses			
a) Wages and salaries	15,303,699		22,910,349
b) Social security and other pension costs	2,458,979		2,072,810
thereof retirement benefits EUR 34,000 (PY EUR 29,000)			
7. Depreciation / amortization			
a) of intangible assets and property, plant and equipment	694,042		434,073
b) exceptional write downs on current assets	0		912,491
8. Other operating expenses	20,936,069		17,362,504
thereof expenses from currency translation EUR 97,000 (PY EUR 0)			
		46,078,740	51,734,592
9. Income fromparticipations	0		306,262
10. Income from other securities	72,608		0
11. Other interests and similar income	242,746		432,685
thereof from subsidiaries EUR 55,100 (PY EUR 48,300)			
12. Write downs on financial assets	937,916		3,136,232
13. Interest and similar expenses	2,212		2,914
		-624,774	-2,400,200
14. Result of ordinary activities		-11,292,984	158,868,815
15. Extraordinary expenses	34,569,871		0
16. Extraordinary result		-34,569,871	0
17. Income taxes		0	11,725,494
18. Net loss / net income of the year		-45,862,855	147,143,321
19. Profit carried forward from previous year		66,569,170	0
20. Withdrawals from capital reserves		270,483,219	0
21. Dividend pay-out		291,189,535	80,574,151
22. Unappropriated retained earnings		0	66,569,170

Rocket Internet SE, Berlin
(formerly Rocket Internet AG)

Notes to the Financial Statements 2014

Translation from German

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A. GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

The presented financial statements as of December 31st, 2014 of Rocket Internet SE (until March 18th, 2015, Rocket Internet AG; until July 1st, 2014, Rocket Internet GmbH) have been prepared in accordance with the German Commercial Code provisions (HGB, Sec. 242 et seq. and Sec. 264 et seq.) for corporations and the supplementary provisions of the German Stock Corporation Act (AktG).

As per the reporting date, Rocket Internet SE is classified as a large corporation according to the size criteria set forth in Sec. 267 (3) and (4) sentence 2 of the German Commercial Code.

The structure of the balance sheet follows the provisions of Sec. 266 HGB. The income statement applies the classification by nature of expense method according to Sec. 275 (2) HGB.

B. CONVERSION OF LEGAL FORM OF ROCKET INTERNET GMBH INTO A STOCK CORPORATION (AG)

The shareholders meeting of Rocket Internet GmbH on June 23rd, 2014, passed the resolution to converse the legal form of Rocket Internet GmbH to a stock corporation named “Rocket Internet AG”. With the registration in the Commercial Register Charlottenburg of the District Court of Berlin, the change of the legal form to Rocket Internet AG became effective on July 1st, 2014. According to the Shareholders Resolution all of the GmbH-shareholders received one ordinary share of Rocket Internet AG for each GmbH-share. The calculated proportion of each GmbH-share of the share capital as well as the amount of the share capital remained unaffected. The conversion of Rocket Internet GmbH to a stock corporation (AG) did not lead to a liquidation of the Company or to the formation of a new legal entity. The legal and economic identity of the corporation was not affected.

The General Meeting of Rocket Internet AG as of September 30th, 2014, passed the resolution to converse the legal form of Rocket Internet AG to an European stock corporation (Societas Europaea, SE) named “Rocket Internet SE”. With the registration in the Commercial Register Charlottenburg of the District Court of Berlin, the change of the legal form to Rocket Internet SE became effective on March 18th, 2015. On that day upon completion of conversion all the individuals and entities that were shareholders of Rocket Internet AG became shareholders of Rocket Internet SE. The calculated proportion of each AG-share of the share capital as well as the amount of the share capital remained unaffected. The conversion of Rocket Internet AG to a Societas Europaea (SE) did not lead to a liquidation of the Company or to the formation of a new legal entity. The legal and economic identity of the corporation was not affected.

Observing the reporting date principle all explanations and disclosures in the notes refer to the legal form of a stock corporation (AG), in which the company operated as of the end of the financial year.

Particular effects of the change in legal form are explained in detail in the respective explanatory notes.

C. ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied comply with German Commercial Code provisions (Sec. 238 to 263 HGB). In addition, the Company observed the supplementary provisions concerning the accounting and valuation methods to be applied by corporations.

Intangible assets

Internally generated intangible assets are accounted for in accordance with the relevant capitalization option of Sec. 248 (2) HGB. Internally generated intangible assets are capitalized at production costs and, if they have a limited life, are amortized over their useful lives. Scheduled amortization takes place straight-lined and over the period of 10 years.

Intangible assets acquired from third-parties are recognized to acquisition costs including additional costs less scheduled straight-line amortization. Amortization takes place over their estimated useful lives of three to 10 years.

Property, plant and equipment

Property, plant and equipment are stated at acquisition costs including additional costs or manufacturing costs net of scheduled straight-line depreciation.

Scheduled depreciation is based on the respective assets' estimated useful live. Property, plant and equipment have estimated useful lives between three to 13 years.

Movable fixed assets with acquisition costs of more than EUR 150 but not exceeding EUR 1,000 were included in a collective item for the years from 2008 to 2010. The assets were written down over five years on a pro rata basis.

Since 2011, movable fixed assets involving values of up to EUR 410 have been written off fully in the year of acquisition.

Financial assets

Shares in subsidiaries and participations as well as non-current securities reported under financial assets are stated at acquisition costs or lower fair values. A reversal of impairment losses is recognized when there is an indication that the reasons for write-downs recognized in previous years are no longer given.

Work in progress

Work in progress is recognized at manufacturing costs taking loss-free valuation into account. The manufacturing costs include the minimum components as prescribed under Sec. 255 (2) HGB and mainly relate to personnel expenses and expenses for external services.

Receivables and other assets

Receivables and other assets are generally stated at nominal values. Individual valuation adjustments are recorded if valuation adjustments are required.

Cash and cash equivalents

Cash and cash equivalents are reported at nominal amounts.

Prepaid expenses

Prepaid expenses include payments made that represent expenses for a specified period after the balance sheet date.

Subscribed capital

Subscribed capital is reported at notional value and fully paid in.

Provisions

Tax provisions and other provisions account for all contingent liabilities. The provisions are stated at the settlement amount required in accordance with sound business judgement (i.e. including future price and cost increases). Provisions with residual terms of more than one year are discounted applying the interest rate published by Deutsche Bundesbank (German Federal Reserve Bank).

Liabilities

Liabilities were stated at the respective settlement amounts.

Deferred taxes

To determine deferred taxes arising due to temporary or (quasi-permanent) timing differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carry forwards, the differences are assessed by using the company-specific tax rates at the time they reverse; the amounts of any resulting tax charge and benefit are not discounted. Deferred tax assets and liabilities are offset. The option pursuant to Sec. 274 (1) sentence 2 HGB to recognize net deferred tax assets in excess of deferred tax liabilities was not applied.

Currency translation

Generally, assets and liabilities in a foreign currency are translated with the average exchange rate at the balance sheet date. For items with a remaining life longer than one year, the realization principle was followed according to Sec. 252 (1) No. 4 sentence 2 HGB and the historical cost principle was followed according to Sec. 253 (1) sentence 1 HGB.

D. NOTES TO THE BALANCE SHEET

I. Fixed assets

The development of fixed assets, including amortization, depreciation and write-downs for the financial year is presented in the statement of changes in fixed assets in appendix to the notes.

1. Internally generated intangible assets

In the fiscal year 2014, development costs of internally generated intangible assets of EUR 1,061 thousand (previous year EUR 0 thousand) were capitalized. The costs mainly relate to personnel expenses and expenses for external services as well as to development related material costs.

2. List of Shareholdings

Rocket Internet SE directly holds at least 20% of the shares in the following companies:

Company, Registered Office	Coun-try	Share (%)	Reporting Date	Equity (EUR thousand)	Result (EUR thousand)
Germany					
AEH New Africa eCommerce II GmbH, Berlin	DE	34.6	Dec 31, 2014	23,403.4	- 2.5
Affinitas GmbH, Berlin	DE	21.9	Dec 31, 2013	-11,881.0	-3,098.9
Affinitas Phantom Share GmbH, Berlin	DE	34.4	Dec 31, 2013	4.0	-2
Africa Internet Holding GmbH, Berlin	DE	33.3	Dec 31, 2014	98,761.3	514.5
Bambino 106. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	3,647.3	- 21.5
Bambino 107. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 9.0	- 1.7
Bambino 110. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 8.0	- 3.4
Bambino 50. V V UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 1.6	- 2.2
Bambino 52. V V UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 12.7	- 0.2
Bambino 53. V V UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	638.1	373.3
Bambino 54. V V UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 0.0	- 0.0
Bambino 55. V V UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 9.9	- 1.7
Beauty Trend Holding GmbH, Berlin	DE	59.1	Dec 31, 2012	22,401.6	- 2,469.9
Bonnyprints GmbH, Berlin	DE	77.1	Dec 31, 2014	- 365.2	- 494.7
Brillant 1259. GmbH, Berlin	DE	100.0	Dec 31, 2014	25.8	- 3.2
Brillant 1422. GmbH, Berlin	DE	100.0	Dec 31, 2014	5.0	- 3.5

Company, Registered Office	Coun-try	Share (%)	Reporting Date	Equity (EUR thousand)	Result (EUR thousand)
Brillant 1423. GmbH, Berlin	DE	100.0	Dec 31, 2014	23.8	- 2.8
CD Rocket Holding UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 3.2	- 2.4
CityDeal Management II UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	1.7	1.7
CityDeal Management UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 8.1	- 0.9
Classmarkets GmbH, Berlin	DE	52.8	Dec 31, 2013	263.0	- 193.3
Comparamor GmbH i.L., Berlin	DE	44.7	30.06.2014	23.6	- 3.5
Cuponation Group GmbH, München	DE	40.4	Dec 31, 2014	10,359.5	- 5,165.5
European Founders Fund Investment GmbH, München	DE	100.0	Dec 31, 2014	129.0	- 2.2
European Founders Fund Nr. 2 Geschäftsführungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	-
EFF Nr. 2 Portfolio Management UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	0.5	- 1.0
EFF Nr. 2 Portfolio Verwaltungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	- 1.0
European Founders Fund Nr. 2 Verwaltungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	- 1.0
European Founders Fund Nr. 3 Management GmbH, München	DE	100.0	Dec 31, 2014	25.0	-
EFF Nr. 3 Portfolio Management UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	0.5	- 1.0
EFF Nr. 3 Portfolio Verwaltungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	- 1.0
European Founders Fund Nr. 3 Verwaltungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	-
FabFurnish GmbH, Berlin	DE	29.2	Dec 31, 2014	30,875.8	6.9
Global Founders Capital Management GmbH, München	DE	100.0	Dec 31, 2014	72.1	- 45.7
GFC Nr. 1 Portfolio Management UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	0.5	- 1.0
GFC Nr. 1 Portfolio Verwaltungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	- 1.0
Global Founders Capital Verwaltungs GmbH, München	DE	100.0	Dec 31, 2014	25.0	- 1.0
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1, München	DE	100.0	Dec 31, 2014	40,823.0	2,400.8
Goodbeans GmbH, Berlin	DE	33.9	Dec 31, 2012	748.3	- 63.8
HelloFresh GmbH, Berlin	DE	43.3	Dec 31, 2013	10,970.8	- 2,053.2
Home24 GmbH, Berlin	DE	49.6	Dec 31, 2013	57,776.9	- 20,532.6
International Rocket GmbH & Co. KG, Berlin	DE	100.0	Dec 31, 2014	- 3.4	- 0.2
Jade 1085. GmbH, Berlin	DE	100.0	Dec 31, 2014	77.3	1.0
Jade 1158. GmbH, Berlin	DE	68.2	Dec 31, 2014	1,862.7	- 0.3
Jade 1183. GmbH, Berlin	DE	100.0	Dec 31, 2014	13.8	- 0.1
Jade 1217. GmbH, Berlin	DE	88.9	Dec 31, 2014	2,494.8	- 9.4
Jade 1223. GmbH, Berlin	DE	73.9	Dec 31, 2012	17.0	- 5,501.0
Jade 1231. GmbH, Berlin	DE	100.0	Dec 31, 2014	- 501.7	- 0.3
Jade 1232. GmbH, Berlin	DE	100.0	Dec 31, 2014	- 128.6	- 0.6
Jade 1234. GmbH, Berlin	DE	100.0	Dec 31, 2014	16.7	- 0.6
Jade 1236. GmbH, Berlin	DE	100.0	Dec 31, 2014	18.2	- 2.3

Company, Registered Office	Coun-try	Share (%)	Reporting Date	Equity (EUR thousand)	Result (EUR thousand)
Jade 1238. GmbH, Berlin	DE	73.7	Dec 31, 2014	29.4	- 3.2
Jade 1240. GmbH, Berlin	DE	100.0	Dec 31, 2014	56.1	- 1.0
Jade 1241. GmbH, Berlin	DE	100.0	Dec 31, 2014	4.5	- 1.5
Jade 1242. GmbH, Berlin	DE	100.0	Dec 31, 2014	15.4	- 0.4
Jade 1246. GmbH, Berlin	DE	79.7	Dec 31, 2014	11.7	- 0.8
Jade 1247. GmbH, Berlin	DE	100.0	Dec 31, 2014	13.0	- 5.4
Jade 1265. GmbH, Berlin	DE	89.2	Dec 31, 2014	- 58.1	- 0.1
Jade 1279. GmbH, Berlin	DE	100.0	Dec 31, 2014	21.7	- 0.6
Jade 1317. GmbH, Berlin	DE	92.0	Dec 31, 2014	2,778.8	- 3.3
Jade 1318. GmbH, Berlin	DE	62.9	Dec 31, 2014	2,473.1	- 6.4
Jade 1319. GmbH, Berlin	DE	99.4	Dec 31, 2014	17.1	- 2.4
Jade 1356. GmbH, Berlin	DE	100.0	Dec 31, 2014	21.9	-
Jade 1368. GmbH, Berlin	DE	100.0	Dec 31, 2014	50.0	- 3.1
Jade 1371. GmbH, Berlin	DE	100.0	Dec 31, 2014	23.6	- 0.8
Jade 1372. GmbH, Berlin	DE	100.0	Dec 31, 2014	19.1	- 2.3
Jade 1375. GmbH, Berlin	DE	100.0	Dec 31, 2014	21.2	- 3.0
Jade 940. GmbH, Berlin	DE	100.0	Dec 31, 2014	44.0	96.9
Juwel 155. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 11.1	0.2
Juwel 156. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 464.6	- 0.3
Juwel 167. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 3.6	- 0.3
Juwel 169. VV UG (haftungsbeschränkt), Berlin	DE	100.0	Dec 31, 2014	- 25.3	- 22.5
MKC Brillant Services GmbH, Berlin	DE	65.0	Dec 31, 2014	101,435.1	- 340.8
Mondstein 284. GmbH, München	DE	29.7	Dec 31, 2012	17.0	- 5,501.0
Netzoptiker GmbH, Limburg	DE	42.8	Dec 31, 2012	205.9	- 890.2
New BGN Other Assets II GmbH, Berlin	DE	34.6	Dec 31, 2014	10,035.5	1.6
New Bigfoot Other Assets GmbH, Berlin	DE	29.2	Dec 31, 2014	22.6	- 2.4
New Middle East Other Assets GmbH, Berlin	DE	30.9	Dec 31, 2014	22.6	- 2.4
Payleven Holding GmbH, Berlin	DE	52.4	Dec 31, 2012	8,417.7	- 5,609.2
Paymill Holding GmbH, Berlin	DE	49.6	Dec 31, 2013	8,026.4	- 150.8
Plinga GmbH, Berlin	DE	34.5	Dec 31, 2012	1,188.8	- 1,960.6
PTH Brillant Services GmbH, Berlin	DE	76.0	Dec 31, 2012	5,009.8	- 15.2
R2 International Internet GmbH, Berlin	DE	59.2	Dec 31, 2014	452.5	- 9.6
Rocket Internet Munich GmbH, München	DE	100.0	Dec 31, 2014	- 13.6	- 11.9
Rocket Middle East GmbH, Berlin	DE	100.0	Dec 31, 2014	18.9	- 1.8
TIN Brillant Services GmbH, Berlin	DE	51.6	Dec 31, 2012	71,508.3	- 224.9
Upside Shopping GmbH, Berlin	DE	47.6	Dec 31, 2012	- 58.1	- 11.4
VRB GmbH & Co. B-101 (Einhunderteins) KG, Berlin	DE	100.0	Dec 31, 2014	- 0.2	- 0.2
Webpotentials GmbH, Berlin	DE	45.2	Dec 31, 2013	174.5	19.0
Wimdu GmbH, Berlin	DE	52. 5	Dec 31, 2013	21,437.0	- 36,365.0

Company, Registered Office	Coun-try	Share (%)	Reporting Date	Equity (EUR thousand)	Result (EUR thousand)
Foreign Countries					
Asia Internet Holding S.à r.l., Luxembourg	LUX	50.0	Dec 31, 2014	50,362.0	- 788.3
Bonativo Global S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 6.1	- 20.7
Digital Services Holding I S.à r.l., Luxembourg	LUX	81.4	Dec 31, 2014	1,544.4	- 67.4
Digital Services Holding IV S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 1.5	- 14.0
Shopwings Global S.à r.l. (ehem. Digital Services Holding XXI S.à r.l., Luxembourg	LUX	90.0	Dec 31, 2014	- 72.1	- 89.4
Digital Services Holding XXII S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 20.2	- 32.7
Digital Services XVI S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 442.1	- 454.6
Digital Services XVII S.à r.l., Luxembourg	LUX	90.9	Dec 31, 2014	1,480.1	- 32.4
Digital Services XVIII S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	7.5	- 5.0
Digital Services XXIV S.à r.l., Luxembourg	LUX	65.9	Dec 31, 2014	6,115.5	- 139.3
Digital Services XXIX S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	18.4	- 6.6
Digital Services XXV S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	15.5	- 9.5
Digital Services XXVI S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	15.3	- 9.8
Digital Services XXVII S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	15.2	- 9.8
Digital Services XXVIII S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	14.7	- 10.3
Digital Services XXX S.à r.l., Luxembourg	LUX	77.5	Dec 31, 2014	3,512.6	- 515.3
Digital Services XXXI S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	15.4	- 9.6
Digital Services XXXII S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	15.3	- 9.7
ECommerce Holding IV S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 6.3	- 10.2
Ecommerce Holding Pay S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 38.2	- 33.0
Emerging Markets Capital S.à r.l., Luxembourg	LUX	100.0	n/a	n/a	n/a
Emerging Markets Online Food Delivery Holding S.à r.l., Luxembourg	LUX	49.7	n/a	n/a	n/a
Global Fashion Holding S.A. Luxembourg	LUX	30.7	Dec 31, 2014	2,055,959.5	- 71.4
Global Fin Tech Holding S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 18.2	- 30.7
Helpling Asia Top Holding S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 55.3	- 67.8
Helpling Group Holding S.à r.l., Luxembourg	LUX	42.0	Dec 31, 2014	13,219.4	- 347.1
Moneda Top-Holding S.à r.l., Luxembourg	LUX	100.0	Dec 31, 2014	- 10.0	- 22.5
RI Capital S.à r.l., Luxembourg	LUX	100.0	n/a	n/a	n/a
GP Management Limited, Birkirkara	MT	99.9	n/a	n/a	n/a

3. Advance payments for financial assets

Advance payments for financial assets with an amount of EUR 3,764 thousand related to the acquisition of shares, the ownership of which has not yet passed as of December 31, 2014, due to unfulfilled conditions precedent. Purchase prices were fully paid before balance-sheet date.

II. Current assets

1. Inventories

Inventories with an amount of EUR 863 thousand (previous year EUR 1,182 thousand) are unfinished services in conjunction with the development of websites and internet shops for planned business models. Those costs mainly consist of personal expenses as well as expenses for external services.

2. Receivables and other assets

Receivables and other assets as balance sheet date comprise the following:

	Dec 31st, 2014 (EUR thousand)	Dec 31st, 2013 (EUR thousand)
Trade receivables	1	4
- thereof with a residual term of more than one year	0	0
Receivables from subsidiaries	41,267	9,423
- thereof with a residual term of more than one year	0	0
Receivables from companies in which a participation is held	11,067	922
- thereof with a residual term of more than one year	0	0
Other assets	1,646	1,062
- thereof with a residual term of more than one year	0	8

Receivables from subsidiaries in the amount of EUR 41,267 thousand (previous year EUR 9,423 thousand) contain loan receivables of EUR 38,769 thousand and trade receivables of EUR 3,248 thousand. Individual valuation adjustments are recorded in the amount of EUR 750 thousand.

Receivables from companies in which participation is held in the amount of EUR 11,067 thousand (previous year EUR 922 thousand) contain loan receivables of EUR 4,764 thousand and trade-receivables of EUR 6,303 thousand.

Other assets in the amount of EUR 1,646 thousand (previous year EUR 1,062 thousand) mainly contain tax-receivables.

III. Cash in hand and bank balances

Cash and cash equivalents in the amount of EUR 1,997,682 thousand (previous year 385,441 thousand) relate to cash in hand and balances with banks. These balances include US-Dollar with an amount of EUR 2,548 thousand (previous year 0 thousand).

Cash balances with banks with an amount of EUR 444 thousand (previous year EUR 444 thousand) are restricted deposits used as security for rental guarantee of Deutsche Bank AG.

IV. Prepaid expenses

Prepaid expenses of EUR 2,561 thousand mainly consist of prepaid premiums for long-term insurance.

V. Equity

1. Subscribed capital

The subscribed capital of the Company registered in the commercial register with an amount of EUR 153,130,566 was fully paid in. The registered share capital is divided into 153,130,566 no-par value bearer shares (shares without a nominal value). The share capital increased from EUR 109,800 to EUR 153,130,566 in the financial year.

In February 2014 the shareholder resolved to convert a liability to a shareholder into equity resulting in a share capital increase of EUR 546.

By the capital increase resolution dated August 22nd, 2014 (I) capital reserves in the amount of EUR 33,152 pursuant to Sec. 266 (3) A II HGB were converted in share capital pursuant to Sec. 207 et seq. AktG.

By the capital increase resolution dated August 22nd, 2014 (II) the share capital was increased by EUR 15,944 by issuance of new no-par value bearer shares in exchange for cash contributions.

By the capital increase resolution dated August 22nd, 2014 (III) the share capital was increased by EUR 25,527 by issuance of new no-par value bearer shares in exchange for cash contributions.

By the capital increase resolution dated August 22nd, 2014 (IV) the share capital was increased by EUR 4,766 by issuance of new no-par value bearer shares in exchange for cash contributions.

By the capital increase resolution dated August 22nd, 2014 (V) the share capital of the Company was increased by EUR 119,912,520 via the capital increase from retained earnings according to Sec. 207 et seq. AktG. The capital increase was carried out by conversion of a capital reserve in accordance with Sec. 266 (3) A II HGB.

By resolution of the General Meeting dated August 22nd, 2014, the Management Board is authorized to increase the registered capital of the Company until 21st of August, 2019, with the consent of the Supervisory Board once or repeatedly, by up to a total of EUR 60,051,127 by the issuance of up to 60,051,127 new no-par value bearer shares with the value of EUR 1 against contributions in cash or in kind (Authorized Capital 2014). In the course of the initial public offering on October 2nd, 2014, a number of 33,028,311 new shares with a value of EUR 1 each were issued, leaving a remainder of 27,022,816 of the Authorized Capital as of December 31st, 2014.

By resolution of the General Meeting dated September 8th, 2014, the share capital of the Company was conditionally increased by up to EUR 4,541,712 by issuance of up to 4,541,712 new registered no-par value shares (Conditional Capital 2014 / I). The conditional capital increase will only be implemented to the extent that such subscription rights will be issued to the member of the Management Board of the Company, Mr. Oliver Samwer, in accordance with the Stock Option Program 2014 /I.

By resolution of the General Meeting dated September 8th, 2014, the share capital of the Company was conditionally increased by up to EUR 6,005,113 by issuance of up to 6,005,113 new registered no-par value shares (Conditional Capital 2014 / II). The conditional capital increase will only be implemented to the extent that such subscription rights will be issued in accordance with the Stock Option Program 2014 / II to members of the Management Board (except for Mr. Oliver Samwer) and employees of the Company as well as members of the management bodies and employees of companies affiliated with the Company pursuant to Sec. 15 et seq. AktG.

By resolution of the General Meeting dated September 8th, 2014, the share capital of the Company was conditionally increased by up to EUR 48,040,902 by issuance of up to 48,040,902 no-par value registered shares (Conditional Capital 2014 / III). The conditional capital increase shall be used to grant shares when options or conversion rights are exercised or options or conversion obligations are fulfilled vis- à-vis the holders or creditors of the bonds with warrants, convertible bonds, profit participation rights, and/or participating bonds issued on the basis of the authorization resolution of the General Meeting. The conditional capital increase shall only be implemented to the extent to which the holders or creditors of bonds make use of their options or conversion rights or fulfill the options or conversion obligations arising out of such bonds, and insofar as other forms of fulfilment are not used.

2. Capital reserves

During the financial year the capital reserves increased by EUR 1,732,400 thousand from EUR 370,543 thousand to EUR 2,102,943 thousand.

The shareholders of the Rocket Internet SE agreed in February 2014 to convert a liability to a shareholder in equity resulting in an increase of the capital reserve by EUR 14,477 thousand.

In the course of the merger of the Rocket Beteiligungs GmbH with the Rocket Internet SE the capital reserve was reduced with a value corresponding to the carrying amount of the 100% shareholding in the Rocket Beteiligungs GmbH amounting to EUR 7,235 thousand.

The shareholders of the Company agreed to make advance dividend pay-outs in the amount of EUR 291,189 thousand in May 2014. The distributions were made by withdrawals from the capital reserves in the amount of EUR 270,483 thousand after offsetting with the unappropriated retained earnings.

In the course of the capital increase resolution dated August 22nd, 2014 (I) capital reserves amounting to EUR 33 thousand pursuant to Sec. 266 (3) A II HGB were converted in share capital pursuant to Sec. 207 et seq. AktG.

In the course of the capital increase resolution dated August 22nd, 2014 (II) allocations to the capital reserve in the amount of EUR 333,326 thousand were made as a consequence of additional paid-in capital for the acquisition of new shares.

In the course of the capital increase resolution dated August 22nd, 2014 (III) allocations to the capital reserve in the amount of EUR 380,514 thousand were made as a consequence of additional paid-in capital for the acquisition of new shares.

In the course of the capital increase resolution dated August 22nd, 2014 (IV) allocations to the capital reserve in the amount of EUR 31,072 thousand were made as a consequence of additional paid-in capital for the acquisition of new shares.

In the course of the capital increase resolution dated August 22nd, 2014 (V) capital reserves in the amount of EUR 119,913 thousand pursuant to Sec. 266 (3) A II HGB were converted in share capital pursuant to Sec. 207 et seq. AktG.

In the course of the initial public offering on October 2nd, 2014, a share premium in the amount of EUR 1,370,675 thousand was realized and allocated to the capital reserve.

3. Profit carried forward

Net income for the year 2013 amounting to EUR 66,569 thousand was fully reclassified to retained earnings in 2014.

VI. Provisions

1. Tax provisions

Tax provisions include income taxes for previous years.

2. Other provisions

Other provisions in the amount of EUR 24,000 thousand (previous year EUR 19,160 thousand) include attributable to call-options not exercised and compensation agreements. In addition the provisions were recorded to account for outstanding supplier invoices (EUR 1,613 thousand, previous year EUR 68 thousand).

VII. Liabilities

The liabilities' maturities as of December 31st, 2014, are shown in the following schedule:

	Dec 31st, 2014 (EUR thousand)	Dec 31st, 2013 (EUR thousand)
Advances received on account of orders	0	198
- thereof with a residual term of more than one year	0	0
Trade liabilities	16,269	1,814
- thereof with a residual term of more than one year	0	0
Liabilities to subsidiaries	1,029	1,024
- thereof with residual term of more than one year	0	0
Liabilities to companies in which a participation is held	185	4
- thereof with a residual term of more than one year	0	0
Other liabilities	1,027	17,311
- thereof with a residual term of more than one year	284	210

VIII. Contingent liabilities and other financial obligations

1. Contingent liabilities

As of December 31st, 2014, there are no unaccounted contingent liabilities according to Sec. 251 HGB.

2. Other financial obligations

As of December 31st, 2014, there are other financial obligations of EUR 42,816 thousand. In particular these obligations relate to the following items:

	Up to 1 year (EUR thousand)	1 - 5 years (EUR thousand)	> 5 years (EUR thousand)	total (EUR thousand)
Rents and similar obligations	1,154	522	0	1,676
Capital contribution and investment contributions	41,140	0	0	41,140
Total	**42,294**	**522**	**0**	**42,816**

IX. Related party transactions

Related parties are shareholders with significant influence on Rocket Internet SE, associated companies, non-consolidated subsidiaries and individuals that exercise significant influence on the financial and business policy of Rocket Internet SE. Persons that exercise significant influence on Rocket Internet SE financial and business policy comprise all individuals and key positions and their close family members. Within the Rocket Group, this relates to Rocket Internet SE Managing Directors or, following the change in legal form into an AG, the members of the Management Board and the Supervisory Board. No transactions at unusual market terms were conducted with related parties in the financial year 2014.

Global Founders GmbH, Munich, notified us according to Sec. 20 (1) Stock Corporation Act (AktG), that it directly holds more than one quarter of the shares in Rocket Internet SE.

E. NOTES TO THE INCOME STATEMENT

I. Sales

The following chart shows the composition of sales by segment and region:

	Dec 31st, 2014 (EUR thousand)	Dec 31st, 2013 (EUR thousand)
Sales per segment		
- Consultancy	18,917	17,814
- Software licenses	3,596	4,919
- Infrastructure services	3,987	1,561
- Benefits in kind	2,287	1,737
Total	**28,787**	**26,031**
Sales per region		
- Germany	22,474	21,885
- Other EU countries	3,130	838
- South America	80	319
- Africa	94	103
- Asia	2,716	1,801
- Australia / Oceania	293	1,085
Total	**28,787**	**26,031**

II. Write downs on financial assets

Permanent value adjustments caused write downs on financial assets with an amount of EUR 938 thousand (previous year EUR 3,136 thousand). Those write-offs are mainly related to the following companies:

	Type of value adjustment	Dec 31st, 2014 (EUR thousand)	Dec 31st, 2013 (EUR thousand)
Digital Service Holding I S.à r.l.	full write down	386.4	
Bonnyprints GmbH	full write down	355.7	
care.com, Inc.	lower fair value	172.7	
Beauty Trend Holding GmbH	full write down		2,270.9
Payleven Holding GmbH	full write down		524.9
Jade 1318. GmbH	full write down		255.1
Total		**914.8**	**3,050.9**

The write down to a memo value of EUR 1 is carried out if an existing business model is assessed by the members of management board as no longer sustainable.

III. Extraordinary expenses

In connection with the initial public offering on October 2nd, 2014, Rocket Internet SE incurred extraordinary expenses, directly attributable to the raising of capital, of EUR 34,423 thousand that otherwise would have been avoided. The costs mainly contain commission for banks. Furthermore the merger with Rocket Beteiligungs GmbH resulted in a merger loss of EUR 147 thousand.

IV. Income and expenses for other accounting periods

Off-period expenses amount of EUR 39 thousand and mainly related to legal and professional costs as well as to audit fees (previous year EUR 16 thousand). Off-period income amounts to EUR 1,075 thousand (previous year EUR 4 thousand) and related to reversal of provisions (EUR 539 thousand) as well as income caused by write-ups of financial assets (EUR 536 thousand; thereof EUR 525 thousand caused by write-up of Payleven Holding GmbH).

V. Dividend restriction

In accordance with Sec. 268 (8) HGB, distribution of profit is restricted as follows due to the recognition of assets in the balance sheet:

Profit distribution restriction from the capitalization of:	**EUR thousand**
Internally generated intangible assets	954.8
Total	**954.8**

VI. Taxes on earnings and income

Income taxes solely relate to corporate income taxes (EUR 5,721 thousand) and local business taxes (EUR 5,582 thousand).

F. OTHER DISCLOSURES

I. Managing Directors

In the first half of 2014, the Company´s management comprised of the following members:

Name	Position
Arnt Jeschke	Managing Director Finance
Alexander Kudlich	Managing Director Business Development
Dr. Johannes Bruder	Managing Director Marketing and Products

II. Management Board

1. Members of the Management Board

After the conversion into a stock corporation in July 2014, the following members were elected into the Management Board:

Name	Position
Oliver Samwer	Chief Executive Officer
Peter Kimpel	Chief Financial Officer
Alexander Kudlich	Group Managing Director

2. Remuneration of Managing Directors and the Management Board

According to the Shareholder Resolution dated August 22nd, 2014, Rocket Internet SE makes use of the exemption to individually disclose the remuneration of all members of the Management Board for the financial years 2014 to 2018 according to Sec.s 286 (5), 314 (2) sentence 2, and 315a (1) HGB.

The members of the Management Board of Rocket Internet SE (until the change in legal form: Managing Directors of Rocket Internet GmbH) received a remuneration in cash of EUR 1,134 thousand. In the financial year 2014, the members of the Management Board have received 5,450,054 stock options with a grant date fair value of EUR 95,569 thousand. The stock options issued to the Management Board vest over a five-year vesting period for the Chief Executive Officer of the Management Board respectively ten years for other Management Board members. The first tranche vests after a period of four years. All other tranches vest monthly for the Chief Executive Officer of the management board and annually for the other members of the Management Board. The vested share options can be exercised after four years for the first time, and are exercisable within three weeks after the publication of quarterly, half-year and annual financial statements.

III. Supervisory Board

1. Members of the Supervisory Board

As per December 31st, 2014, the Supervisory Board of Rocket Internet SE is composed of the following members:

Name	Function	Position	Member since
Lorenzo Grabau	Chairman	CEO of Investment AB Kinnevik	June 23, 2014
Prof. Dr. Marcus Englert	Vice-chairman	Former Supervisory Board member and Chief New Media Officer of ProSiebenSat.1, Associate Partner of Solon Management Consulting	August 22, 2014
Prof. Dr. h.c. Roland Berger		Founder and former CEO of Roland Berger Strategy Consultants	August 22, 2014
Ralph Dommermuth		CEO of United Internet AG	August 22, 2014
Napoleon L. Nazareno		CEO of Philippine Long Distance Telephone Company	August 22, 2014
Erik Miteregger		Supervisory Board Member of Investment AB Kinnevik	June 23, 2014
Daniel Schinar		Vice President and Head of Technology Investments at Clal Industries Ltd	August 22, 2014
Dr. Erhard Schipporeit		Management Consultant, former CFO of E.ON AG	August 22, 2014
Philip Yea		Supervisory Board member of bwin.party digital entertainment plc, former CEO of 3i Group plc	August 22, 2014

The former members of the Supervisory Board during the financial year 2014:

Name	Function	Position	Since / until
Jörg Mohaupt	Vice-chairman	Director Technology, Media and Telecommunication (TMT) at Access Industries	June 23, 2014 / August 22, 2014
Uwe Gleitz		Senior Vice President Investments at Rocket Internet SE	June 23, 2014 / August 22, 2014
Christian von Hardenberg		Technical Director at Rocket Internet SE	June 23, 2014 / August 22, 2014
Dr. Franziska Leonhardt		Director Legal Affairs at Rocket Internet SE	June 23, 2014 / August 22, 2014

2. Remuneration of the Supervisory Board

Rocket Internet SE has established pro-rata provisions for the remuneration of the Supervisory Board amounting to EUR 89 thousand. Furthermore, members of the Supervisory Board claimed compensation of travel expenses incurred in conjunction with fulfilment of their duties amounting of EUR 6 thousand.

IV. Number of staff

Rocket Internet SE employed 336 staff as of December 31st, 2014 (previous year 233). The average number of employees according to Sec. 267 (5) HGB was as follows:

	Dec 31st, 2014	Average 2014
Senior management	5	4
White-collar staff	325	251
Apprentices	6	5
Total	**336**	**260**

V. Group relationships

As an ultimate parent company Rocket Internet SE, Berlin, prepares consolidated financial statements for the financial year from January 1 through December 31, 2014 according to Sec. 290 (1) HGB.

VI. Audit and consulting fees

According to Sec. 285 (17) HGB, Rocket Internet SE does not disclose auditor fees. Information included in the disclosures in the consolidated financial statements.

VII. Research and development costs

Research and development costs amounting to EUR 1,061 thousand were incurred in the fiscal year 2014 and were capitalized as internally generate intangible assets. These costs relate to the development of an internet shop system.

Berlin, March 31, 2015

Rocket Internet SE

The Management Board

Oliver Samwer Peter Kimpel Alexander Kudlich

Rocket Internet SE, Berlin (formerly Rocket Internet AG) - Appendix to the notes
Development of the fixed assets in 2014

	Acquisition and manufacturing cost					Accumulated amortization, depreciation and write downs						Net book values	
	January 1, 2014 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	December 31, 2014 EUR	January 1, 2014 EUR	Additions EUR	Disposals EUR	Write ups EUR	Reclassifications EUR	December 31, 2014 EUR	December 31, 2014 EUR	December 31, 2013 EUR
I. Intangible assets													
1. Internally generated industrial and similar rights and assets	0.00	1,060,885.18	0.00	0.00	1,060,885.18	0.00	106,089.18	0.00	0.00	0.00	106,089.18	954,796.00	0.00
2. Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	186,333.44	89,444.22	0.00	0.00	275,777.66	88,193.93	36,490.74	0.00	0.00	0.00	124,684.67	151,092.99	98,139.51
	186,333.44	1,150,329.40	0.00	0.00	1,336,662.84	88,193.93	142,579.92	0.00	0.00	0.00	230,773.85	1,105,888.99	98,139.51
II. Property, plant and equipment													
Other equipment, operating and business equipment	1,478,618.18	1,028,814.82	641,211.40	0.00	1,866,221.60	780,591.18	551,462.30	264,083.17	0.00	0.00	1,067,970.31	798,251.29	698,027.00
III. Financial assets													
1. Investments in subsidiaries	44,135,796.79	144,315,952.49	7,694,274.21	-119,821,573.17	60,935,901.90	7,706,371.39	765,255.01	2,872.06	524,913.34	-4,887,621.54	3,056,219.46	57,879,682.44	36,429,425.40
2. Participations	48,868,546.05	64,744,043.02	37,700,094.88	106,168,740.51	182,081,234.70	3,028,728.23	0.00	1,104,508.93	0.00	4,887,621.54	6,811,840.84	175,269,393.86	45,839,817.82
3. Securities held as fixed assets	8,316,183.34	746,827.23	2,726,337.92	13,652,832.66	19,989,505.31	0.00	172,661.01	0.00	0.00	0.00	172,661.01	19,816,844.30	8,316,183.34
4. Advance payments for financial assets	0.00	3,764,476.00	0.00	0.00	3,764,476.00	0.00	0.00	0.00	0.00	0.00	0.00	3,764,476.00	0.00
	101,320,526.18	213,571,298.74	48,120,707.01	0.00	266,771,117.91	10,735,099.62	937,916.02	1,107,380.99	524,913.34	0.00	10,040,721.31	256,730,396.60	90,585,426.56
	102,985,477.80	215,750,442.96	48,761,918.41	0.00	269,974,002.35	11,603,884.73	1,631,958.24	1,371,464.16	524,913.34	0.00	11,339,465.47	258,634,536.88	91,381,593.07

Rocket Internet SE, Berlin
(former Rocket Internet AG)

Management Report for the Group and Parent Company 2014

Table of contents

1. Fundamentals of the Company and the Group

1.1 Business Modell

1.1.1 Business Activities

Rocket Internet SE, based in Johannisstrasse 20, 10117 Berlin, Germany, is one of the leading Internet platforms outside the United States and China. Since October 2, 2014 the shares of the Rocket Internet SE (until March 18, 2015 Rocket Internet AG, until July 1, 2014 Rocket Internet GmbH), hereinafter also referred to as “Rocket“, the “Company“, “parent Company“, the “Rocket Group“ or the “Group“, are traded on the Entry Standard of the Frankfurt Stock Exchange.

Rocket was founded in 2007 and has since established numerous equity investments with activities in more than 110 countries on six continents. Rocket identifies and builds proven Internet business models, which it implements through the development of online companies. It targets mainly new, underserved or untapped markets, in which new companies will be scaled to market leadership positions. Rocket focuses on proven business models with a low customer acceptance risk.

A standardized approach for the formation of companies enables Rocket to bring a company to market in just a few months after the project start. The goal is that companies achieve operational independence under the leadership of the parent company.

Rocket has a flexible and scalable technology platform, which enables realizing more than ten new projects per year in its five target regions:

- Europe (excluding Russia and CIS),
- Latin America,
- Russia and CIS,
- Asia-Pacific (excluding China),
- Africa and Middle-East.

Rocket is focused on proven Internet-based business models that satisfy basic consumer needs across four core sectors:

- eCommerce (online trade),
- Marketplaces (specialized online markets for goods and services),
- Financial Technology (portals for intermediation of loans as well as payment services),
- Travel (new segment since November 2014, online travel bookings, package holidays and transport).

Furthermore, Rocket Group performs a range of IT, marketing and other services, in particular commercial and technical consulting services for its subsidiaries and non-consolidated equity investments. Rocket is usually intensely involved in the strategic leadership and tactical implementation of the business plans of network companies.

Rocket has created the Rocket platform to systematize the process of identifying, building and scaling Internet companies around the world. The goal is to identify commonalities within different business models and leverage these via a platform approach to optimize the building and scaling process. The platform rests on four pillars:

- Infrastructure

The central elements of infrastructure are Rocket's experts along the functional areas of an Internet business, regional leadership, entrepreneurs and strategic partners. This combination enables us to quickly respond to the respective market's particularities. At the same time, network structures can be developed with regional and supra-regional partners to speed up the building and scaling of Internet companies and to create barriers to entry for competitors.

- Processes

Rocket aims to reduce the customer adoption risk when a new company is built by transferring already existing concepts into untapped or underserved markets. Its processes begin with the identification of concepts and possible target markets. Next, the business is implemented and rolled out to the identified target markets in order to reach market leadership by scaling the business and creating sustainable successful companies.

- Technology

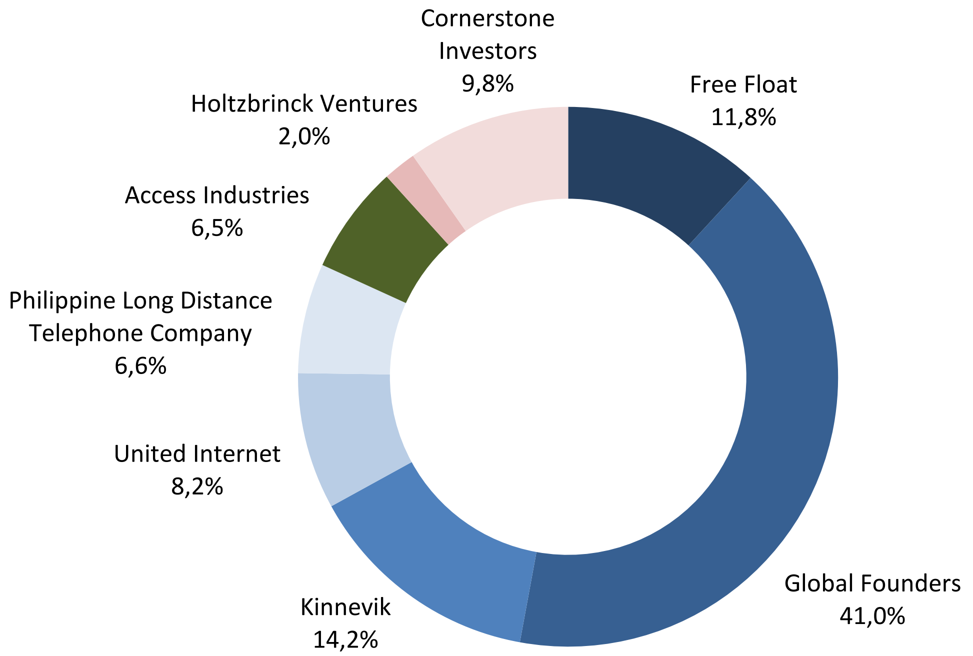
Rocket Group has developed technology platforms for eCommerce, Marketplaces and Financial Technology that can be easily adapted to the specific needs of subsidiaries and associated companies of the group (subsequently referred to as “network companies”). Furthermore, Rocket provides its network companies with a series of other tools along the value-chain of an Internet company.

- Network

The Rocket network consists of companies on six continents mainly in the areas of eCommerce, Marketplaces, Financial Technology and Travel. Within the network, experience and expertise are shared, business areas and models connected and the usage of human resources optimized.

1.1.2 Legal Structure of the Group / Locations

As of December 31, 2014 the shareholder structure was as follows:



Regarding the capital increase, which took place after the reporting period end, please refer to section “3 Events after the Reporting Date”.

Rocket has a network of international Rocket offices as well as a large number of network companies in countries that are particularly relevant for online business.

While Rocket as well as some service center subsidiaries focus on providing services along the different functional areas of an Internet business, the operational business in the four target sectors (eCommerce, Marketplaces, Financial Technology and Travel) is carried out exclusively by Rocket’s fully consolidated subsidiaries and associated companies under the umbrella of specifically created consumer brands.

In its role as group holding, Rocket fulfils central functions including operational investment management, accounting, group financial reporting, press and investor relations, risk management and internal audit as well as human resources.

Rocket typically owns directly or indirectly 80% to 90% of its companies at the time of launch, with the remainder set aside for management equity participations. In subsequent financing rounds, the companies attract the equity financing necessary to expand their business from Rocket and other external investors. The external equity financing is provided by our local strategic partners and strategic and financial investors, including existing Rocket shareholders. These investments are either made directly into the company or indirectly into an intermediate holding company or a Regional Internet Group. Historically, this has meant that the direct and indirect stakes of Rocket in a company have decreased over time to less than 50%. Furthermore, for several companies in which Rocket holds a participation of more than 50%, shareholder agreements exist that lead to ongoing restrictions of Rocket's control over the relevant business activities of those network companies. Therefore, Rocket does not consolidate most of its significant companies but accounts for them by applying the rules for associated companies.

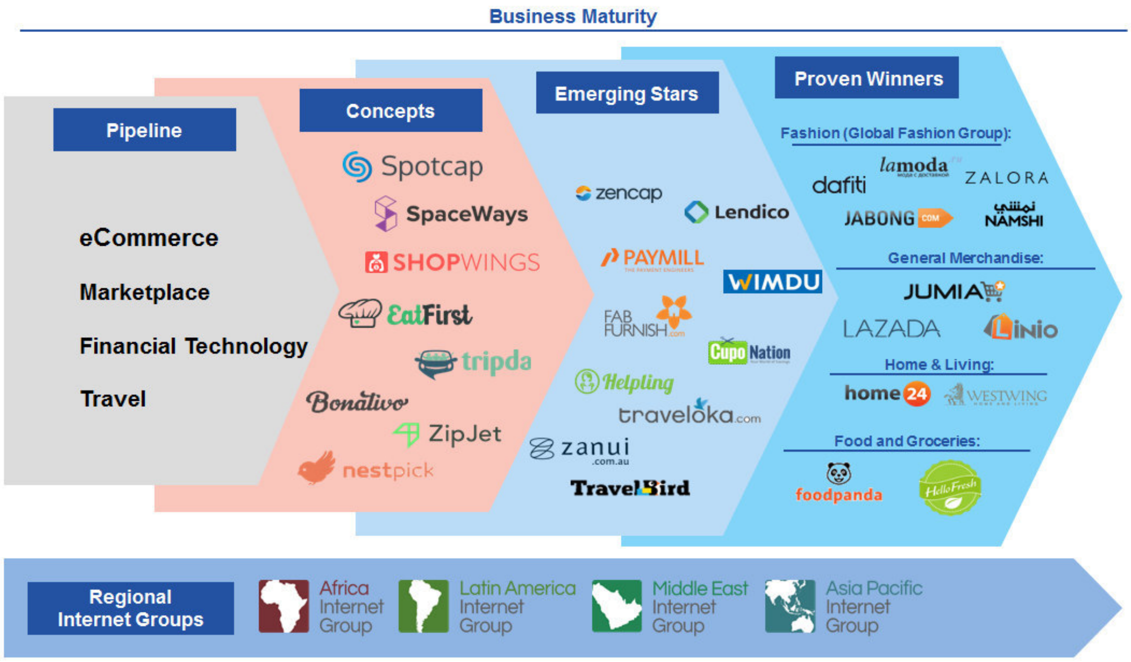
The most important associated companies in the Rocket Group are:

Associated company	Consumer brands
Global Fashion Holding S.A.	Dafiti, Lamoda, Zalora/ The Iconic, Namshi, Jabong
TIN Brillant Services GmbH	Lazada, Linio
Home24 GmbH	Home24, Mobly
Westwing Group GmbH	Westwing
HelloFresh GmbH	HelloFresh
Emerging Markets Online Food Delivery Holding S.à r.l.	foodpanda, hellofood, Delivery Club
Africa Internet Holding GmbH	Jumia, Zando, Kaymu, hellofood, Lamudi, Carmudi, Jovago, Easy Taxi, Lendico
Middle East Internet Holding S.à r.l.	Carmudi, Lamudi, Easy Taxi, Helpling
Asia Internet Holding S.à r.l.	Daraz, Lamudi, Carmudi, Easy Taxi, Clickbus, Kaymu, Helpling, Jovago, Shopwings

As of December 31, 2014 Rocket Group included 141 (previous year 115) fully consolidated companies (including intermediary holdings), of which 76 (previous year 46) companies were located outside of Germany. In addition, Rocket Group held investments in 53 (previous year 29) associated companies. The list of group shareholdings is presented in the notes to the consolidated financial statements.

1.1.3 Consumer Brands of the Company Network

The following graph shows a selection of the most important consumer brands used by network companies, subdivided by the maturity of the respective business into the categories Proven Winners, Emerging Stars and Concepts:



We subdivide our network companies according to their maturity into the following main categories:

Category	Definition
Proven Winners	**Proven Winners** are our largest and most mature companies. They typically show a last financing round valuation of more than EUR 100 million and have existed for at least two years or generate more than EUR 50 million in sales.
Emerging Stars	**Emerging Stars** companies are typically smaller than our Proven Winners. They have completed financing rounds beyond the seed funding, generate revenue and have measurable key performance indicators that show significant growth.
Concepts	**Concepts** are companies that have recently been launched to the market or are in the process of being launched. The incorporation of these companies has been completed and seed financing has been provided or is to be provided shortly. Some *Concepts* have not yet completed a financing round with external investors.

1.1.4 Strategy

The building blocks of the current strategy comprise the following:

- Building of Internet companies on the basis of business models that have been proven and tested in other markets.
- Mastering the complexity of our markets and localization of business models.
- Coverage of a large share of the consumer wallet by leveraging the mobile ecosystem to benefit from the smartphone revolution.
- Growth of our existing network of companies.
- Retention of a majority ownership in new companies and targeted ownership increases in existing companies.
- Selective takeover of majorities in companies that were not founded by Rocket, in order to unlock and consolidate geographic markets and enter into new and related fields of business.
- Pursuit of a balanced strategy of continued high growth in combination with improved profitability over time for our Proven Winners.

We build online business models that satisfy basic consumer needs mainly across four focus sectors. Our eCommerce companies include retail companies in the areas of fashion, general merchandise, home & living and food & grocery. Our Marketplace companies seek to replace traditional supply chains by creating venues where buyers and sellers can transact directly, and feature real estate and car online classifieds, domestic services and food delivery companies. Our third sector, Financial Technology, includes companies that focus on facilitating payments and on bringing together borrowers and lenders in regions and segments that are underserved by traditional banks, particularly in the consumer and small and medium-sized enterprise segments.

In November 2014, we announced “Travel” as a new focus sector. The online travel business offers growth opportunities in emerging countries, which profit from a large and growing middle class with increasing demand for travel in connection with a low and fast growing penetration of the online booking market and attractive margins for package holidays. Through contributions in kind that were part of a capital increase in August 2014, the travel businesses TravelBird (with focus on package holidays) and Traveloka (market leader in the Indonesian online travel market) have entered our network of companies. Both were subsequently elevated to the Emerging Stars category in November 2014.

Implementing its global strategy, Rocket has created Regional Internet Groups in Africa, Asia-Pacific, Latin America and in the Middle-East in order to combine the knowledge of local markets with the business model expertise, to promote regional commercial, strategic and investment partnerships especially with mobile operators, to enable recruitment and procurement of merchandise on a local level and to accelerate the regional market launch of new companies. Local strategic partners like MTN, Ooredoo and Millicom are co-investors in the Regional Internet Groups offering, among other things, strategic support and the possibility to profit from synergies (e.g. billing through mobile phone invoices, pre-installation on the partners’ mobile devices).

The platform strategy enabled us to build a large, global network of companies and, in the past, has put us in a position to launch many new companies every year by applying of a standardized business model identification and development process. Every new company that Rocket starts accelerates the positive dynamics of synergy creation among our companies. The larger the size of our network of companies, the more significant our opportunity to benefit from synergies and network effects with respect to our suppliers, solution providers, customers and employees. Every new company joining our network increases our overall purchasing volume and bargaining power, and contributes new data and knowledge, which is typically shared on a voluntary basis across our entire network. The addition of new companies also establishes new customer relations and additional opportunities for cross-marketing that benefit all companies in our network.

1.2 Research & Development

Rocket has developed proprietary technology that represents a competitive advantage for Rocket companies. The internally developed technology platform is very flexible and highly scalable and provides network companies advantages in cost and speed, especially during the start-up and market introduction phase. Rocket has created core technology platforms for the focus sectors, which allow a plug and play setup, and which are used as the starting point in the process of establishing a new company. The technology platform is highly scalable, which enables the processing of high traffic volumes and the integration of a large number of different countries and languages. The companies adapt those platforms to their individual requirements, while their improvements often benefit the whole network.

All units of the company, supported by a central strategic product development function, optimize the existing offerings and establish innovative products in the market. Most importantly, this means that the offering spectrum is expanded continuously through innovations. Particular attention is paid right from the start to take into account the increasing use of smartphones.

Furthermore, Rocket has developed instruments to analyze essential key performance indicators that allow us to compare the performance of our companies and to identify best practices in our companies as well as to share this knowledge within our network of companies.

2. Economic Report

2.1 General Economic and Sector-Specific Conditions

2.1.1 General Economic Conditions

According to research carried out by the World Bank, worldwide economic growth in 2014 failed to meet expectations and compared to the previous year grew only minimally. This is due to a multitude of reasons. Events like the conflict in the Ukraine, the military quarrels in the Middle East, the renewed political unrest in Libya, the military advancement of the "Islamic State" in Syria and Iraq as well as the consequent interventions by the United States created heightened insecurity and weighted heavily on the world's economic development.

In 2014, the world economy grew by 2.6% (in 2013 by 2.5%).

While the economies in the United States and Great Britain regained momentum in 2014, the recovery of the Eurozone and Japan was rather moderate. The moderate growth in the emerging countries reflects the weakened external demand but also political insecurities and supply shortages.

Germany started off showing a positive development at the beginning of 2014, later, however, experienced a setback. According to the German Council of Economic Experts, geopolitical risks and unfavorable developments in the Eurozone played a role as well as the reforms by the German government of its energy, labor market and social insurance policies.

2.1.2 Sector-Specific Conditions

<u>Venture Capital Market in Germany</u>

An attractive market for venture capital plays a vital role in the financing of start-ups and innovations. In light of this, politicians are asked to increase the offer of venture capital with well targeted measures. Those include in particular:

- The creation of a tax-effective write-off option for the acquisition of shares in eligible start-ups, inter alia, by private investors via venture capital funds.
- The retention of the existing tax exemption for profits from the sale of participations as included in the corporate income tax code.
- The creation of a basis for reliable future planning for start-ups by providing a general exemption from the limitations of loss carry forwards for corporations.
- The analysis, if exemptions from minimum taxation are possible for young companies - while observing the current EU regulations.
- The retention of the leeway (as permissible by EU law) concerning the investment possibilities of institutional investors in alternative investments and venture capital, in particular. This way, recurring investments in venture capital funds could represent a sensible diversification possibility for e.g. insurance companies and pension funds.
- The initiation of a federal guarantee facility to reduce the risk of loss for institutional investors, thereby improving their risk-return profile from

investments in venture capital funds (VC funds), which in turn should increase their readiness to invest.

- Given that KfW's (German bank for reconstruction) withdrawal from the financing of German venture capital funds in 2007 has had a negative direct and indirect impact on the fundraising of German venture capital companies, it is desirable for KfW to serve as an anchor investor for German venture capital funds again in the future. This would facilitate the attraction of international capital by German venture capital companies.

The deficits of German start-ups are, in particular, the absence of risk capital for the financing of growth and missing incentives in the form of attractive exits. Despite this difficult framework, the sector can look back on a successful year. The year 2014 in Germany produced several capital increases and exits in which double and triple digit USD millions figures were realized. Apart from Rocket network companies like HelloFresh, Westwing and foodpanda, others like Sociomantic, Lieferando, Team Viewer, SoundCloud and Pizza.de could report capital increases and exits in the abovementioned size.

General Sector Trends[1]

A current trend is the creation and development of start-ups in the segment "services", for instance companies whose purpose is to help finding cleaners. Examples here are the Rocket network company Helpling, established in 2014, but also Homejoy, Book a Tiger and Putzfee. Another business type in this area is the delivery of food. Despite growing demand, it is still a logistical challenge to deliver meals timely and still fresh, irrespective of whether it is ingredients according to a recipe for preparing a specific dish or a whole grocery shopping delivery.

Another area of expansion in the Internet sector has been "mobile and urban on-demand-services". Companies in this sector want to make life in cities easier. Business models in this area have only recently become possible with the wide-spread market penetration of GPS smartphones and push messages. These business models work best in densely populated areas, as the services are often time and location-specific. They exhibit elements of vertical integration of logistics and at times an aggregation of the supply side.

Another positive trend in 2014 is the development of the start-up market by large established corporations. In 2014, amongst others, Eon, Commerzbank, Axa and Lufthansa have tried to enter the market with their own incubator and accelerator projects aiming to position themselves next to existing projects by Deutsche Telekom, Microsoft or Deutsche Post. Recent developments also show that not only technological corporations drive their own digitalization, but that also the areas Financial Technology and Mobility are affected by this trend.

Despite its strong growth, the sharing economy has been subject to massive criticism in 2014. Platforms for car sharing or sharing of living space are typical concepts in this

[1] Sources: internal industry analysis by Rocket Internet SE

area. The start was made by Airbnb which serves as an intermediary for holiday rentals. Several cities have taken legal steps against the conversion of regular flats into holiday homes by enacting legislation against the misuse of living space. Heavily criticized is also the US mobility startup Uber. Its services faced protests from taxi drivers, court proceedings and were subject to significant political pressure.

According to the “(N)ONLINER Atlas” by the “Initiative D21”, a total of 76.8% (previous year 76.5%) of all Germans (about 54 million people above 14 years old) used the internet in 2014. The share of smartphone owners increased from 41% in 2013 to 53% in 2014. The ownership of tablets has more than doubled to 28% (previous year 13%). While nearly every user uses the Internet to search for content and information (96%), more specific applications are used by a maximum of two thirds of online users. Online shopping takes second place with 68%, the viewing of videos online (66%) is the third most used application.

According to the “Measuring the Information Society Report 2014” by the International Telecommunication Union (ITU), the usage of the Internet increased by 6.6% in 2014. Growth in developed countries amounted to 3.3% and in emerging markets (which are especially important for Rocket Group) to 8.7%. The number of Internet users in the emerging markets has doubled in the last five years.

<u>Situation in the Specific Regions</u>

For the consolidated subsidiaries of Rocket Group as well as several important associated companies, the regions *Latin America* and *Europe (excluding Russia)* are of particular importance.

At the end of 2014, about 595 million people lived in *Latin America* (source: IMF, WEO database October 2014). For the period from 2014 to 2019, population growth of 1.1% is expected (source: IMF, WEO database October 2014). With 292 million Internet users (source: IDC database January 2015, Internet Live Stats July 2014) this region has an Internet user rate of 49%. 204 million smartphone users lived in Latin America (source: WCIS database March 2015), which corresponds to a smartphone user rate of 34%. Latin America’s Business-to-Consumer (B2C) eCommerce is estimated to have a volume of 63 billion USD (source: eMarketer July 2014).

Europe (excluding Russia and CIS) with about 604 million inhabitants at the end of 2014 and an expected population growth of 0.3% in the period between 2014 and 2019 (source: IMF, WEO database October 2014), has about 446 million Internet users (source: IDC database January 2015, Internet Live Stats July 2014) and an Internet user rate of 74%. 344 million smartphone users live in Europe (source: WCIS database March 2015), which corresponds to a smartphone user rate of 57%. Europe’s B2C eCommerce market volume is estimated at 410 billion USD (source: eMarketer July 2014).

In the other regions, Rocket Group is mainly represented by its associated companies. The situation differs by region:

At the end of 2014, 2,487 million inhabitants lived in the *Asia-Pacific (excluding China)* area (source: IMF, WEA database October 2014). For the period 2014 to 2019, a population growth of 1.2% is expected (source: IMF, WEO database October 2014). With 610 million Internet users (source: IDC database January 2015, Internet Live Stats July 2014), the region has an Internet user rate of 25%. Furthermore, there are 458 million smartphone users in the Asia-Pacific region (source: WCIS database March 2015), which amounts to a smartphone user rate of 18%. Asia-Pacific's B2C eCommerce market volume is estimated at 194 billion USD (source: Marketer July 2014).

Africa and the Middle East with approximately 1,336 million inhabitants at the end of 2014 and an expected population growth in the period 2014 to 2019 of 2.4% (source: IMF, WEA database October 2014), are home to about 362 million Internet users (source: IDC database January 2015, Internet Live Stats July 2014), which corresponds to an Internet user rate of 27%. The region hosts 192 million smartphone users (source: WCIS database March 2015), which correspond to a smartphone user rate of 14%. The B2C eCommerce market volume in Africa and the Middle-East is estimated at USD 34 billion (source: eMarketer July 2014).

At the end of 2014, approximately 287 million inhabitants lived *in Russia and CIS* (source: IMF, WEO database October 2014). The population growth expectation for the period 2014 to 2019 for this region lies at 0.3% (source: IMF, WEA database October 2014). With 150 million Internet users (source: IDC database January 2015, Internet Live Stats July 2014) this region has an Internet user rate of 52%, and 71 million smartphone users (source: WCIS database March 2015), which corresponds to a smartphone user rate of 25%. The B2C eCommerce market volume is estimated at 21 billion USD (source: eMarketer July 2014).

<u>Megatrends</u>

In summary, the Group's markets offer significant development opportunities. Our strategic approach is supported by a number of megatrends that drive the growth in our markets:

- The demand for online services that meet basic needs is growing exponentially especially in emerging markets where Internet penetration has just started.
- The smartphone revolution and the resulting access to the Internet for a larger part of the population allow us to meet that demand, in all corners of the world.
- The population in many of our markets is younger than in the United States (source: United Nations, World Population Prospects 2009), which we believe increases the potential for Internet-based business models.
- The middle class in many of our emerging markets is expected to grow strongly and we anticipate a substantial increase in discretionary consumer spending as a result of that.

- The offline retail infrastructure in many of our target markets is underdeveloped, hence eCommerce businesses are likely to grow faster and capture a larger share of wallet than in countries with significant offline competition.

With its clear positioning in growth regions in particular, Rocket Group is strategically well-placed to take advantage of the expected market potential.

2.2 Course of Business

The 2014 financial year was characterized by the continued, primarily international expansion of existing companies and the development of various new business models. Through several new company formations, various Internet models were developed and implemented.

Rocket Group has recorded significant growth in sales, as predicted in the previous year. The sales of the Group increased from EUR 72.5 million in financial year 2013 by 43% to EUR 104.0 million in the financial year 2014.

The forecast for the parent company, as published in the previous year's report, that sales from services were expected to remain constant due to staff increases in the network companies, has proven slightly conservative. In the annual financial statements of Rocket Internet SE, sales rose from EUR 26.0 million in the previous year to EUR 28.8 million in financial year 2014.

On October 2, 2014, Rocket Internet SE went public and is since included in the Entry Standard of the Frankfurt Stock Exchange. 33 million new shares have been issued. Thus, the total number of shares amounted to 153 million. The issue price was set at EUR 42.50. In February 2014, a placement of a further 12 million shares took place at an issue price of EUR 49.00. The number of issued shares thereby rose to 165 million shares.

In December 2014, Rocket together with co-investors established the Global Fashion Group (GFG), in which Rocket's five large fashion eCommerce businesses were combined. The GFG consists of the brands Dafiti (Latin America), Jabong (India), Lamoda (Russia), Namshi (Middle East) and Zalora/The Iconic (South East Asia and Australia).

In total, Rocket Group generated a result from ordinary activities of EUR 16.1 million (previous year EUR 187.0 million). Taking into account the extraordinary expenses arising from the IPO and taxes, the financial year 2014 resulted in a consolidated net loss of EUR 20.2 million (previous year consolidated net income EUR 174.2 million).

In the **annual financial statements** of the parent company in 2014, a net loss of EUR 45.9 million (previous year net income EUR 147.1 million) was recognized, reflecting the negative impact from extraordinary expenses resulting from the IPO in the amount of EUR 34.4 million as well as other administrative expenses.

2.3 Rocket Share and Capital Structure

Since its IPO, the Rocket share price rose from EUR 42.50 by EUR 8.89 to EUR 51.39 as at December 31, 2014. The market capitalization rose correspondingly from EUR 6.5 billion on October 2, 2014, to EUR 7.9 billion on December 31, 2014. The electronic computer trading system XETRA recognized on average 456 thousand shares with an average value of EUR 18.57 million traded daily up to December 31, 2014.

The subscribed capital of Rocket Internet SE amounted to EUR 153,130,566 as at December 31, 2014 and was split into 153,130,566 ordinary bearer shares with no-par value (Stückaktien ohne Nennbetrag). Every share grants one vote, other share classes do not exist.

2.4 Position of the Group

The consolidated financial statements of Rocket Internet were prepared in accordance with German commercial law provisions (Sec. 290 et seqq. HGB).

2.4.1 Earnings Position of Rocket Group

in EUR million	01.01. - 31.12.2014	01.01. - 31.12.2013
Sales	104.0	72.5
Increase/decrease in work in progress	0.7	-0.5
Other operating income	72.4	65.9
Cost of materials	-46.8	-36.3
Personnel expenses	-61.3	-51.4
Amortization/depreciation of intangible assets and of property, plant and equipment	-1.5	-1.1
Other operating expenses	-96.9	-61.8
Income from associated companies (at equity)	46.8	199.9
EBIT	**17.4**	**187.2**
Extraordinary expenses	-34.4	0.0
Financial result	-1.3	-0.2
Income taxes, other taxes	-1.8	-12.8
Consolidated net loss/income for the year	**-20.2**	**174.2**
Loss attributable to non-controlling interests	20.6	14.2
Unappropriated retained earnings	**0.5**	**188.4**

Sales were structured as follows:

in EUR million		01.01. - 31.12.2014		01.01. - 31.12.2013
eCommerce	67.4	65%	44.9	62%
Marketplaces	3.5	3%	1.4	2%
Financial Technology	0.1	0%	0.0	0%
Other services	33.1	32%	26.2	36%
Total	**104.0**	**100%**	**72.5**	**100%**

As in the previous year, the eCommerce sales were generated mainly in Brazil by the subsidiaries Kanui Comercio Varejista Ltda. and Tricae Comercio Varejista Ltda as well as by the German entity Bonnyprints GmbH. In the Marketplaces category, the biggest sales contributors were Bus Servicos de Agendamento Ltda., Easy Taxi Servicos S.A. and Airu Produtos Criativos Ltda. In the Financial Technology category, the sales figure relates mainly to Zencap Deutschland GmbH. Sales from other services are comprised mainly of income from consulting services performed for associated companies.

Other operating income in the amount of EUR 72.4 million (previous year EUR 65.9 million) consists mainly of the income from deconsolidation of subsidiaries of EUR 64.6 million (previous year EUR 0.1 million) as well as income from disposal of financial assets of EUR 3.1 million (previous year EUR 63.9 million). The deconsolidation of subsidiaries is predominantly due to a dilution of Rocket Group's participation in connection with the admission of additional investors on subsidiary level. Most of the deconsolidated subsidiaries are accounted for as associated companies in the Group financial statements. The income from disposal of financial assets in 2013 comprised mainly of income from the sales of shares in Zalando SE (EUR 63.8 million). The gains from the sale of shares in Zalando SE carried out in the first half of 2013 were recognized under income from associated companies. In 2014, however, no relevant share sales occurred.

Cost of materials in the amount of EUR 46.8 million (previous year EUR 36.3 million) primarily includes cost of purchased merchandise in the amount of EUR 37.7 million (previous year EUR 27.7 million). Another EUR 9.1 million (previous year EUR 8.6 million) related mainly to the cost of purchased freight/logistics services as well as payment services.

Personnel expenses, at EUR 61.3 million (previous year 51.4 million) represented a major expense item and included the current remuneration as well as expenses arising from share-based remuneration. The fully consolidated companies presented in the consolidated financial statements employed on average throughout the year 1,802 people (previous year 1,282), thereof 1,383 (previous year 985) outside of Germany. As at December 31, 2014, the group employed a total of 1,586 people, thereof 1,078 abroad.

Other operating expenses totaling EUR 96.9 million (previous year EUR 61.8 million) included mainly advertising and marketing costs of EUR 29.3 million (previous year EUR 17.1 million), rental, office and IT costs of EUR 14.3 million (previous year EUR 10.9 million), costs for external services/freelancers of EUR 17.3 million (previous year EUR 5.2 million), legal and consultancy fees of EUR 10.6 million (previous year EUR 7.0 million) as well as costs in connection with call options given in exchange of consulting services of EUR 8.8 million (previous year EUR 11.4 million). Expenditure was undertaken, in particular, in the area of marketing in order to increase market shares and brand awareness. The online marketing activities were aimed, in particular, at the generation of traffic and included traditional search engine marketing (SEM), search engine optimization (SEO) and affiliate and display marketing.

Income from associated companies includes changes in the book values of equity investments which arose from changes in the pro-rata equity (recognized through the income statement at their equity value) resulting from the capital contributed by investors outside the Group. The item also includes the proportionate result for the year generated by the associated companies. The total amount of EUR 46.8 million includes EUR 21.7 million relating to Africa Internet Holding GmbH, EUR 18.7 million from Middle East Internet Holding S.à r.l., EUR 18.1 million from Asia Internet Holding S.à r.l., EUR 10.7 million from Emerging Markets Online Food Delivery Holding S.à r.l. and EUR -24.3 million relating to Africa eCommerce Holding as well as EUR -14.1 million from Home24 GmbH. In the financial year 2013, income from associated companies in the amount of EUR 199.9 million are mainly attributable to Zalando SE with EUR 87.5 million, Bigfoot GmbH with EUR 42.1 million and TIN Brillant Services GmbH with EUR 37.1 million.

EBIT (earnings before interest and taxes) is comprised of consolidated sales, increase or decrease in work in progress, cost of materials, personnel expenses, amortization/depreciation and other operating expenses, plus other operating income and the pro-rata profit/loss from associated companies. EBIT amounts to EUR 17.4 million (previous year EUR 187.2 million) for financial year 2014.

The loss attributable to non-controlling interests in the amount of EUR 20.6 million (previous EUR 14.2 million) is comprised mainly of the share of non-controlling interests in the results of Kanui Comercio Varejista Ltda. and Tricae Comercio Varejista Ltda., Easy Taxi Servicos S.A., Bus Servicos de Agendamento Ltda., Helpling GmbH, Easy Taxi Colombia SAS and Hellofood Ltda.

2.4.2 Financial Position of the Group

in EUR million	01.01. - 31.12.2014	01.01. - 31.12.2013
Cash flow from operating activities	-90.4	-38.9
Cash flow from investing activities	-126.1	172.5
Cash flow from financing activities	1,864.3	116.8
Change in cash and cash equivalents	1,647.8	250.4
Changes in cash and cash equivalents due to exchange rates, changes in the basis of consolidation and valuation	-31.7	0
Cash and cash equivalents at the beginning of the period	437.4	187.0
Cash and cash equivalents at the end of the period	2,053.5	437.4

As in the previous year, cash and cash equivalents comprise of the balance sheet items Cash in hand, bank balances and checks.

The negative cash flow from operating activities is typical for the industry and is attributable to the start-up losses incurred by consolidated companies.

The cash flow from investing activities mainly represent payments for investments into financial assets amounting to EUR 117.4 million (previous year EUR 11.1 million) and received payments from the disposal of financial assets totaling EUR 4.8 million (previous year EUR 194.8 million).

Cash flow from financing activities includes payments received from the increases in equity totaling EUR 2,177.0 million (previous year EUR 176.5 million), which include EUR 2,070.4 million (previous year EUR 159.9 million) of payments made by shareholders of the parent company as well as EUR 106.6 million (previous year EUR 16.7 million) of payments made by non-controlling interests. The payments made until December 31, 2014, for the procurement of equity in connection with the IPO amount to EUR 25.1 million. In May 2014, shareholders of the parent company received a combined distribution in cash and in kind, which totaled EUR 440.0 million (fair value). Part of this distribution were cash and cash equivalents in the amount of EUR 286.8 million as well as shares in two associated companies with a fair value of EUR 153.2 million. The book value of these shares in the consolidated balance sheet as at December 31, 2013, amounted to EUR 37.1 million (in the annual financial statements of the parent company EUR 4.4 million). The distribution, which was accounted for using the book value method in the consolidated financial statements, therefore amounts to EUR 329.9 million (in the annual financial statements of the parent company correspondingly EUR 291.2 million).

2.4.2.1 Capital Structure

The capital structure as at the balance sheet date is characterized by an equity ratio of 96% (previous year 88%). The Group obtains its financing primarily through equity financing both at the level of the parent company and through the entry of external investors at subsidiaries.

In the running up to the IPO, the parent company recorded capital increases subscribed to by existing and new shareholders as a result of which the parent company registered a cash inflow of EUR 666.7 million (August 2014).

On October 2, 2014, Rocket Internet SE went public and is since traded on the Entry Standard of the Frankfurt Stock Exchange. About 33 million new shares have been issued. The issue price per share was EUR 42.50. Resulting from the IPO, the parent company registered a cash inflow of a total of EUR 1,403.7 million (including the partial exercise of the greenshoe option in November 2014 and before IPO cost).

2.4.2.2 Investing Activities

Various Internet business models were developed and implemented within the scope of several corporate formations whereas business activities in existing groups of shareholdings were expanded mostly internationally. Overall, payments in the amount of EUR 117.4 million (previous year EUR 11.1 million) were made for investments in financial assets and acquisitions of associated companies.

Furthermore, the amount of EUR 5.6 million (previous year EUR 2.4 million) was invested in property, plant and equipment and intangible assets in the current financial year, relating, in particular, to operating and business equipment and software.

2.4.2.3 Liquidity

The Group’s financial position can be described as solid. Cash and cash equivalents amount to EUR 2,053.5 million (previous year EUR 437.4 million) as at December 31, 2014.

2.4.3 Asset Position

Assets

in EUR million	**31.12.2014**	%	**31.12.2013**	%
Fixed assets	625.1	22.8	394.2	44.9
Current assets	2,112.4	77.1	482.4	55.0
Other assets	3.3	0.1	0.8	0.1
Total	2,740.8	100.0	877.4	100.0

Equity & Liabilities

in EUR million	**31.12.2014**	%	**31.12.2013**	%
Equity	2,638.6	96.3	773.0	88.1
Provisions	45.4	1.7	37.2	4.2
Liabilities	55.8	2.0	66.9	7.6
Other items	1.0	0.0	0.3	0.0
Total	2,740.8	100.0	877.4	100.0

The asset side of the balance sheet is mainly characterized by cash and cash equivalents with a volume of EUR 2,053.5 million (75% of total assets; previous year EUR 437.4 million or 50% of total assets) and financial assets amounting to EUR 619.9 million (23% of total assets; previous year EUR 390.5 million or 45% of total assets).

Total assets as at December 31, 2014 were up by 212% (previous year 32%), due mainly to the increase in cash and cash equivalents by 369%.

Fixed assets totaling EUR 625.1 million (previous year EUR 394.2 million) related mainly to financial assets in the amount of EUR 619.9 million (previous year EUR 390.5 million) consisting mainly of shares in associated companies in the amount of EUR 554.0 million (previous year EUR 361.1 million) as well as other participations of EUR 40.5 million (previous year EUR 18.9 million) representing shares in companies with a participation held below 20%. Furthermore, fixed assets contain tangible assets of EUR 3.1 million (previous EUR 2.4 million) and intangible assets of EUR 2.0 million (previous year EUR 1.2 million).

The increase in financial assets resulted largely from the increased share in companies due to the participation in financing rounds (equity increases) as well as due to acquisitions of participations from external shareholders (mainly through contributions in kind), in particular regarding Emerging Markets Online Food Delivery Holding S.à r.l., HelloFresh GmbH, Westwing Group GmbH, Home24 GmbH, TravelBird B.V. and MarleySpoon GmbH. The value adjustments on investments in associated companies recognized in income from associated companies amounted to EUR 0.0 million (previous year EUR 8.6 million). Value adjustments of EUR 0.3 million (previous year EUR 0.4 million) were recorded in other financial assets.

Total assets were comprised mainly of **current assets** and related primarily to cash and cash equivalents of EUR 2,053.5 million (previous year EUR 437.4 million) and receivables from associated companies of EUR 19.6 million (previous year EUR 22.6 million). Trade receivables increased from EUR 2.7 million by EUR 5.5 million to EUR 8.2 million in comparison with the previous year's reporting date. Receivables (including loan receivables) were written down by value adjustments in the amount of EUR 1.7 million (previous year EUR 3.6 million).

The increase in inventories by EUR 4.7 million to EUR 13.2 million (previous year EUR 8.5 million) reflects the expansion of the operative business in the area of eCommerce and the requirement for warehouse inventory.

Cash and cash equivalents increased from EUR 437.4 million by EUR 1,610.1 million to EUR 2,053.5 million. For details concerning the development of liquidity, refer to the statements under section "2.4.2 Financial Position of the Group".

Consolidated equity increased from EUR 773.0 million by EUR 1,865.6 million to EUR 2,638.6 million. Cash contributions in the amount of EUR 2,070.4 million (previous year EUR 159.9 million) and non-cash contributions in the amount of EUR 92.7 million (previous year EUR 0.0 million) made by the equity holders of the parent company as well as capital paid in by non-controlling interests in the amount of EUR 106.6 million (previous year EUR 16.7 million) were offset by the decrease in equity following the distributions to shareholders in the amount of EUR 323.9 million (previous year EUR 80.6 million) and the consolidated net loss of EUR 20.1 million (previous year consolidated net income EUR 174.2 million). As at the December 31, 2014, and following the successful IPO, Rocket Group had a solid equity base with an equity ratio of 96% (previous year 88%).

Provisions include EUR 33.2 million (previous year EUR 25.1 million) of other provisions and relate mainly to non-exercised call options and compensation agreements in the amount of EUR 24.0 million (previous year EUR 19.2 million).

Liabilities include mainly trade payables (EUR 36.7 million; previous year EUR 20.2 million) and liabilities to associated companies (EUR 8.7 million; previous year EUR 22.4 million). Trade payables increased due to the higher business volume, in particular.

2.4.4 Overall Statement with regard to Results of Operations, Financial Position and Net Assets of the Group

Rocket Group successfully addressed its multifaceted challenges during the financial year 2014. The Group's economic position is characterized by the successful IPO, investment activities and growth in the network of companies. The overall business development can be considered as positive. The development trend of investment activities and growth in the network companies has continued after the reporting period end to the present date. Based on our solid balance sheet structure and the existing favorable financing possibilities, we are in an excellent position to achieve future growth both organically and through investments. We have an unaltered view that our platform strategy leaves us well-positioned to maintain and foster the performance of the Group.

2.5 Position of the Company

2.5.1 Earnings Position of the Company

in EUR million	01.01. - 31.12.2014	01.01. - 31.12.2013
Sales	28.8	26.0
Decrease in work in progress	-0.3	-0.5
Other own work capitalized	1.0	0.0
Other operating income	5.9	187.5
Cost of materials	-6.7	-8.0
Personnel expenses	-17.8	-25.0
Amortization/depreciation of intangible assets and of property, plant and equipment	-0.7	-0.4
Depreciation of current assets	0.0	-0.9
Other operating expenses	-20.9	-17.5
EBIT	**-10.7**	**161.2**
Extraordinary expenses	-34.6	0.0
Financial result	-0.6	-2.4
Income taxes, other taxes	-0.0	-11.7
Net loss/income for the year	-45.9	147.1

Driven by the business model of Rocket Internet SE, its earnings can vary considerably every year due to the sale of financial assets amongst other factors.

Disposals of participations during the reporting period impacted the earnings position with EUR 3.7 million (previous year EUR 185.8 million), the majority of which resulting from the disposal of shares in Bigfoot GmbH (EUR 2.3 million).

The income from participations in the financial year 2014 amounted to EUR 0.0 million (previous year EUR 0.3 million). The Company's sales rose comparatively less from

EUR 26.0 million by only 10.8% to EUR 28.8 million, as network companies managed their growth increasingly with their own employees.

The average number of employees during the financial year 2014 rose in comparison to the previous year from 233 to 263 (12.9%). Personnel expenses decreased by 28.8% to EUR 17.8 million (PY EUR 25.0 million). The reason for this development lies in the strong reduction of expenses from stock options to EUR 0.0 million (previous year EUR 6.2 million). Ignoring stock option related expenses, personnel expenses decreased slightly by 5%.

The net loss for the year amounted to EUR -45.9 million (previous year net income for the year of EUR 147.1 million). Therefore, the Company realized a return on equity of -2.0% (previous year 39.7%). EBIT totaled EUR -10.7 million (previous year EUR 161.2 million) and EBITDA amounted to EUR -10.0 million (previous year EUR 162.5 million).

In the current financial year, the Company made advance dividend pay-outs in the amount of EUR 291.2 million (previous year EUR 80.6 million). The distributions were made from profits carried forward from previous years and capital reserves.

2.5.2 Asset and Financial Positions of the Company

Assets

in EUR million	**31.12.2014**	%	**31.12.2013**	%
Fixed assets	258.6	11.2	91.4	18.7
Current assets	2,052.5	88.7	398.0	81.4
Other assets	2.6	0.1	0.1	0.0
Total	2,313.7	100.0	489.5	100.0

Equity & Liabilities

in EUR million	**31.12.2014**	%	**31.12.2013**	%
Equity	2,256.1	97.5	437.3	89.3
Provisions	39.1	1.7	31.9	6.4
Liabilities	18.5	0.8	20.4	4.2
Total	2,313.7	100.0	489.5	100.0

The financial position of the Company can be described as solid. It continues to offer opportunity for investments into new companies and participations in capital increases at existing companies. Cash and cash equivalents as of December 31, 2014 amounted to EUR 1,997.7 million (previous year EUR 385.4 million). Thus, the Company experienced a positive cash flow of EUR 1,612.2 million. The strong increase of cash and cash equivalents is the result of the capital increases in August 2014, which contributed EUR 666.7 million in cash to the Company as well as the IPO in October 2014 including the partial exercise of the greenshoe option in November 2014, which together generated EUR 1,403.7 million of cash inflows to the Company.

Consequently, the Company is financed mainly by equity with an equity ratio of 97.5% (previous year 89.3%).

The asset position is characterized by business participations with a volume of EUR 256.7 million (11.1% of total assets; previous year EUR 90.6 million, 18.5% of total assets), receivables from subsidiaries and companies in which a participation is held in the amount of EUR 52.3 million (2.3% of total assets; previous year EUR 10.3 million, 2.3% of total assets) as well as cash and cash equivalents in the amount of EUR 1,997.7 million (86.3% of total assets; previous year EUR 385.4 million, 78.7% of total assets).

The increase in participations by EUR 166.1 million is mainly due to the investments into “Proven Winners” foodpanda (EUR 58.3 million) and HelloFresh (EUR 30.0 million) as well as contributions in kind by investors United Internet/Global Founders and Holtzbrinck Ventures in the course of the capital increases in August 2014 amounting to EUR 78.3 million. Necessary impairments were recognized in the amount of EUR 0.9 million and were hence below the previous year's level (EUR 3.1 million). On the other hand, the income from reversal of impairment losses amounts to EUR 0.5 million (previous year EUR 0.0 million).

In 2014, loan receivables were impaired by EUR 0.2 million (previous year EUR 2.3 million). The majority thereof concerned International Rocket KG, the investments of which ceased operations in some countries and thus became irrecoverable.

Inventories in the amount of EUR 0.1 million (previous year EUR 0.9 million) were impaired during the financial year. These concerned programming services provided in the areas of mobile shop systems and data management.

2.5.3 Overall Statement with regard to Results of Operations, Financial Position and Net Assets of the Company

Rocket Internet SE has successfully addressed its multifaceted challenges during the financial year 2014. Rocket Internet SE’s economic position is characterized by the successful IPO, investment activities and growth in its network of companies. The overall business development can be considered as positive. The development trend of investment activities and growth in the network companies has continued after the reporting period end to the present date. Based on our solid balance sheet structure and the existing favorable financing possibilities, we are in an excellent position to achieve future growth both organically and through investments. We have an unaltered view that our platform strategy leaves us well-positioned to maintain and foster the performance of the Company.

2.6 Financial and Non-Financial Performance Indicators

Rocket has defined a series of financial performance indicators aimed at the control of the consolidated group companies and the non-consolidated companies. These are, or can be, so-called non-GAAP financial measures. Other groups, which use financial measures with a similar designation, may define them differently.

Profitable growth of gross and net revenues is an important factor for the long-term increase in corporate value. Rocket measures the profitability of its businesses primarily on the basis of EBITDA and EBIT.

In addition to the above-stated financial performance indicators, the Group uses various other key figures in order to measure the economic success of business activities. For an assessment of the revenue potential of the companies, performance indicators such as the number of orders, number of transactions, number of customers or the number of homepage visitors are used. As part of the monitoring of operations, Rocket analyzes, for instance, the turnover ratios of the operative net current assets, return rates in eCommerce and the quality of operative procedures in order to ensure the timely and correct shipping and invoicing of the ordered merchandise in the area of eCommerce.

For example, the performance indicators for the Group’s top two revenue generating subsidiaries are as follows:

Kanui (in thousands)	**01.01. - 31.12.2014**	**01.01. - 31.12.2013**
Number of orders (sent)	903	585
Number of customers	863	485

Tricae (in thousands)	**01.01. - 31.12.2014**	**01.01. - 31.12.2013**
Number of orders (sent)	586	279
Number of customers	520	249

The quality of products and solutions is a crucial success factor. In this context, the reliability, user friendliness and availability of the products offered online play an important role. Availability and interruption-free operation of the service systems and resistance against targeted attacks, for example, from hackers or through manipulation, are essential for providing customers with the promised services.

Rocket's business approach and business policy is oriented towards sustainability. This approach is demonstrated, in particular, in high investments in customer relations and new fields of business and, accordingly, in future growth. In respect to customer loyalty and customer satisfaction as well as service quality, aspects relevant to security (e.g. security of cashless payments, data maintenance of bank accounts and other customer data) are considered highly important.

3. Events after the Reporting Date

On February 6, 2015, Rocket participated in a financing round of HelloFresh GmbH with the amount of EUR 100.0 million. As a result of this transaction, Rocket obtained, in combination with the previous acquisition of shares from a co-investor in December 2014, a majority share of 51.7% (before dilution due to management participations) in HelloFresh.

On February 6, 2015, Rocket announced the establishment of the Global Online Takeaway Group. Global Online Takeaway Group is comprised of the newly acquired shares in Delivery Hero (total purchase price EUR 496.0 million), La Nevera Roja and Pizzabo.

On February 11, 2015, Rocket has signed a purchase agreement to take over 100% of Talabat, a leading provider of online and mobile food delivery services in the Middle East. The purchase price amounts to approximately EUR 150 million.

On February 13, 2015, the subscribed capital of Rocket Internet SE was increased from EUR 153,130,566 to EUR 165,140,790 in partial utilization of the authorized capital and in exclusion of the subscription rights of shareholders. The 12,010,224 new ordinary bearer shares with no-par value have been sold to institutional investors in a private placement transaction. The shares have been issued at a price of EUR 49.00 per share. Rocket received proceeds from this issue of shares in the amount of EUR 588.5 million (before deduction of fees and costs).

On March 5, 2015, Rocket signed long-term rental agreements for a new headquarter location in Berlin. The minimum rental payments amount to a total of EUR 74.9 million. The rental payments are due in the years 2016 through 2031. The office space will be used by Rocket itself as well as being sub-leased to network companies.

On March 11, 2015, Rocket augmented its share in Delivery Hero to about 39% by contribution in kind of the Talabat shares that were acquired in February and the acquisition of Delivery Hero shares from existing investors (purchase price: EUR 52 million).

On March 11, 2015, Rocket announced its participation in a financing round of foodpanda in the amount of EUR 37 million.

On March 18, 2015, the conversion of Rocket into a European Company (SE) was completed. The European legal form of the parent company underlines the international market orientation of the Company and going forward will support the Group's internationalization strategy.

No other events of special significance occurred after the end of the financial year.

4. Forecast Report, Report of Opportunities and Risks

4.1 Forecast Report

The World Bank expects global economic growth of 3% in 2015.

It is expected that global economic growth in the year 2015 will be influenced by a number of factors: low prices for raw materials, a continuously low level of interest rates combined with different monetary policies across the large economic nations as well as weaker world trade. The strong oil price decrease since mid-2014 will have a supportive effect on the world economy and partially offset those factors inhibiting growth in oil importing nations.

Although a slight increase in economic growth is forecasted for 2015, the expectations for the development of individual countries continue to be varied. The United States and Great Britain are expected to continue to be growth engines. A rather moderate development is forecast for the Eurozone. Economic growth of more than 1% is expected for Germany.

With regard to the worldwide Internet sector, market participants expect a continuation of the shift from traditional sales channels to online business and an acceleration of the growth in mobile Internet usage. The creation of new competitor companies in the incubation business as well as the operative online business (eCommerce, Marketplaces, Financial Technology and Travel) and the development of new online business models are very likely.

We expect the mostly international expansion of our companies to continue accompanied by the development of various new business models. This development will be reflected in the investment portfolio through an extended consolidation scope and additions to financial assets.

In the areas of eCommerce and Marketplaces, Rocket Group expects a significant increase in sales for the 2015 financial year for those companies that were fully consolidated as at December 31, 2014. With regard to the Travel category, sales figures can currently not be expected in the Group, as the respective companies (TravelBird, Traveloka) are not fully consolidated.

Due to the expansion strategy, negative operating results are expected for 2015 in the segments eCommerce, Marketplaces and Financial Technology.

Rocket Internet SE expects a low to medium double-digit percentage increase in its sales from services based on the planned expansion of the service spectrum accompanied by a further build-up of staff. Due to the further establishment of central administrative functions (e.g. investor relations and communications, financial accounting, managerial accounting and legal) in combination with the increased need for consulting services, we expect a slightly negative result for 2015.

The earnings performance of the Company and the Group can vary substantially from year to year, due to dilution or in rare cases the sale of participations.

The earnings performance of the Group can also be subject to high volatility due to the results from deconsolidation (change in status of previously consolidated entities to associated companies). As a result of the strategy change after the IPO, whereby Rocket Internet SE aims to keep a larger share of the economic ownership in most of the new companies, a reduction of income from deconsolidation is forecast.

Results from associated companies are determined by their operations and the consequent results from operational activity on the one hand, and by the conditions agreed with new investors in future financing rounds on the other hand. For most associated companies, we expect negative proportionate participation contributions from their operational results, which should be compensated largely by the effects from financing rounds. On the whole, we expect a slightly negative result from associated companies, but estimate the degree of predictability to be low given the market movements in our environment.

From the current perspective, the above forecasts have been confirmed for the months following the 2014 financial year. Sales figures in the first months of 2015 of the entities consolidated as at December 31, 2014 are significantly above those of the comparative period of 2014.

4.2 Risk Report

4.2.1 Risk Management System

The Internet sector is still one of the fastest growing sectors of the economy. This offers generally good opportunities for companies, which can establish themselves at an early stage and with promising business models in new geographic locations. At the same time, the rapid pace of developments in the Internet sector entails risks.

4.2.2 Risks

Companies with business models that include founding, financing and investing in young companies in the Internet sector take deliberate entrepreneurial risks.

Rocket Group is primarily exposed to operational, investment and value stability risks. These risks are related to the success potential of the business models of the network of companies as well as to the intense competition in the area of online business by other incubators and founders. In view of the fast-paced nature of the Internet, the future value of investments can also change as a result of external factors such as the introduction of innovative competitor products and services, changes in user behavior (market trends) or the general regulatory conditions.

The worldwide expansion especially into a large number of emerging markets increases the exposure to political, economic, legal as well as other risks and uncertainties. In this context, there is also the risk that the target markets and their development deviate from pre-entry expectations.

Historical operational data is available only to a limited extent for many of our network companies. Furthermore, the network companies generate losses and negative cash flows from operating activities. It cannot be ruled out that those network companies will not be able to generate profits or positive cash flows from operating activities in the future. This could have a negative impact on our business development and on our asset and financial position as well as the results of operations.

Rocket Group attempts to minimize such risks through close management and monitoring of the company network. The opportunities and risks of a new company project are evaluated carefully prior to each financing or investment decision. After a project is founded, the business development of each company is monitored on a regular basis in short intervals by means of key performance indicators (KPIs) and financial data. In case a business shows an unfavorable development indicating that the long term viability of such model is in danger, we - when it comes to associated companies in coordination with co-investors - work on its strategic orientation and the operational implementation. In the worst case, discontinuation decisions can be taken in order to prevent further risks. Required value adjustments are recorded at an early stage to maintain a conservative business view of the asset position at all times.

The financing of new companies by several co-investors permits the distribution of risks across several parties.

Moreover, the Company also systematically ensures risk diversification by starting and financing businesses in different operative business fields and geographic areas.

Due to its equity financing via public markets, the Group is directly affected by developments and risks on the capital markets. A founding, investing and financing company depends on its own financing capability to a particularly high extent, which increases capital procurement risks. The Group has to rely on the financing capability of its existing and future shareholders and their willingness to invest in the event of a further expansion of the network of companies.

The great number of contractual relationships and agreements concluded by the Group on a regular basis give rise to legal risks. This concerns legal risks in corporate, copyright as well as competition and antitrust laws also in connection with changes in corporate law. These risks are minimized through mandating renowned corporate and tax law firms. A system of contract templates is in place for standard agreements. In addition, specialized law firms are also increasingly engaged at the level of the company network often located outside Europe, with a view to minimizing the risks resulting from legal uncertainty and capital recoverability.

Risks exist for Rocket Group in respect to the availability of the utilized IT systems as well as the confidentiality and integrity of data. The outage of IT systems can lead to disturbances of business operations, but also have a reputational impact. The confidentiality and security of customer-related data and transactions are considered especially important. The main causes, complexity of systems as well as external attacks, are mitigated by constant monitoring of all systems as well as the improvement of processes and security measures by a special IT Security team.

With respect to recruitment, Rocket Group is active on a highly specialized market. In this context, Berlin is increasingly becoming an established location for Internet and venture capital companies, which leads to increased competition for specialized management staff and experts. This personnel-related risk is addressed through personnel retention measures and an attractive remuneration structure.

In the area of eCommerce, a disadvantageous private consumption environment could lead to risks from loss of revenue and the associated risk of increased merchandise inventories. Risks from the operative business in the area of eCommerce relate mainly to the purchasing and logistics functions.

Reliable and rapid delivery of fault-free merchandise is a decisive competitive factor. Delivery delays and quality defects would have a direct adverse impact on customer trust and would lead to sustained image damage. Like all eCommerce companies, Rocket Group is also strongly dependent on the functionality and stability of its various websites. Disturbances, downtime or unauthorized access and attacks would immediately lead to revenue losses. Another risk for the Group relates to customer payment patterns and receivables default risk.

Marketplace companies could become the subject of allegations and legal proceedings, in respect to the content of their webpages or accusations that their webpages were pirated, counterfeited or illegal.

For Financial Technology companies, the main risks are due to the currently existing and constantly increasing strict legal and regulatory frameworks and regulation by national and supranational institutions. Risks are inherent particularly in the application and interpretation of these regulations in respect to our specific peer-to-peer business models and potentially resulting claims for damages or penalty payments.

Furthermore, Rocket Group as a whole could become subject of legal proceedings that could disturb or damage business operations.

Please also refer to the statements in section “2.6 Financial and Non-Financial Performance Indicators“ and section “5 Risk Report Concerning the Use of Financial Instruments“.

In summary, it should be noted that the Group performs systematic and regular analyses of the business risks on the basis of qualified risk detection systems and minimizes the risks through deliberate measures such as risk prevention, limitation of risks, risk diversification and risk insurance. As a result, the continued existence of the Company as a going concern is not jeopardized even in the event of simultaneous occurrence of several risk events.

4.3 Opportunities Report

The Group is very well established in the sector. As a result, it has ample opportunities to make use of innovations and trends in the Internet market within a short time frame through the creation of new businesses. Rocket's core competencies include, in particular, the pursuit of new digital business models and trends and the early identification of new markets. The implementation of new business models is carried out using the unique platform approach which Rocket developed.

To this end, the Group can rely on a highly qualified workforce. The members of the experienced and dedicated management team have a trained eye for assessing ideas and opportunities in the market with regard to their feasibility and profitability.

As soon as a viable idea is identified, Rocket has the necessary infrastructure and staff to enable a quick implementation of the idea. This includes very efficient group-wide competence centers such as the marketing unit with its CRM (*Customer Relationship Management*), SEO (*Search Engine Optimization*) and SEA (*Search Engine Advertising*) teams. These competence centers support new as well as already existing network companies.

Strong and internationally leading technology partners such as Google, Facebook, Responsys, Sociomantic and Criteo enable Rocket Group to utilize external technologies benefitting from superior terms relative to competitors, which are achieved through bundling service agreements across the Group.

Another success factor is the Group's own core technology developed for different business models like eCommerce, Marketplaces and Financial Technology, which enable Rocket Group to reliably set up several companies in parallel and within a very short time frame. These software solutions can be adapted flexibly to the requirements of the respective company and are very scalable.

Furthermore, Rocket has standardized the process of building companies. The goal is to generate the first sales within 100 days from the decision to establishing the business model.

The parallel development of various business models also facilitates the exchange of information, knowledge and best-in-class solutions. The internationality of the Group and the staff structure offer the opportunity to access and understand the most diverse international markets quickly. As a consequence, Rocket Group can promote one of its key strategies: The initial tapping of new and undersupplied markets and markets that have not yet been explored by competitors, in particular in Africa, Asia, Middle East and Latin America, but also Europe.

The existing capitalization and access to investors as well as the existing strategic partnerships enable Rocket Group to establish and finance new companies internationally and over longer periods. Moreover, the Group can generate economies of scope and scale as a result of its parallel international rollouts and its presence on six continents including many complex emerging markets.

5. Risk Report Concerning the Use of Financial Instruments

The major financial instruments of Rocket Group are cash (75% of total assets; previous year 50%), equity investments in associates (20% of total assets; previous year 41%), receivables from associated companies (1% of total assets; previous year 3%) and other financial assets (2 % of total assets; previous year 2%). The Group also records trade receivables and liabilities as well as receivables and liabilities from and to subsidiaries, which arise in the ordinary course of business.

The Group places available funds in current accounts seeking to ensure both liquidity and security of principal. The Group’s policy does not permit any trading with financial instruments. Accordingly, no financial derivatives are utilized.

The risk associated with financial assets is controlled through a sophisticated system of operational monitoring. This applies, in particular, to the equity holdings of Rocket Group, which are accounted for under the at-equity method.

The Group’s main risks arising from existing financial instruments relate to the risk of default, liquidity risk and currency risk.

5.1 Risk of Default

The risk of default is defined as the risk that our business partners do not meet their contractual payment obligations and this leads to a loss for Rocket Group. The risk of default comprises the direct risk of a default and the decrease in the credit worthiness as well as the concentration of default risks.

The risk of default exists for all financial assets in particular for deposits, receivables from associates and trade receivables. The Group’s receivables are unsecured. Therefore, the maximum risk of default corresponds to the book value of the financial assets that are subject to this risk.

The investment of liquidity that is not needed for operational purposes is carried out according to criteria defined as per Group policy. Rocket Group, in general, only maintains business relationships with banks of outstanding credit rating. Diversification is another means to minimize risk. The credit worthiness is constantly monitored by the Group. The investment of term deposits takes place with banks that are members of the respective bank deposit protection funds and that are rated with minimum investment grade rating BBB- (S&P) and Baa3 (Moody’s), respectively.

The control and mitigation of default risk of receivables from associates is carried out by the investment control function. Trade receivables mainly relate to the Group's eCommerce activities. In the eCommerce segment, default risk is mitigated through a careful review of customer credit ratings in the course of the online order process. In the event of deterioration in the payment habits or in case of other factors that indicate a requirement for impairment, the receivables management function either initiates measures aimed at the collection of the outstanding customer payments or at the return of the delivered merchandise. Customers' credit rating is monitored on a continuous basis. The concentration of default risks is limited because of the broad and heterogeneous structure of the customer base.

Any customer default risks that are identified, e.g. in the case of discontinued payments, are taken into account through appropriate value adjustments.

5.2 Liquidity Risk

The Group's capital requirements relate, inter alia, to the financing of new and existing companies and the current capital requirements of the Group's operative business. Rocket Group monitors the risk of liquidity shortages (liquidity risk) on a continuous basis through cash budgets and reforecasts taking into consideration the maturities of financial investments and financial assets (e.g. receivables and other financial assets) as well as expected cash flows from operating activities. In addition to cash and cash equivalents and income from the sale of financial assets, future cash flows from operating activities represent another source of liquidity.

The liquidity balance and compliance with cash budgets are controlled at regular intervals. In the process, the development of liquidity balances and important movement factors are communicated and discussed internally.

5.3 Currency Risk

The Group is exposed to currency risks due to its international business activities outside of the Eurozone. Changes in exchange rates can therefore have an adverse impact on the consolidated financial statements. The individual foreign currency transactions are not hedged since they are generally of a short-term nature. To the extent possible and feasible, hedging is not performed by way of financial engineering measures but rather through the structuring of existing economic conditions ("natural hedging"). Effects of exchange rate fluctuations resulting from the translation of net asset positions into the reporting currency are recognized in equity in the consolidated financial statements. Foreign exchange differences that result from exchange rate changes when translating balance sheet items in foreign currency are recognized in the income statement under other operating expenses or income.

6. Dependent Company Report

In compliance with Sec. 312 AktG, the Management Board declares that the company received adequate compensation (quid pro quo) for all legal transactions listed in the report on relations with affiliated companies, in accordance with the circumstances known at the time when such transactions were carried out. During the relevant reporting period, there were no measures which would have been under reporting obligation.

Berlin, March 31, 2015

Oliver Samwer Peter Kimpel Alexander Kudlich

Audit Opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the combined management report of Rocket Internet SE (formerly: Rocket Internet AG, formerly: Rocket Internet GmbH), Berlin for the fiscal year from 1 January to 31 December 2014. The maintenance of the books and records and the preparation of the annual financial statements and combined management report for the company and the group in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report for the company and the group based on our audit.

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

Our audit has not led to any reservations.

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

Berlin, 31 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer
[German Public Auditor]

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